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# Health Care

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CPAs & Advisors

Everyone needs a trusted advisor. Who's yours?

# The Keys to a Thriving Revenue Cycle in a Physician Practice



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**BKD**

# AGENDA

1

Changing Reimbursement Models that include Significant Patient Responsibilities

2

Putting Analytics into Action and the Need for Insightful and Intelligent Reporting

3

Seeking Automation to Streamline Practice Operations

4

Front End to Back End Challenges, Where Do We Go From Here

5

Pro-Tips - How to Prioritize



# “Four Buckets”

## 1 - Volume

- Start-up
- Rural
- Programmatic
- Coverage
- Work effort

## 2 - Reimbursement

- Payor mix
- Revenue cycle
  - Workflow
  - Charge capture
  - Chargemaster
  - Billing & Coding
  - Collections
  - Denial mgmt.

## 3 - Practice Expense

- Indirect expense
- Operating leverage
- Market costs
- Reimbursed costs
- Direct expense

## 4 - Physician Comp

- Market costs
- Per unit costs
- Marginal analysis
- Contract structure
- Attribution
- Compliance



## Bucket 2 - Reimbursement

***Key Concept – Inadequate reimbursement for services performed can drive losses***

- Payor mix ✓
- Revenue cycle ✗
  - Workflow
  - Appropriate charge capture
  - Chargemaster – completeness & accuracy of services & related price setting
  - Billing & Coding – appropriate billing for work performed
  - Collections – point of service efficiency
  - Denial Management – pre-certifications, approvals, secondary insurance, timely follow up, etc.

✓ = acceptable | ✗ = opportunity

## Polling Question



- I work for a
  - a) Hospital System
  - b) Hospital Owned Physician Group
  - c) Independently Owned Physician Group
  - d) Vendor/Partner

## Polling Question



- The size of my practice is
  - a) Just one . . . that's all I can handle!
  - b) 2 - 10
  - c) >10 but <20
  - d) I'm the largest in town . . . 😊



## Polling Question

- Do you
  - a) Outsource your Revenue Cycle?
  - b) Outsource pieces but not all?
  - c) Keep all pieces In House?
  - d) Considering something different. . .cuz it ain't working!



# **8 Steps to Thrive Committed to Process & No Surprise**

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# 1

## Engaging Leadership

- Critical to Improve Process
- Meet New Challenges
- Put Physicians in Formal Leadership Roles
- Develop a Specific Plan on Each Initiative

## Polling Question



- Who measures KPIs today?
  - a) What is a KPI?
  - b) I think I do???
  - c) I have a couple that I glance at.
  - d) I have a page full of KPIs that I share with the leadership the nano second they are available.

# 2

## Actionable Analytics

- Insightful – Intelligent Reporting in a Meaningful Manner
- Comparison to National Benchmarks/Industry Standard
- Document the Results of Benchmarking Exercise
- This Creates a Baseline for Comparing and Contrasting the Impact of Future Reimbursement

## Benchmarks Answer . . .

- Do I have a resource opportunity?
- Do I have a technology opportunity?
- Do I have a leadership opportunity?

# Revenue Cycle Benchmarks

- Days in AR
- % of AR over 90 Days
- Lag Days
- Bad Debt by Physician
- Net Revenue by Physician/Provider
- Total AR by Physician/Provider
- Aging Analysis by Payer
- Collection %

# Example Dashboard

## Revenue Cycle Benchmarks Industry Standard

Revenue Cycle Metrics			
Percentage of Insurance Verified	98%	Average days in A/R	< 50 days
Error Rates due to Front-End	< 2%	% of A/R over 90 days	< 20%
Time of Service Collections/CoPays	100%	% of A/R over 120 days	< 10%
Follow-Up Notes Documented to Account	<30 days	Payor Turn Around	10 - 15 day
Identification/Return/Overpayment Refund	< 60 days	Denial % in Total	< 10%
Date of Charge Entry to Claim Release (Lag Days)	0 - 72 hours	Denial % due to Timely Filing	0%
Claims Submission	Daily	Account Follow-Up	Every 30 - 45 days
Claim Denial/Rejection Rate	< 7%	Bad Debt Expense (% of Net Revenue)	< 2%

# Provider Benchmarking

- Comparison to National Benchmarks/Industry Standard
  - Compensation
  - wRVU Production
  - Encounter Production
  - Collections
  - Expenses
  - Staff to Provider Ratio

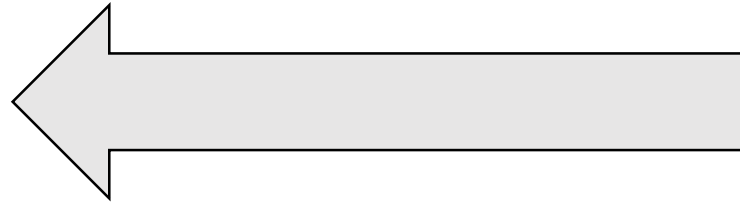


# Compensation

## Market Data

<i>Provider Name</i>	<i>Specialty</i>	<i>Historical Level</i>	<i>Historical Percentile Ranking</i>	<i>25th Percentile</i>	<i>Median</i>	<i>75th Percentile</i>	<i>90th Percentile</i>
	Internal Medicine: General	255,667	51P	208,401	252,456	317,556	427,915
	NP: Family Medicine (without OB)	147,003	99P	90,582	101,125	115,322	135,465
	Orthopedic Surgery: General	607,000	58P	450,578	556,279	716,637	950,251
	Orthopedic Surgery: General	657,000	66P	450,578	556,279	716,637	950,251
	Surgery: General	622,000	87P	322,072	401,583	513,832	644,946
	Family Medicine (without OB)	174,090	22P	199,004	238,175	304,810	389,164

# Compensation



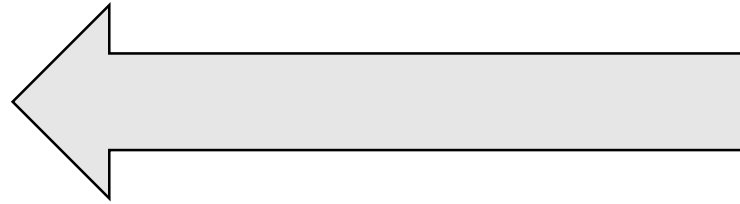
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# Productivity

				<i>Market Data</i>			
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	Internal Medicine: General	3,509	22P	3,958	5,053	6,244	7,731
	NP: Family Medicine (without OB)	6,562	121P	2,681	3,465	4,275	5,022
	Orthopedic Surgery: General	5,617	21P	6,596	8,772	11,202	13,939
	Orthopedic Surgery: General	8,736	50P	6,596	8,772	11,202	13,939
	Surgery: General	6,911	44P	5,288	7,392	9,730	11,957
	Family Medicine (without OB)	1,747	11P	4,143	5,112	6,202	7,520

# Productivity

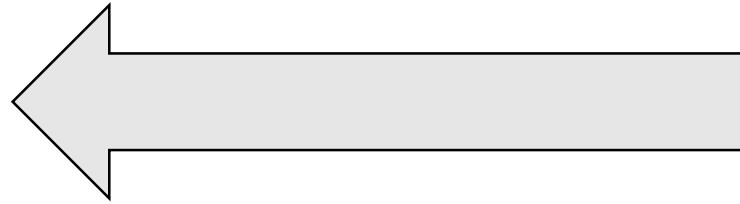


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# Collections

<i>Provider Name</i>	<i>Specialty</i>	<i>Historical Level</i>	<i>Historical Percentile Ranking</i>	<i>Market Data <sup>(1)</sup></i>			
				<i>25th Percentile</i>	<i>Median</i>	<i>75th Percentile</i>	<i>90th Percentile</i>
	Internal Medicine: General	249,157	20P	308,763	407,439	533,638	668,065
	NP: Family Medicine (without OB)	499,473	109P	161,347	230,317	301,204	389,940
	Orthopedic Surgery: General	327,506	17P	473,695	635,817	798,045	1,032,755
	Orthopedic Surgery: General	590,538	43P	473,695	635,817	798,045	1,032,755
	Surgery: General	351,039	28P	331,901	486,941	628,573	820,365
	Family Medicine (without OB)	29,201	2P	316,703	411,779	531,911	677,746

# Collections



*Market Data* <sup>(1)</sup>


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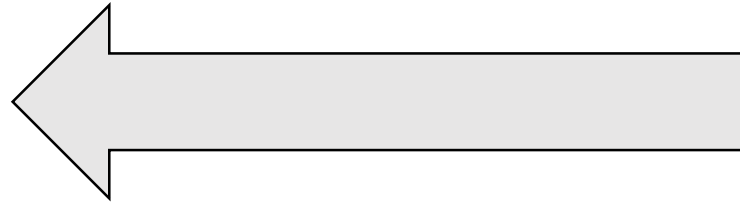
# Comp/wRVU

*Market Data*

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	Internal Medicine: General	\$ 72.86	91P	\$ 44	\$ 51	\$ 61	\$ 72
	NP: Family Medicine (without OB)	\$ 22.40	22P	25	29	37	51
	Orthopedic Surgery: General	\$ 108.07	107P	58	68	80	93
	Orthopedic Surgery: General	\$ 75.20	65P	58	68	80	93
	Surgery: General	\$ 90.00	96P	47	57	68	84
	Family Medicine (without OB)	\$ 99.64	135P	41	47	56	67

# Comp/wRVU



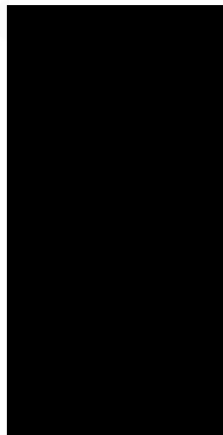
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[REDACTED]	Internal Medicine: General	\$ 72.86	91P	\$ 44	\$ 51	\$ 61	\$ 72
	NP: Family Medicine (without OB)	\$ 22.40	22P ★	25	29	37	51
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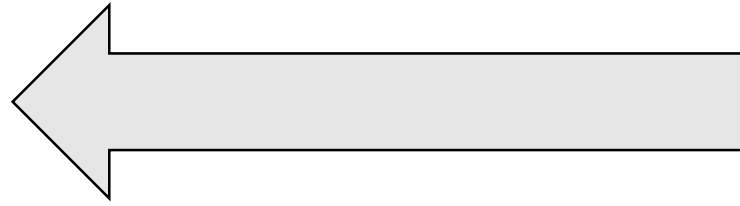
# Comparison

<i>Provider Name</i>	<i>Specialty</i>	<i>Collections Ranking</i>	<i>wRVU Ranking</i>	<i>Compensation Ranking</i>	<i>Compensation to Collection Variant Over 15PP</i>	<i>Compensation to Work RVU Variant Over 15PP</i>
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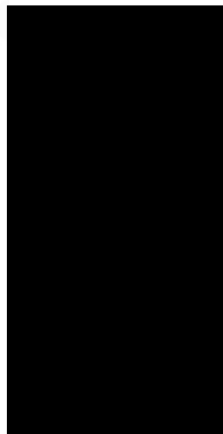


Internal Medicine: General	20P	22P	51P	YES	YES
NP: Family Medicine (without OB)	109P	121P	99P	NO	YES
Orthopedic Surgery: General	17P	21P	58P	YES	YES
Orthopedic Surgery: General	43P	50P	66P	YES	YES
Surgery: General	28P	44P	87P	YES	YES
Family Medicine (without OB)	2P	11P	22P	YES	NO

# Comparison



<i>Provider Name</i>	<i>Specialty</i>	<i>Collections Ranking</i>	<i>wRVU Ranking</i>	<i>Compensation Ranking</i>	<i>Compensation to Collection Variant Over 15PP</i>	<i>Compensation to Work RVU Variant Over 15PP</i>
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Internal Medicine: General

20P

22P

51P

YES

YES



NP: Family Medicine (without OB)

109P

121P

99P

NO

YES



Orthopedic Surgery: General

17P

21P

58P

YES

YES



Orthopedic Surgery: General

43P

50P

66P

YES

YES



Surgery: General

28P

44P

87P

YES

YES



Family Medicine (without OB)

2P

11P

22P

YES

NO

# 3

## Focus from Back End to Front End

- Shifting Attention
- This Shift for a Dynamic Upfront Patient Experience can Positively Impact Patient Satisfaction
- Patient Satisfaction
  - = Positive Clinical Experience
  - = Positive Financial Experience

## But How Do We Make This Shift?

- Educating Registration Staff
  - Training on the System
  - Training on Insurance Products
  - Process
- Giving them Tools to be Successful
  - Registration Hotline to the CBO
- Being Vigilant with Accurate Data is KEY
  - Demographics : Insurance : Eligibility Verification

## This Allows Us To . . .

- Redesign Front Desk Process
- Understand Reasons for Claims Being Denied
- Decrease Amounts of AR over 90 Days Old
- Identify Potential Sources of Lost Revenue
- Identify Key Functions of Billing Process that are Not Occurring
- Increase Efficiency in Scheduling Methodologies

## What Does This Mean Financially?

- Denials for Registration Issues Decrease
- POS Collection Increase
- Bad Debt Decrease
- Clean Claims Reduces AR Days
- Reduces Cost to Collect
- Increases Overall Cash Flow!!

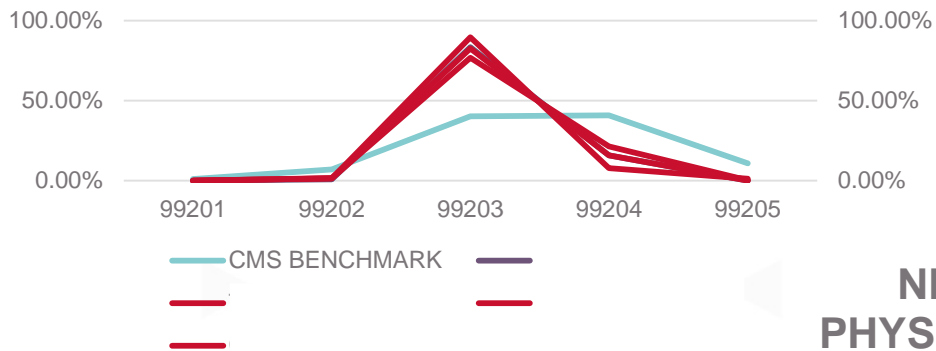
# 4

## Coding is King

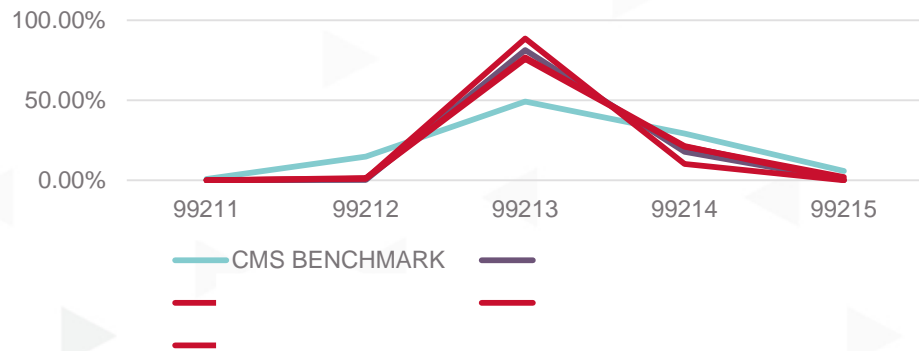
- Accurate Service Coding – Effects More than Bill
  - HCC Coding
  - RAF Scores
- Quality Control
- Education
- These All Drive Success with Value Based Contracts

# CPT Analysis Example

## NEUROSURGERY PHYSICIAN NEW PT VISIT DISTRIBUTION



## NEUROSURGERY PHYSICIAN EST. PT VISIT DISTRIBUTION





## But How Can I Make A Difference?

- Find Physician Champions
- Physician Advisor (the new hot topic!)
- Analyze Trends
- Task Force

# 5

## Billing Effectiveness

- Do any of These Describe You?
  - Denial Percentage is Greater than 5%?
  - Provider Compensation is Solely Based on wRVU Productivity
  - High Billing Department Turnover
  - Lack of Defined Processes Around Billing
  - Insufficient technology integration that delivers clinical and administrative insights

# Automation – Leverage Technology

- Drive Efficiency Through Streamlining Processes & Automation
  - Worklists/Queues
  - Automate Insurance Eligibility
  - Collection Processes
  - Appointment Reminder System
- Coordination Between Payer and Provider Ensures Revenue Accuracy
  - Fulfilling Requirements
  - Solving for Imbalance of Information

## Polling Question



- What % of write-off is denial related?
  - a) >25%
  - b) >10% but <25%
  - c) <10% but >3%
  - d) 3% or less

## Polling Question



- What types of denials does your organization struggle with the most?
  - a) Technical/demographic
  - b) Eligibility/coverage
  - c) Medical necessity
  - d) Missing authorization
  - e) Other

# 6

## Back-End Challenges

- Disconnect between front-end and back-end functions
- Poor root-cause denial analysis and prevention at source
- Inadequate process to appeal correctly and on time
- Amount of manual and administrative effort around identifying and routing denials to correct work queues

# What does this tell us?

## Top Denial Categories

This sheet shows the top denials by category, remittance code, and remark code.

Row Labels	Count	Denied Amount
⊕ Duplicate	7439	\$2,218,890.49
⊕ Additional Documentation Needed	21432	\$2,042,263.31
⊕ Eligibility/Registration	8148	\$1,557,347.22
⊕ Miscellaneous	6250	\$1,208,908.04
⊕ Authorization	3339	\$1,134,799.29
⊕ Non-Covered	8520	\$753,860.49
⊕ Informational	2350	\$656,982.14
⊕ Coding	1856	\$650,174.67
⊕ Exceeds days/Units/Frequency Limitations	652	\$508,249.55
⊕ Bundled	2463	\$485,771.77
⊕ Past Timely Filing	1443	\$354,079.70
⊕ Medical Necessity/Level of Care	472	\$102,321.50
⊕ Enrollment	237	\$70,781.78
⊕ *Unspecified Remit Code Category	218	\$20,993.88
⊕ Contract Related	338	\$3,744.06
⊕ Missing Claim Information	15	\$3,115.20
⊕ Billing Error	362	\$254.00
<b>Grand Total</b>	<b>65534</b>	<b>\$11,772,537.09</b>

## But How Do We Change This?

- Strong authorization processes must be in place
- Technology to help track the status of authorizations is a huge plus
- Staff training on payer contract requirements is essential
- Staff accountability through denials tracking and feedback
- Payer discrepancies is a must
- Overturn denials as they happen



# 7

## Access to Care

- Do Any of These Describe You?
  - Low Provider Productivity
  - Excessive Patient Wait Times
  - Patient/Provider Complaints
  - Concerns over Appropriate Staffing
  - Inability to Complete All Key Functions of a Patient Visit at Time of Visit (aka checkout, referrals, etc.)

## Ideas to Help . . .

- Where are the Most Canceled Appointments?
- Hours of Operation?
- Open Practice Up in the Evening or Weekends?
- What about a Patient Portal iPad in the Waiting Room?

# 8

## Partner . . . not Vendor

- Right Collaborative Partner not Just Transactional
- Reference/Referral
- Vision and Goals
- Dedicated Point of Contact
- Works Both Ways
- Don't Point Fingers!

# Pro-Tips Insights to Prioritize

---



## Pro-Tip #1

Hire

a

Patient

Financial

Representative

Period!



## Pro-Tip #2

KPIs

# FIND THEM

We All Have Them



## Pro-Tip #3

- Hire Non-Physician Practitioners and/or APPs
  - This Effectively Balances Provider Workload
  - Improves Patient Access
- APPs can Help Optimize Continuity of Care while Capturing Revenues



## Pro-Tip #4

- Create Minimum Work Standards
  - Physicians
  - Providers
  - Billing Staff





## Pro-Tip #5

- BFFs with your Payer
  - Do your Contracts Accommodate Value Based Reimbursement?
  - Is There a Quality/Shared Savings Component?
- Yes . . . the Provider will Take on More Financial Risk but will Meet the Quality Performance



## Pro-Tip #6

- RCM Task Force
  - Operations
  - AR
  - Coding
- Operational improvement opportunities
  - Denials management
  - Registration
  - Reimbursement changes
  - Collection processes

## Final Thoughts

- Don't Assume That the Payer is Paying Correctly
- Front End Accuracy is Low
- Physician Coding
- No Reason of a Denial for Timely Filing
- Write-Offs
- Don't Forget Credit Balances
- Finance 101 or Revenue Cycle 101



"Please diagnose me with something covered by my health insurance."

# Thank You!

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**Stay  
Connected.**