

## Focus on Revenue Cycle Improvements

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Revenues are shrinking...and most health care organizations believe they've squeezed about as much as they can out of expenses. This means there is heightened pressure to seriously look at revenue cycles to improve efficiency, make sure every service is being billed, and ensure that every payment is as good as it can be.

We've all seen the numbers...

- About 14% of all submitted claims are denied (and for Medicare, the number rises to 25%).
- Amazingly, 40% of denied claims are not resubmitted.
- The top five payer denial reasons create about 80% of the denials.
- And maybe the worst: Rework (managing a single event more than one time) accounts for 80% of business office personnel time!

A good front-end revenue capture process not only cleans up back-end billing efforts (thereby improving efficiency), it results in "found" revenue. But, in health care, we often see inefficient processes that include checks and rechecks, usually because the original process is ineffective.

Instead, organizations should invest more energy on preventing problems before they occur. Think of it as preventive medicine for your revenue cycle. By removing errors and gaps - even minor ones - from front-end processing, back-end benefits occur: business office staff efficiency, fewer payment denials, and improved cash flow, to name a few.

To hone in on efforts that have the quickest and most significant return on investment, we offer three interrelated tenets:

1. A routine, daily process is the key to great collections at the least cost.
2. Most problems are revolving ones. We keep "handling them," but do not address the source.
3. Getting paid is everyone's business.

### A routine, daily process is the key

Cash flow improves and problems are found faster when key revenue cycle processes are done daily. *This is one of the most important steps to improving revenue cycle performance.*

- Require charge tickets (whether paper or electronic) to be submitted daily. Eliminate late submissions (more than 24 hours after service).
- Post charges and payments daily.
- Submit claims daily (do so electronically).

- Respond to payer requests within 24 hours.

Rather than putting out fires (which will never end), "Do today's work today!"

### Most problems tend to be revolving ones

There isn't a health care organization today whose staff isn't constantly putting out fires. The solution to eliminating many of these fires is to route the problem back to its source.

For example, instead of a business office employee researching and fixing a registration error and refiling the claim, it should be returned to the registrar to research. By confronting her with her own mistake, the likelihood that she will make a similar error in the future will be reduced.

### Getting paid is everyone's business

Every health care employee must understand

- Their roles and responsibilities in the revenue capture process
- How their function relates to the big picture
- What happens if they drop the ball

No one on your staff should ever think, "The next person in the chain will fix it."

Consider Sally, the medical practice receptionist who has four patients lined up to check in, two ringing phone lines, and a nurse asking for a chart and charge ticket for a patient standing in line. Sally will likely think "this is close enough" as she quickly registers the patient under PreferredPlan A payer code (although it will be discovered later she should have picked Plan B).

Sally doesn't have the time or training to understand the impact of this simple decision; she figures "close enough" is OK, since the business office can always fix it later. She needs feedback and training (and possibly additional support) that goes beyond simply telling her that she needs to do a better job of picking the payer codes. In her world, such a statement doesn't mean much.

Hopefully, that claim will be resubmitted correctly and be paid, but the costs and frustration level with the re-work is why everyone must understand his or her part in the entire revenue cycle. Moreover, don't be mistakenly comforted by the idea that the claim WILL be refiled correctly - remember that, on average, 40% of claims are never refiled at all.

### Final thoughts

All workers appreciate knowing when they are doing a good job. Job descriptions must continually be updated to include appropriate duties, definitions, and performance expectations. Set clear

performance goals for every contributor to the revenue cycle. Then, monitor and enforce them.

Coordinate each employee's goals with your improvement plans. For example, if the organization's revenue cycle improvement work plan includes "consistently obtaining signed ABNs," and it has determined that nursing staff will be accountable for obtaining signatures, the nursing staff must have this function in their job description.

Finally, be sure to track improvement and reward those who contributed to it. After all, high-performing staff members are your most valuable asset.

#### About the Author

Jeanne Chapdelaine has spent her entire career in health care, focusing on improving her clients' business performance. She has

consulted for over 16 years, focusing on revenue and third-party payer compliance issues in medical groups and health systems, and she has great skill working with physicians and gaining their confidence and cooperation. Her national client mix ranges from small rural practices to large health systems. For more information, please contact Debra at 952.548.3374 or [jchapdelaine@wipfli.com](mailto:jchapdelaine@wipfli.com).

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