
ABOUT THE CONTRIBUTING EDITOR

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FOREWORD

About this book

You're probably thinking at this moment that the one thing you don't need is yet another revenue cycle book. I can tell you that this is not like any other how-to book you've read, and this is why: If you're like me and most other people who are involved with any portion of the revenue cycle, you have collected books and articles over the years that run the gamut from guidelines to how-tos to case studies. You might refer to these from time to time and even have your favorites that help guide you through the myriad day-to-day revenue cycle issues. However, they often wind up just taking up space on the shelf.

I find that I refer to many of these articles and books only when I want information on a particular topic. I cannot use them on a daily basis for ongoing management. What is missing are forms, tools, spreadsheets, etc., that I can use *immediately* and that will help me to track and trend a variety of data and make operational decisions based on that data. It can be frustrating to have to sift through a morass of text and background material when all that I need is a tool I can use right away. In addition, if there are tools that have worked for others, why not adapt them to your particular needs? We don't have the time or the inclination to re-invent the wheel.

That is the purpose of this book. We know you've had enough words and read enough analysis about the revenue cycle from a variety of experts. We want to provide you with proven forms and tools that have worked for others in your position. We've also collected examples of step-by-step processes that you can tailor to your specific situation and that will help you manage your portion of the revenue cycle process. We put everything in one place—now that's a novel idea!

Why tools are important

Why is it so important to have specific tools? Are revenue cycle managers really expected to work from and manipulate this data? The answer to the second question is that although there is obviously a laundry list of responsibilities for revenue cycle managers, they are indeed expected to be able

to command a wide variety of data, including productivity of staff, payer-specific agings, and denial analysis. This then circles back to the first question: The tools are the means to help you compile the data, interpret the findings, and use them to help you identify and address the most important issues in your particular area of the revenue cycle.

In addition, as technology continues to provide us with ever-more sophisticated tools and means of collating data, it becomes imperative that we use these opportunities to have tools help us in our daily work.

The concept of revenue cycle is incorporating more and more areas into its scope, such as admitting, medical records, compliance, business office, coding, and pre-registration. As the scope continues to expand, there will obviously be an increased number of managers who are affected by—and who effect—the revenue cycle and want to know how the resultant numbers affect them. These managers must be able to identify their particular areas of concern and must do so in a way that helps them get their hands around the issues quickly.

The current climate

What is it about today's healthcare climate that makes tools such as dashboards, report cards, and other data so important? The main factor is that hospitals and other healthcare facilities are under the magnifying glass as never before. Some of the external factors affecting facilities and revenue cycle departments in particular include the annual workplan from the Office of Inspector General (OIG) (which has as one of its main components specific requirements for clean claims submission), audits by the OIG, ever-changing rules for submission and payment by payers, uninsured patients, decreasing budgets, and increasing costs.

As hospitals and others face these pressures, it becomes increasingly important to monitor both the overall financial performance of the facility and the operational performance of individual departments. Executive management and department managers/supervisors need different levels of detail on performance, but the common thread is that they all require timely and accurate information that will help them identify risk areas and plan for operational changes based on that information. With increasing challenges comes a need to implement changes that will result in ongoing improvements, not just one-time "hits." For sustainable results, take the long-term view—don't just put out fires by

having staff drop everything they are doing and work on a “special” billing, agings, or collections project. Tools for executive management provide the 30,000-foot view, and additional tools should be used to drill down to increasing levels of detail for the manager, supervisor, and staff levels.

From an internal perspective, the fact that the revenue cycle has broadened its definition to include more departments means that each of these departments will require its own set of metrics and key indicators. For example, the chargemaster (CDM) is increasingly incorporated into the revenue cycle, since its accuracy (e.g., modifiers needs to be appropriate for the procedure, charges need to be appropriate and competitive) and completeness directly affect reimbursement and cash flow. Thus, the CDM Director is increasingly joining revenue cycle task force meetings. The same can be said of compliance and coding.

The revenue *cycle* is just that: an integration of both front- and back-end departments that all affect each other. Each of these areas will have accountability for specific metrics and performance measurements. Thus, we need to move past traditional A/R measures such as agings, days in revenue, etc., and include those that address issues such as coding backlog, medical records turnaround time, and accuracy of insurance and other pre-registration information.

This book is, first and foremost, a toolkit. But tools are useful as a communication and planning tool only when actionable and measurable improvements result. As the scope of the revenue cycle broadens, it is vital to have an ongoing forum where issues from each of these departments can be discussed and resolved. Communication and information sharing between the departments involved in the revenue cycle fosters not only shared goals but teamwork. This is why forums, such as revenue cycle task force meetings, are so important. The task force meetings—and indeed, the revenue cycle as a concept—need to be supported and embraced by upper management. The most effective revenue cycle task force meetings have the CFO or CEO as the leader. Share the information you identified on report cards and other tools at these meetings.

What can a toolkit do for you?

Depending on how and when you use these tools, you can either regard them as indispensable adjuncts to managing or as busy work that takes you away from doing your *real* job. But here's a

secret: These tools can be the best friend you've ever had and can be an invaluable aid to your daily management. Some of the purposes of individual tools, spreadsheets, report cards, etc., include the following:

- Presenting the overall health of the organization, based upon the factors previously determined to be the main strategic indicators. This will obviously be facility-specific.
- Providing detailed information of current departmental performance. As stated above, the performance measurements will differ from department to department, but they will clearly let you see how you and your staff are performing.
- Communicating information to all stakeholders within the organization, from top management to staff. This is information everyone will receive at the same time and in real-time, and issues you identify should then be addressed both on the manager-to-manager level and in the revenue cycle task force meetings.
- Providing accountability. Each revenue cycle manager is responsible for driving his or her own process improvement and for addressing and resolving the issues identified by the data. At the same time, other members of the revenue cycle must ensure that these issues are addressed in an appropriate and timely manner, since no revenue cycle departments work in isolation.
- Assisting managers in drilling down to specific detail, and then using this data to manage process change and allocate resources effectively. For instance, an invaluable tool is one that measures employee productivity, which you can then use to estimate the time a collector will take to complete the accounts in their portfolio. Assume that your collectors resolve ("resolving" does not mean just leaving messages but getting a payment date) an average of 40 accounts per day (a low number). If they each have a portfolio of 350 accounts that you want touched every week, you are not going to achieve that goal unless productivity increases or you redistribute the workload. Now assume that the collectors are all working \$200+ accounts proactively, with no differentiation between low and high-dollar accounts. In comparing the portfolios of the collectors, as well as their productivity and quality, you

may very well find that if you reassign all accounts over \$3,000 to a highly productive and high-quality collector, you not only increase reimbursement and cash flow but you allow the accounts under \$3,000 to be touched more often. (This assumes that the lower-productivity collectors were spending the majority of their time working the high-dollar accounts). In this case, the data helped drive both a process change and a reallocation of resources.

- Identification of both short- and long-term trends. There may be explanations for one-time “blips,” but continued negative trends are obviously a warning sign. This is why it is so important to review your data on a regular basis: You want to anticipate problems and resolve them proactively, not wait until they are huge issues that you must address reactively.

- Identification of immediate problem areas, and the underlying reasons for these problems. In addition, you will know whether you are on track to meet both your short- and long-term goals, and you can address issues before they turn into longer-term negative trends. As an example, let’s assume that your Medical Records (HIM) Director has agreed that any records requested by the business office will be pulled and delivered within three to four days. Your data that track outstanding requests, the amount of the claims, and dates of subsequent requests reveal that most requests remain outstanding after one or two weeks. It then becomes imperative that the HIM Director be shown this specific data and that you work with him or her in identifying and resolving the cause of this bottleneck. Generally, the problem is not always obvious until you analyze the data and the relevant processes, and the solution is not always as insurmountable as it may seem at first. The important point is that data can help you to identify issues, understand root causes, and develop action plans to help resolve these issues. Most importantly, you need to communicate and resolve issues with other department managers, as appropriate.

Now that you have the tools you need . . .

You've got the tools, and you know what data you want to measure. What are some of the guidelines you should follow to ensure that these tools are used to their full potential? Here are some generally accepted principles for how best to use any set of tools:

- Each facility and department must determine its appropriate indicators, based on such factors as the organization's goals, specific state and local regulatory requirements, and strategic concerns of the facility.
- Review the data/indicators both on an individual department level (i.e., with staff and supervisors) and as a team (i.e., the revenue cycle task force).
- Monitor the data on an ongoing basis. Depending upon the type of indicators involved, appropriate monitoring can be daily, weekly, monthly, or quarterly.
- The tools should be easy to read and consolidate information into a summary level for general discussion. Any more detailed drilling down should be used by departmental managers and supervisors.
- Indicators should change as goals change. Don't be afraid to readjust your facility and/or departmental goals based on changing internal or external factors. In addition, as you resolve issues, move forward to different goals and, thus, different key indicators.
- Always have your goals as your guide, and measure specific indicators against these goals. Communicate these goals and measurements to all members of the revenue cycle team.

Retrieving the data

A quick word about the data: The key to getting the data that you need is your IT Department. You may be able to create individual reports from your system but—and this is especially true in larger organizations—data will most likely come from a variety of systems: admitting, HIM,

business office, etc. Sit with your IT staff (if the reports will be coming from them), and explain what kind of data you want and what you hope to use it for. In these cases, IT will be able to help you obtain data that is accurate and timely.

Types of tools/key indicators

As evidenced by the examples in this book, tools come in all shapes and sizes. One widely used tool is the dashboard, which presents different metrics at a glance, such as number of denials, days outstanding, etc. In this respect, they are no different than other tools you would use to measure these indicators. The key difference is that numerous metrics are presented on one page. This is an excellent tool to use when you want to present a high-level overview of specific performance indicators. However, there are many tools that can be used and ways in which data can be presented.

Whether you use a spreadsheet, graph, or other type of document to present your data is not of the utmost importance. What is important is how clearly you present the data and how specifically it addresses the key indicators your facility/department has identified as the most important.

What are some of the key indicators to measure? Again, this will depend on your specific situation, but some indicators you may want to consider include the following:

- Amount of co-pays collected at time of service/registration
- Number, dollar, and type of denials
- Denial overturn ratio
- Collection agency recoveries
- Amount and type of write-offs
- Total agings by payer
- Overall agings
- Amount of self-pay balance recovery
- Number of billing hold days
- Total outstanding A/R
- Amount of discharged not final billed accounts
- Amount of HIM billholds due to coding or dictation delays
- Gross and net days receivables outstanding

- Amount of credit balances
- Billing turnaround days
- Payor turnaround time (for paper and electronic submissions)
- Amount of small dollar balance accounts (the definition of “small balance” is facility-specific)
- Cash posting and payment posting turnaround time
- Employee-specific productivity and agings numbers
- Percentage of clean claims submission
- Payor performance against contract terms
- Accuracy of insurance and patient demographic information captured by admitting/registration.

Go for it!

Obviously, the list above can be endless. Remember, however, that you don't need to track everything at once. Understand your priorities, and work on the most important measures first. Use the data as a resource, not to make people's eyes glaze over. Also make some judgements as to what results will be cost-effective. If you need to change entire processes to have your collectors work a few more small dollar accounts per day, you probably do not want to concentrate on this issue. Start with the “low-hanging” fruit, and drill down from there.

Data can actually be your friend. Having data can help pinpoint problems you might have instinctually known, but having the proof in black and white can be very liberating. You will now be able to work on any necessary changes and, more importantly, will have the information you need to help justify to upper management the need for additional resources.

There is not one “best” tool. What works for some does not work for others. It depends on what you feel comfortable with and what you want to measure—one size does not fit all. The important point is to identify key indicators based on your priorities and to implement a tool to measure these indicators. We hope that the tools in this book will assist you on that path.

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