The Front-End Revenue Cycle Specialists

The Dilution of the Dollar
The Silent Revenue Cycle Killer

• You are likely losing up to 40 cents on every dollar before you even render any patient services.
• By the end of this presentation, you’ll see exactly where this profit killer lives in your revenue cycle,
• And you’ll know exactly what you can do to stop it and dramatically increase your profitability.
Who is this for?

Anyone who plays any role in the Revenue Cycle

• PAD
• RCM
• CFO
• CEO
• Etc.
The Silent Revenue Cycle Virus

The Traditional Revenue Cycle is costing you millions of dollars.
Are you in any of these camps?

1. I believe I will see better results by implementing two teams. One for Patient Collections and one for claims submissions.

2. I believe a strong collections program on the back end will maximize patient revenue.

3. I believe that rules, edits, and claim scrubbing delivers clean claims resulting in higher net revenues.
Belief

1. I believe I will see better results by implementing two teams. One for Patient Collections and one for claims submissions.

2. I believe a strong collections program on the back end will maximize patient revenue.

3. I believe that rules, edits, and claim scrubbing delivers clean claims resulting in higher net revenues.

TRUTH

1. The Patient Dollar and the Payer Dollar have a parallel if not symbiotic relationship.

2. Collections vendors by and large are VERY good at their job; however, most hospitals are using them incorrectly. Thus, the “net back” is not as great as it could be.

3. Claim scrubbers and payer edits through the clearinghouse, do help generate “clean claims” but do very little to generate ACCURATE claims (the dirty little secret).
Quick Question:

What is the biggest cost you encounter in trying to collect patient dollars?
The 3 Keys to Higher Profits:

1. Understanding the relationship between Patient Dollars and Payer Dollars
2. Collecting on the front-end will provide “new” dollars to the back-end
3. Gathering Data from the back-end can provide accuracy on the front-end, which in turn, will create a larger dollar pass-through
The First Key to Increasing RC Profitability

Understanding the relationship between Patient Dollars and Payer Dollars

• Patient Demographic information impacts both
• Patient Benefit information impacts both
• Patient deductible outstanding impacts both
• Coding impacts both
• Authorizations impact both
• Authorizations and Patient Estimates are linked
• CPT Codes need to be determined ASAP and Recorded
Revenue Cycle Timeline
Revenue Cycle Timeline

- **Physician Order**
  - Physician:Written orders for requested services

- **Patient Scheduling**
  - Patient: Scheduled either online or through Scheduler

- **Registration**
  - Registration Staff: Demographics entered. Consent forms.

- **Insurance Verification**
  - Registration Staff: Insurance eligibility verified.

- **Admission/Treatment**
  - Registration Staff: Patient consent forms.

- **Charge Capturing**
  - Registration Staff: Insurance eligibility verified.

- **Patient Care**
  - Patient Care: All treatment/care provided by facility providers.

- **Provider(s)**
  - Provider(s): Physician notes gathered and reviewed to ensure all services rendered are billed.

- **Billing/Coding**
  - biller/coder: ICD-9-CM coding assigned for all services.

- **Discharge**
  - Discharge Planner: Discharge documentation, consent forms signed.

- **Appeals**
  - Collections: Manager Denials, submitted UB-92 for facility services.

- **Billing**
  - Biller/Coder: Generation of UB-92 for facility services

- **Collection**
  - Collections: Bill patient for portion not yet paid by insurance.

- **Patient Billing**
  - Collections: Bill patient for portion not yet paid by insurance.

- **Procedure Coding**
  - Services not captured by charge documents are assigned appropriate coding.

- **Payment Posting**
  - Receivables Clerk: Collections follow-up for patient balance due or not yet paid by patient.

- **Receivables**
  - Collections: Collections for patient's balance due or not yet paid by patient.

- **Missteps along the cycle take a bite out of every dollar**
A health system’s rev cycle timeline starts with a physician’s written order for services and ends with the collection of an unpaid balance on that patient’s bill.

From a high-level view, this timeline has 12 steps that follow a physician’s order:
The Profit Dilution Problem

$0.43$

$0.14$

$0.12$
An evaluation of the dilution of the dollar shows the steepest dilution in value, as much as 43 cents lost, on the Front End of the revenue cycle.
The Encounter Stage of the revenue cycle sees less loss in value, up to 14 cents lost, with most occurring during discharge.
The Back End sees a loss of 12 cents of the dollar, primarily related to costs of managing claim denials and both internal and external collections.
What Does Rev Cycle Success Look Like?

Acceptable Cost of Services Provided: $0.12
The Traditional Approach to Rev Cycle Dilution
The Traditional Approach to Rev Cycle Dilution

Analysis – dollars and process devoted exactly opposite of where the loss in value occurs
Revenue Cycle Timeline

- **Physician Order**: Written orders for requested services
- **Patient Scheduling**: Scheduled either online or through Scheduler
- **Registration**: Demographics entered. Patient consent forms.
- **Insurance Verification**: Insurance eligibility verified.
- **Admission/Treatment**: All treatment/care provided by facility providers.
- **Charge Capturing**: Physician notes gathered and reviewed to ensure all services rendered are billed
- **Procedure Coding**: Services not captured by charge documents are assigned appropriate coding
- **Billing**: Generation & submission of UB-92 for facility services
- **Collection**: Management of Payer Denials. FEFP Denials reduced by 50%.
- **Patient Billing**: Bill patient for portion after insurance payment
- **Discharge Planner**: Perform documentation for discharge

**Missteps along the cycle take a bite out of every dollar**
New Revenue Cycle Timeline

Missteps along the cycle take a bite out of every dollar
New Revenue Cycle Timeline

- **Physician Order**
  - Physician: Written orders for requested services

- **Patient Scheduling**
  - Patient: Scheduled either online or through Scheduler

- **Pre-Registration**
  - Pre-Reg Clerk: Typically done over the phone. Patient Collection

- **Registration**
  - Registration Staff: Demographics entered. Patient consent forms.

- **Insurance Verification**
  - Registration Staff: Insurance eligibility verified.

- **Admission/Treatment**
  - Patient Care: All treatment/care provided by facility providers.

- **Charge Capturing**
  - Provider(s): Physician notes gathered and reviewed to ensure all services rendered are billed

- **Procedure Coding**
  - Biller/Coder: Services not captured by charge documents are assigned appropriate coding

- **Payment Posting**
  - Physician: Services not captured by charge documents are assigned appropriate coding

- **Collection**
  - Collections: Collections management of Payer Denials. FEFP Denials reduced by 50%

- **Patient Billing**
  - Collections: Collections management of Payer Denials. FEFP Denials reduced by 50%

- **Appeals**
  - Collections: Collections management of Payer Denials. FEFP Denials reduced by 50%

- **Billing**
  - Collections: Collections management of Payer Denials. FEFP Denials reduced by 50%

- **Diagnosis Coding**
  - Biller/Coder: ICD-9-CM coding assigned for all services

- **Discharge**
  - Biller/Coder: Generation & submission of UB-92 for facility services

- **Discharge Planner**
  - Collections: Collections management of Payer Denials. FEFP Denials reduced by 50%

- **Receivables Clerk**
  - Collections: Collections management of Payer Denials. FEFP Denials reduced by 50%

Missteps along the cycle take a bite out of every dollar
The Traditional Approach to Rev Cycle Dilution
The Traditional Approach to Rev Cycle Dilution

Eligibility Verification on the front end based on denial analysis

Impact – fewer denials, decreased cost
The Traditional Approach to Rev Cycle Dilution

Estimation done at pre-registration with payment

Impact - collection cost
The Second Key to Increasing RC Profitability

Collecting on the front-end will provide “new” dollars to the back-end

“Net Back” is a determination of the total amount of revenue received less the expense to collect.

• Given there are always write-offs, up front collections capture dollars from patients willing to pay and leaves the collections efforts to those who are more difficult to capture.
• The result is a higher total net back.
Collection Dollars

Vendor Collections
Collection Dollars

- Pre-Reg Collects
- Vendor Collections

AccuReg
55% reduction in Patient Access Related write offs in 8 months
Doubled POS Collections in Four Months – MS 200 Bed Acute Care Facility

Total Collected: $471,908
Gathering Data from the back-end can provide **greater accuracy on the front-end**.

By leveraging specially developed and **integrated software**, you will be able to capture more dollars on the front-end. **This is the secret** to yielding higher net patient revenue and profits.
New Revenue Cycle Timeline

- **Physician**
  - Written orders for requested services

- **Patient**
  - Scheduled either online or through Scheduler

- **Physician Order**
  - Written orders for requested services

- **Patient Scheduling**
  - Typically done over the phone

- **Registration**
  - Staff
  - Demographics entered. Patient consent forms.

- **Insurance Verification**
  - Staff
  - Insurance eligibility verified.

- **Admission/Treatment**
  - Charge
  - Capturing

- **Discharge**
  - Patient Care
  - Provider(s)
  - All treatment/care provided by facility providers.

- **Billing**
  - Bill patient for portion after insurance payment

- **Collections**
  - Services not captured by charge documents are assigned appropriate coding

- **Rules Engine**
  - Software
  - Benefits, Address, Medical Necessity, Orders, Estimation, Financial Assistance.

- **Claims & Remit Analysis**
  - Refinement of Rules Engine

- **Payment Posting**
  - Receivables Clerk
  - Collections
  - Bill patient after insurance payment

- **Discharge Planner**
  - Bill patient after insurance payment

- **Biller/Coder**
  - Services not captured by charge documents are assigned appropriate coding
Cut Eligibility Denials in Half
MS Based 200 Bed Acute Care Facility

50% Decrease in Six Months

AccuReg
Comparing Bad Debt to NPR Ratio
Two AL Based Facilities
Question:

- When is the best time to ask a patient for money?
- Do the dollars you collect up front have a higher value?
- Would you collect fewer dollars on the back end if you simply collect more dollars on the front end?
Let’s Review:

1. The Patient Dollar and the Payer Dollar have a parallel if not symbiotic relationship.
2. Collections vendors by and large are VERY good at their job; however, most hospitals are using them incorrectly and thus the “net back” is not as great as it could be.
3. Claim scrubbers and payer edits through the clearinghouse do help generate “clean claims,” but they do very little to generate ACCURATE claims (the dirty little secret).
Now that you know differently...

How much do you think this is costing your hospital or health care system?

To calculate your exposure, go to:
http://www.accuregsoftware.com/profit-dilution-calculator

To Schedule a free, 2-hour consultation and assessment:
If you have any questions...

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