ACHC U
EDUCATIONAL RESOURCES

AMBULATORY SURGERY CENTER

Revenue Cycle KPIs

How to Drive Accountability & Generate Higher Collections for Your ASC

Teri Yates

President, DocCentric Surgery Centers

Welcome

Teri Yates

Private Practice Evangelist

- Teri Yates is the founder & CEO of Accountable Physician Advisors and the President of DocCentric Surgery Centers. Both companies help doctors be successful in the business of medicine while maintaining their independence.
- Accountable and DocCentric employ more than 45 people with diverse expertise in business development, healthcare operations, healthcare finance, and revenue cycle management.
- The companies have provided service to more than 90 aspiring private practice physicians, established medical practices, and ambulatory surgery centers over the past 12 years.

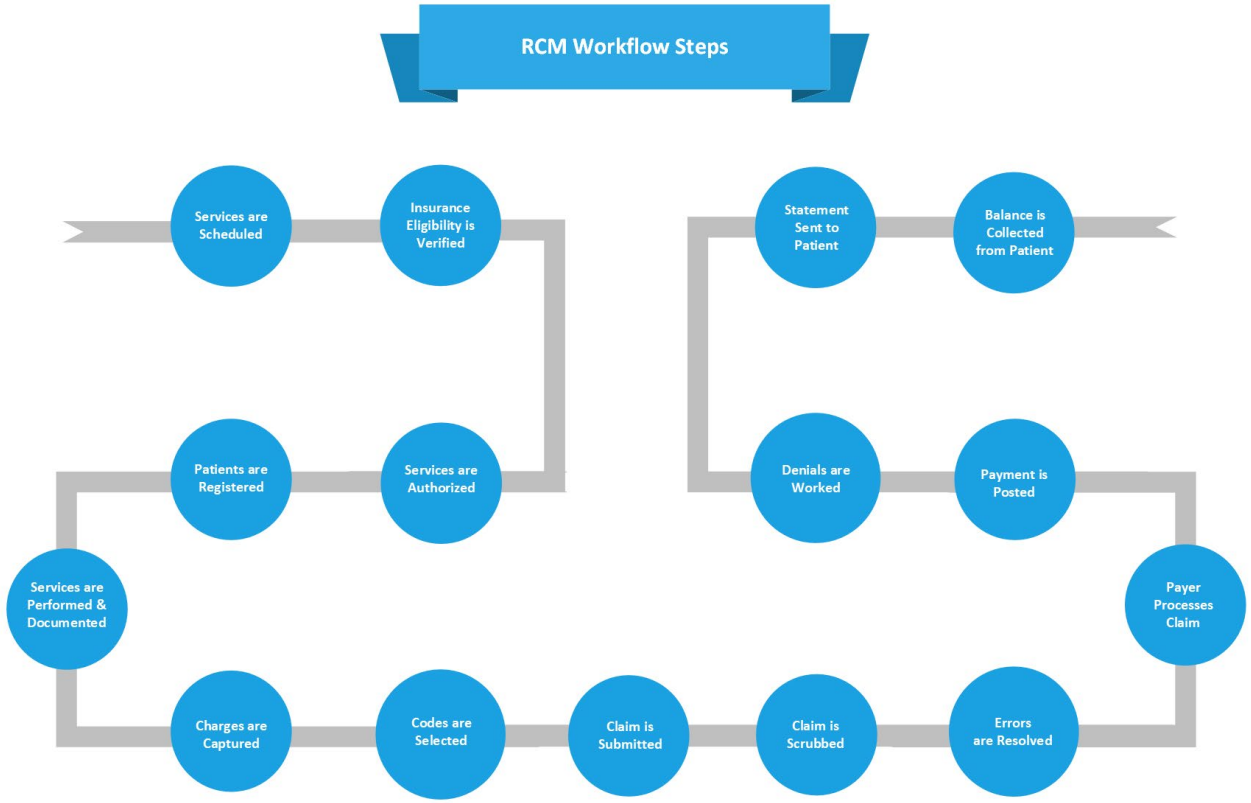
Our Focus Today

- Key performance indicators to evaluate revenue cycle performance.
- How business intelligence tools can be used to reveal the root causes of unpaid claims.
- Best practices to improve the performance of your in-house billing team or outsourced billing partner.

Measuring Performance

Revenue cycle management is the discipline of managing the complex sequence of steps required to collect payment for healthcare services.

If you can’t measure it, then you can’t manage it!



High Level KPIs

Charge Lag

The average number of days between the date of service and claim submission.

- Total charge lag is comprised of segments:

  Time interval between service and dictated op note – driven by the providers
  Time interval for coding, scrubbing, and claim submission – driven by billing team

LESS THAN FOUR DAYS

High Level KPIs

First Pass Rate

The percentage of claims that are accepted by the payer on the first attempt.

- Many of the factors that drive claim rejections originate at the front desk.
- Rejected claims require re-work and slow down cash flow.

GREATER THAN 97%

High Level KPIs

% of AR Over 90 Days

The percentage of the open accounts receivable that is more than 90 days past the date of service.

- It is useful to segment the insurance AR from the patient AR when evaluating the root causes.
- A substantial drop in charges will drive up this percentage.

GREATER THAN 20%

High Level KPIs

Days in AR

The average number of days it takes to collect payment from payers and patients.

- Measures the efficiency of the billing process.
- Like the % of AR over 90 days, the days in AR will fluctuate when there is a high variability in charges.

GREATER THAN 45 DAYS

How to Calculate Days in AR

Days in AR

Step 1: Total AR – Credit Balances = Net AR Balance

Step 2: Total Charges in Last 90 Days / 90 = Average Daily Charges

Step 3: Net AR Balance / Average Daily Charges = Days in AR

Net AR Balance Average Daily Charges

($250,000 – $12,000) / ($700,000/90 days)= 30.6 days in A/R

High Level KPIs

Net Collection Rate

The total percentage of the payer's allowed amount for the claim that is collected.

- Crucial that the payment posting team accurately differentiate contractual adjustments from other avoidable write-offs.
- A low percentage can indicate high number of avoidable insurance write-offs or ineffective patient collection efforts.

GREATER THAN 95%

How to Calculate Net Collection Rate

Net Collection Rate

Step 1: Payments - Refunds & Credits = Adjusted Payments

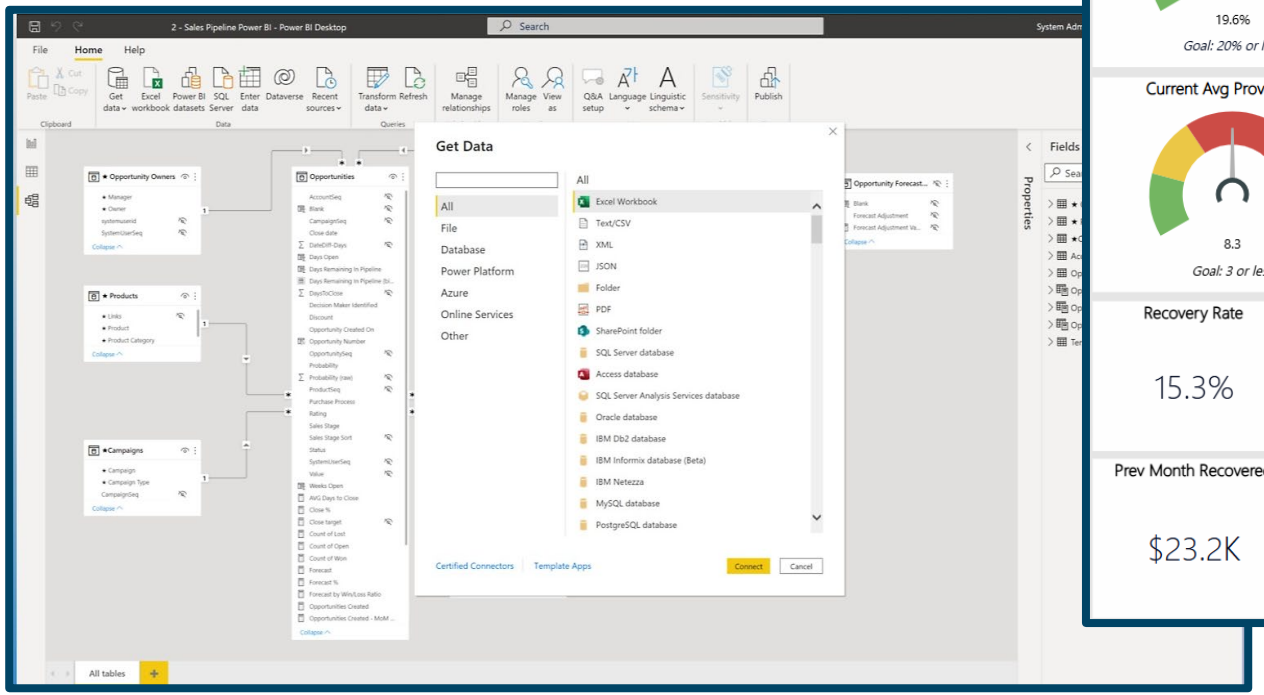
Step 2: Charges - Contractual Adjustments = Adjusted Charges

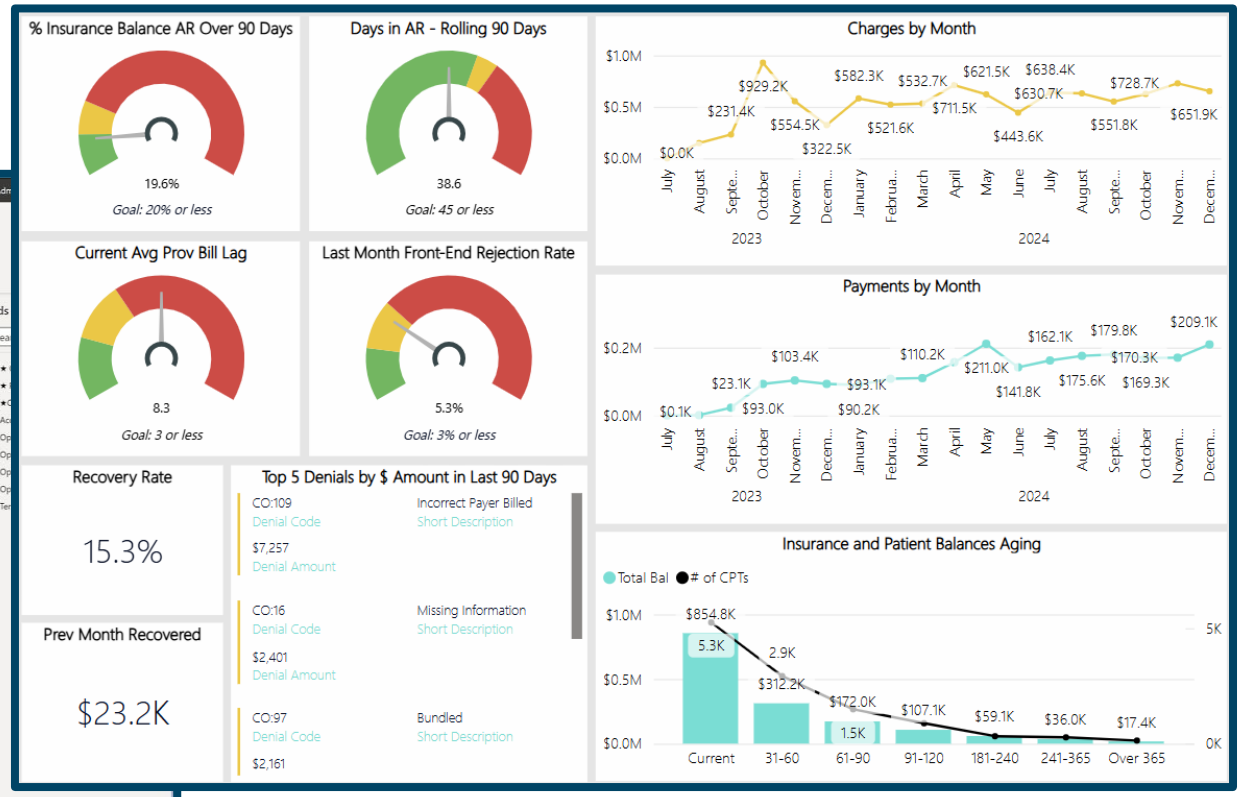
Step 3: (Adj. Payments / Adj. Charges) X 100 = Net Collection Rate

Adjusted Payments Adjusted Charges Net Collection Rate

($500,000 – $14,000) / ($850,000 - $350,000) X 100 = 97.2%

Business Intelligence





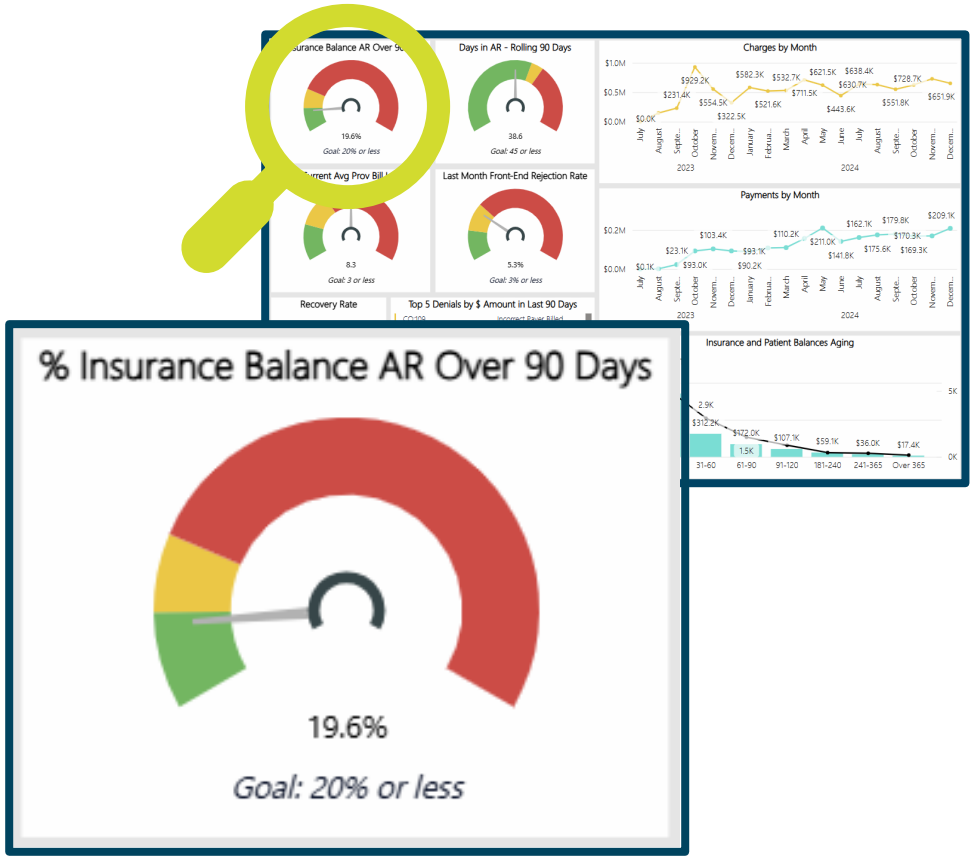
Digging Deeper with BI

- Knowing a KPI is outside the desirable range is good but knowing **why** is required to drive improvement.
- Business Intelligence tools like Power BI, Tableau, or Domo organize data into easy-to-understand visualizations.
- The data in a BI tool is interactive, enabling users to manipulate the data and recognize trends, patterns, and outliers.

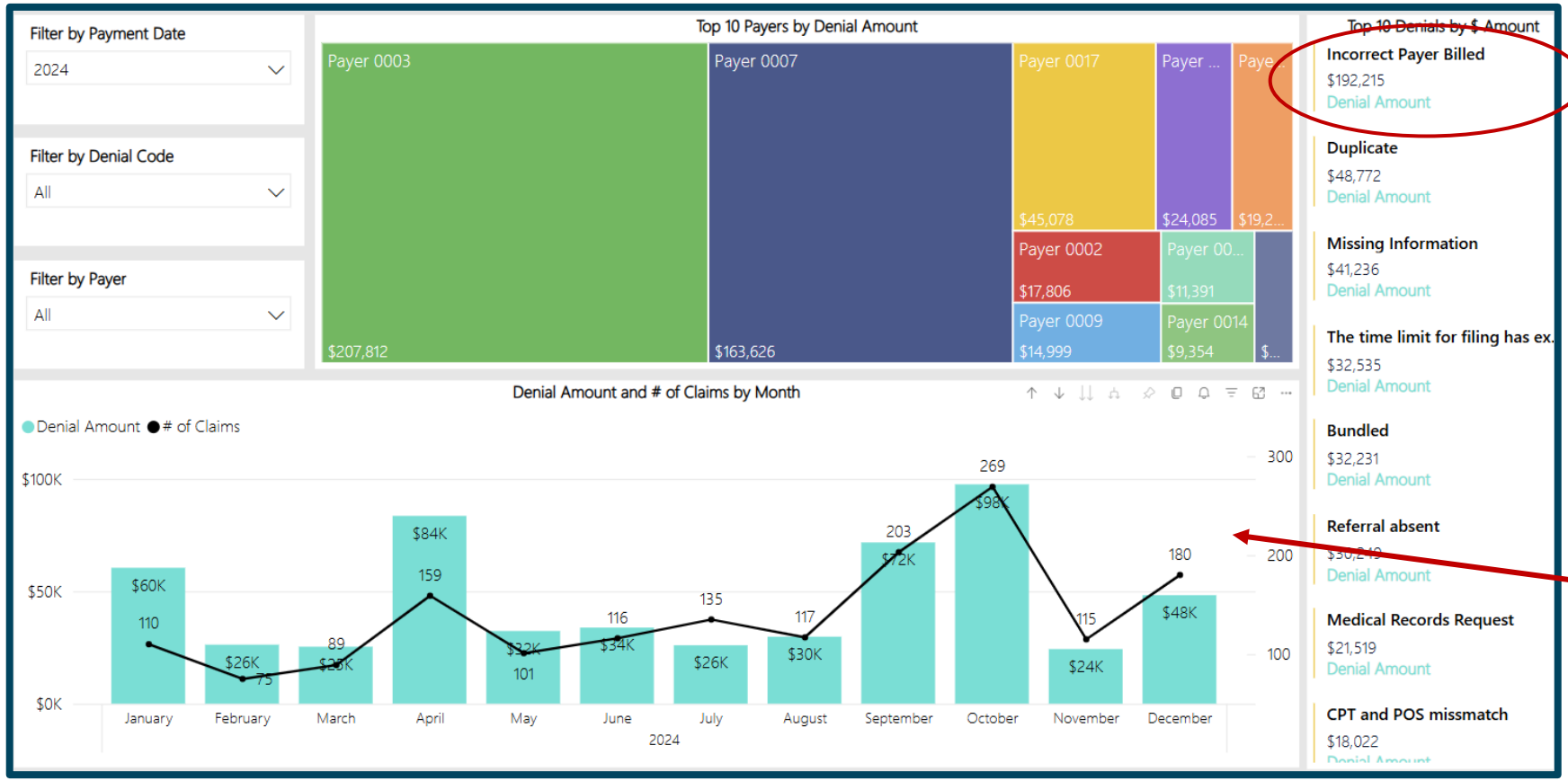
Digging Deeper with BI

Possible Drivers of Insurance Aging

- Eligibility checks not completed
- Registration errors
- Prior authorizations not completed
- Missing information on claims
- Coding errors
- Services are not medically necessary
- Denials are not being worked timely



Digging Deeper with BI



A clue to what is driving the trend but we still don't have enough information to improve performance.

Increasing trend of denied claims

Digging Deeper with BI

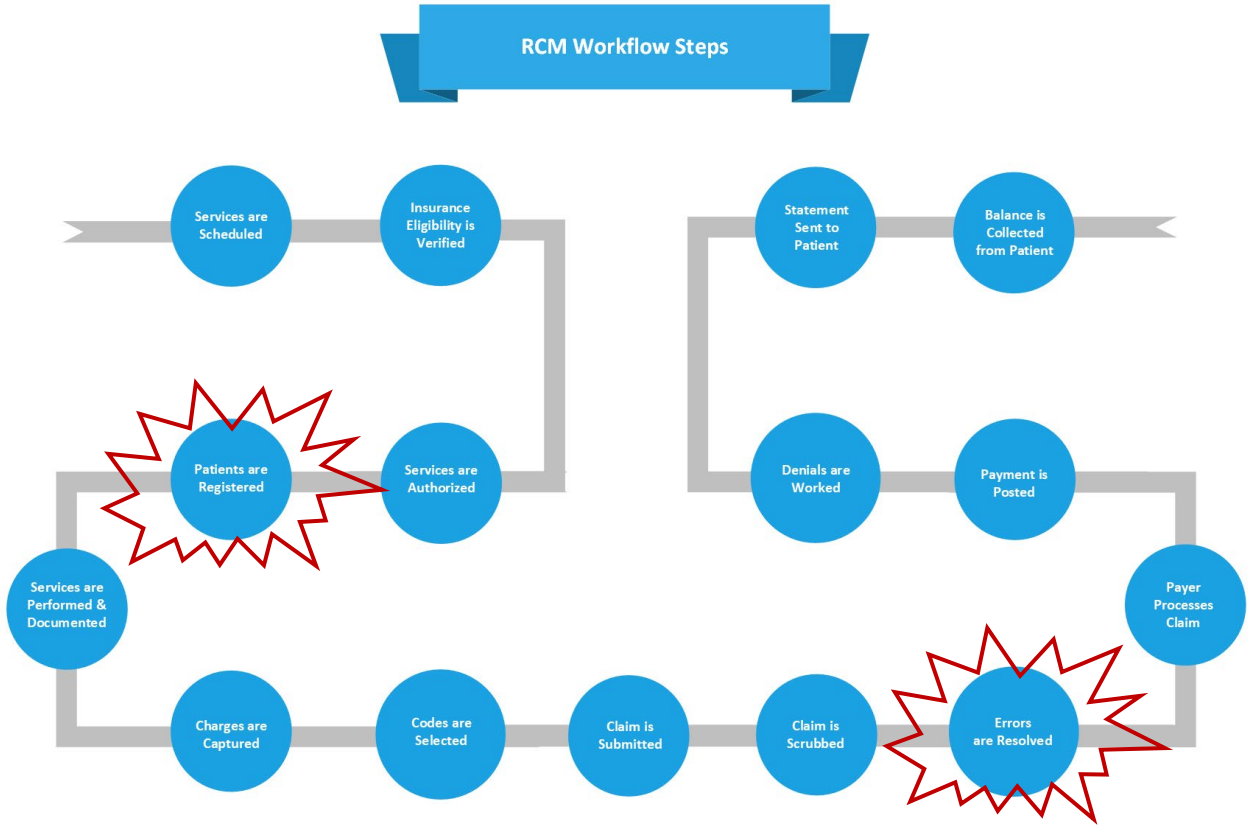
By drilling down to the details, we can investigate why there is a pattern of billing the incorrect payer.

Root cause: a new registrar hired in Q3 was picking the wrong Blue Cross plan when registering patients, and the billing team was not working the rejected claims in a timely manner.

Denial Code	Short Description	Amount	Claim No	DOS	Payment Date	Patient	CPT	Payer Name
PI:109	Incorrect Payer Billed	$6,876	2394	10/9/2023	11/21/2023	Patient 2154	93460	Payer 0007
PI:109	Incorrect Payer Billed	$6,190	2094	10/6/2023	11/21/2023	Patient 1479	93459	Payer 0007
CO:109	Incorrect Payer Billed	$6,190	779	7/10/2023	9/7/2023	Patient 1722	93459	Payer 0003
PI:109	Incorrect Payer Billed	$5,746	2242	10/6/2023	11/7/2023	Patient 1197	93458	Payer 0007
PI:109	Incorrect Payer Billed	$5,746	2405	10/20/2023	11/7/2023	Patient 0850	93458	Payer 0007
CO:109	Incorrect Payer Billed	$5,746	4621	12/26/2023	1/23/2024	Patient 0039	93458	Payer 0007
PI:109	Incorrect Payer Billed	$5,746	718	7/8/2023	10/3/2023	Patient 2085	93458	Payer 0007
PI:109	Incorrect Payer Billed	$3,820	2242	10/6/2023	11/7/2023	Patient 1197	92941	Payer 0007
PI:109	Incorrect Payer Billed	$3,820	718	7/8/2023	10/3/2023	Patient 2085	92941	Payer 0007
CO:109	Incorrect Payer Billed	$3,793	23140	12/6/2024	12/24/2024	Patient 0342	93461	Payer 0003
CO:109	Incorrect Payer Billed	$3,650	4621	12/26/2023	1/23/2024	Patient 0039	92924	Payer 0007
OA:18	Duplicate	$3,470	696	7/25/2023	11/28/2023	Patient 2042	99233	Payer 0009
CO:109	Incorrect Payer Billed	$3,406	779	7/10/2023	9/7/2023	Patient 1722	92928	Payer 0003
PI:109	Incorrect Payer Billed	$3,234	2394	10/9/2023	11/21/2023	Patient 2154	99232	Payer 0007
CO:131	Contractual Adjustment	$3,110	6384	2/8/2024	3/6/2024	Patient 1100	93460	Payer 0002
CO:146	Diagnosis Invalid for DOS	$3,095	4580	12/22/2023	1/23/2024	Patient 1026	93459	Payer 0009
CO:288	Referral absent	$3,095	4925	1/2/2024	4/30/2024	Patient 0642	93459	Payer 0017
CO:109	Incorrect Payer Billed	$3,004	18589	9/10/2024	9/30/2024	Patient 1787	33208	Payer 0007
CO:109	Incorrect Payer Billed	$3,004	19806	10/7/2024	10/22/2024	Patient 1949	33208	Payer 0007
CO:109	Incorrect Payer Billed	$3,004	2899	11/7/2023	12/4/2023	Patient 0270	33208	Payer 0007

Improving Performance

- Monitor the vital signs (KPIs) of your revenue cycle
- Recognize an unhealthy KPI
- Diagnose the root cause of the problem
- Hold people accountable



Deeper Level KPIs to Consider

- Point of service collection rate
- % of claims rejected for insurance eligibility
- % of claims rejected for missing information or prior authorization
- % of claims denied for timely filing
- % of claims denied for coding errors
- % of claims denied for medical necessity
- Rate of avoidable insurance write-offs
- Denied claim recovery rate

Specific Tips for In-House Billing

- Use a business intelligence tool!
- Look at your data consistently and often.
- Meet with your team weekly to address problem claims and review the reasons for rejections and denials.
- Invest heavily in coding.
- Consider incentivizing your front desk staff to help your billing team drive the results you want.

Specific Tips for Third-Party Billing

- Ensure you have access to the billing company's business intelligence tool.
- Ask them to define how they are calculating the KPIs to ensure they are following HFMA standards. Look out for gaming in the AR aging.
- Look at the data consistently and bring concerns to your weekly account management meeting with the vendor.
- Require review and approval for all non-contractual write-offs.
- Listen and take action when your own team is undermining RCM performance.

ACHC U
EDUCATIONAL RESOURCES

AMBULATORY SURGERY CENTER

Thank you!

Teri Yates
teri@accountableconsultants.com
614.374.1005