

## Revenue Cycle Management in a Medical Practice

The latest catchphrase among us management consultants is "revenue cycle management." I'm sure you've heard the phrase by now. I have long advocated the importance of training your entire staff to understand how their jobs functions affect cash flow. There are many points of entry into the revenue cycle at your practice - Be sure your staff knows all of them:

1. **Patient access** (e.g., scheduling and registration, insurance eligibility verification, and service preauthorization);
2. **Charge processing** (e.g., capturing and coding services and entering data);
3. **Bill processing** (e.g., the production and submission of claims and patient statements);
4. **Payment posting** (e.g., line-item posting or payments and denials/rejections); and
5. **Accounts receivable (A/R) follow-up** (e.g., resolution of unpaid insurance, patient-responsible charges, appeal of third-party payer rejections and denials, and collection agency performance)

Realizing where you generate revenue at your practice is the first step to understanding the revenue cycle. The next step is to benchmark your revenue cycle management processes. To establish a benchmark with which to compare data, I recommend that you report and review at least monthly information about the following 18 performance indicators. Your initial review of these indicators allows you to quickly spot areas ripe for improvement. Over time, these indicators should serve as quantifiable numbers by which you can measure improvement in your revenue cycle:

\_\_\_ Percent of scheduled patients vs. available visit/surgery/procedure appointment times

\_\_\_ Percent of scheduled preregistered patients vs. total scheduled patients

\_\_\_ Percent of insurance eligibility verifications vs. total scheduled patients

\_\_\_ Percent of insurance preauthorizations vs. total required for services rendered

\_\_\_ Percent of point-of-service collections vs. scheduled patient-responsible balances

\_\_\_ Average number of missing charges vs. services rendered

\_\_\_ Average days between service date and charge entered

\_\_\_ Average days between charge entry and claim submission

\_\_\_ Percent of presubmission claim errors by category for total claims processed

\_\_\_ Percent of postsubmission claim errors returned from carriers

\_\_\_ Percent of denied/rejected claims appealed successfully vs. total denial/rejections

\_\_\_ Average days between entry of patient-responsible balance and statement processed

\_\_\_ Percent of undeliverable patient statements for total statements processed

\_\_\_ Average days between receipt of payment and payment posted

\_\_\_ Number of noncontractual adjustments taken per claim remittance advice posted

\_\_\_ Average number of unpaid claims resolved by day per collector

\_\_\_ Average number of unpaid patient balances resolved by day per collector

\_\_\_ Average days in A/R

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