BILLING MANAGER INDICATORS: HOW DOES YOUR ORGANIZATION STACK UP?
“YOU CAN’T MANAGE WHAT YOU DON’T MEASURE.”
ASK YOURSELF...

- How can you solve a problem you can’t see?
- Are you analyzing your organization’s financial ratios & key metrics in conjunction with operational processes & profitability?
- What are the most important financial & operational goals to work towards?
- What key issues might be impacting your revenue & billing department productivity performance?
  - Staff turnover, physician recruitment, development of a new lab, or the opening of a satellite location?
- How can these issues be addressed?
BECOME A BETTER PERFORMER

- Set financial & operational goals
  - Define a set of desired outcomes for improvement
  - Set up a system for regularly checking & acting on data to improve your bottom line

- Identify data sources, including industry benchmarks
  - **Practice Level**
    - Denials
    - Missing charges
    - Payer mix
    - Charge error
    - Charge lag
    - No-shows
  - **Organizational Level**
    - Income statement
    - Operating cash
    - Office collections
    - A/R
DEFINE KEY PERFORMANCE INDICATORS (KPIs)

- How will you measure progress towards your goals?
- High performing organizations focus on:
  - **Efficiency & utilization**
    - Use of resources, including clinician time, space & staff
  - **Physician productivity**
    - Use work relative value units (RVUs)
  - **Clinician time**
    - Time spent providing patient care, including related teaching, professional development & paperwork
  - **Revenue cycle optimization**
    - Average days in A/R, net charges to cash collections, total collections, charge posting lag, missing charge rate, claim denial rate, bad debt rate, etc...
IDENTIFY OPPORTUNITIES FOR IMPROVEMENT

- Examine KPIs by payer, specialty & best practice ranges to find areas for improvement
- Regularly review data in custom dashboards or reports
- Data should reflect daily/monthly performance, quarterly & annual summaries of how your organization is performing
## Example KPI Spreadsheet

<table>
<thead>
<tr>
<th>KPI</th>
<th>Description</th>
<th>Benchmark</th>
<th>Sample CHC 1</th>
<th>Sample CHC 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of A/R outstanding &gt; 90 days</td>
<td>Total accounts receivable amounts outstanding over 90 days divided by total accounts receivable balances</td>
<td>17.95% (*13.05%, MGMA Better Performers)</td>
<td>49.50%</td>
<td>46.79%</td>
</tr>
<tr>
<td>Days gross FFS charges in accounts receivable</td>
<td>Average days of gross FFS charges tied up in accounts receivable (owed to the Practice but not yet collected)</td>
<td>32.37</td>
<td>58.3</td>
<td>25.71</td>
</tr>
<tr>
<td>Adjusted FFS collection percentage</td>
<td>Total collections divided by expected reimbursement after taking into account contractual payment agreements</td>
<td>98.36%</td>
<td>97.39%</td>
<td>98.93%</td>
</tr>
<tr>
<td>Gross FFS collection percentage</td>
<td>Total collections divided by gross charges</td>
<td>56.54%</td>
<td>46.08%</td>
<td>31.57%</td>
</tr>
<tr>
<td>Percentage of claims billed electronically</td>
<td>Number of claims billed electronically divided by the total number of claims</td>
<td>&gt; 75% (100% for payers who are able to accept e-claims, *95% MGMA Better Performers)</td>
<td>100%</td>
<td>&gt;75%</td>
</tr>
<tr>
<td>Days to charge entry</td>
<td>Lag time from date of service to the date charges are posted in the practice management system.</td>
<td>Same day or 24 hours</td>
<td>Same day</td>
<td>24 hours</td>
</tr>
<tr>
<td>Days to claim submission</td>
<td>Lag time from date of service to the date that a claim is submitted to the insurance company for payment</td>
<td>2 days</td>
<td>2 days</td>
<td>~ 2 days</td>
</tr>
</tbody>
</table>
ORGANIZING YOUR BILLING DEPARTMENT
POLICIES & PROCEDURES

- Should reflect the goals, mission & values of the CHC

- Documented, compliance driven policies & procedures are essential in achieving consistent operations & outcomes:
  - Formal & specific addressing key components
  - Augments training
  - Assists with evaluating & improving processes
  - Assists in assuring standardized application of policy content

- Policies need to be reviewed regularly & updated to incorporate on-going changes in operations.
TRAINING PROGRAM

- Do you have a training program?
- What is included?
- What is it based on?
- Who is responsible?
TRAINING PROGRAM

➢ Comprehensive training

- Practice management system is just a component
- On-the-Job (OTJ) training should be a part, not the entirety
- Effective trainer
- Written training materials
- Dedicated time
- Competency assessments
TRAINING PROGRAM

- Written, compliance driven policies & procedures
  - Undocumented = leaves room for interpretation
  - Detailed guidance in procedure format
    - Billing third-party payers
    - Credit balances
    - Insurance follow-up
    - Small balance adjustments
    - Budget plans
    - Bad address
    - Patient correspondence
JOB RESPONSIBILITIES

- Cross-training
- Answer for any given task or process
  - Who is responsible for completion?
  - Who is the back up?
  - How often does this process occur?
  - How do I measure the quality of work performed for this process?
  - Does the responsible individual understand my expectations?
  - Is the current person responsible the best person to complete this task?
JOB STRUCTURE

.reporting relationships

- Minimize number of reporting relationships
- Create and publish an organization chart
- All staff should be able to clearly answer who they report to
JOB STRUCTURE, CONT.

➢ Supervisory position considerations

  ▪ Is there a need?
  ▪ What attributes are best suited?
  ▪ May not be most senior person
  ▪ “The best players don’t always make the best coaches”
  ▪ Definition of new responsibilities
JOB DESCRIPTIONS

➤ Define

- Responsibilities
- Expectations
- Reporting relationships
- Necessary knowledge, skills & abilities (KSAs)
JOB DESCRIPTIONS, CONT.

- Not just a tool for posting an open position
- Useful tool for evaluation of job performance and any necessary disciplinary action
- Clear documentation of duties
  - May protect organization in
    - Hiring selection
    - Promotions and compensation
    - Disciplinary actions up to firing
A PICTURE IS WORTH A THOUSAND WORDS

When fully utilized, organizational charts provide managers with the information they need to:

- Make decisions about organizational structure & resource allocation
- Provide a framework for change & measuring the financial & operational effects
- Communicating structural & operational information to all employees
- Visualize the company structure to quickly assess the organization's ability to meet current & future goals
Front Office Staff indirect reporting:

- Charge Capture
- Charge Entry
- Cashiering
STAFFING

➢ Frequently wonder if you have appropriate staffing

➢ Correct number of staff?
  ▪ With correct qualifications?
    ○ And correct responsibilities?
DETERMINE APPROPRIATE STAFFING

- How does current staffing compare to available benchmarks?
- How do staff members spend their time?
- How productive are staff members currently?
  - Measure specific workload ranges
- Is performance substandard?
STAFFING

Staffing levels

- Better performing practices actually have higher billing staffing than others
  - Total support staff cost per FTE physician
    - Better performers: $269,296
    - Others: $234,768
  - Total business operations support staff cost per FTE physician
    - Better performers: $55,587
    - Others: $52,904
  - Total front office support staff cost per FTE physician
    - Better performers: $49,044
    - Others: $43,617

* Source: 2013 MGMA Performance & Practices of Successful Medical Groups
STAFFING

- Total patient accounting (*e.g.*, billing & collections) support staff per FTE physician
  - Better performers: 0.54
  - Others: 0.55

* Source: 2013 MGMA Performance & Practices of Successful Medical Groups
STAFFING

➢ Feedback & recognition
   ▪ Staff, department & organization receive feedback regularly
   ▪ Improvements are celebrated

➢ Adaptability
   ▪ Continuous research & education
   ▪ Open to changing processes
EXTERNAL STAFFING BENCHMARKS

- Snapshot comparison to health center data
- Broad guidance on national trends
- Not prescriptive
- Multiple ways to measure staffing levels
  - Staffing or cost per FTE physician/provider
  - Staffing per work RVUs
  - Staffing cost as a percent of total medical revenue
EXTERNAL STAFFING BENCHMARKS, CONT.

Data sources:

- Medical Group Management Association (MGMA)
  - [http://www.MGMA.com](http://www.MGMA.com)

- Uniform Data System (UDS)
  - [http://bphc.hrsa.gov/uds/](http://bphc.hrsa.gov/uds/)
PRACTICE MANAGEMENT SYSTEMS

- Most practices only use approximately 50% of their system’s capabilities
  - Utilizing staff hours instead of automation
DETERMINE HOW STAFF SPEND THEIR TIME...

- Have staff members estimate the number of hours each day spent on specific tasks
- Group tasks into major areas of billing & collections functions, such as:
  - Insurance follow-up
  - Patient collections
  - Payment posting
  - Claims submission
- Calculate how many FTEs are working within each area
- Compare to available benchmarks
HOW DO STAFF SPEND THEIR TIME?

Example:

<table>
<thead>
<tr>
<th>Area</th>
<th>Example CHC Hours/wk</th>
<th>Example CHC FTEs per 50,000</th>
<th>Adjusted FTE Benchmark per 50,000</th>
<th>Benchmark* FTE per 100,000 claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance follow up</td>
<td>60</td>
<td>1.50</td>
<td>2.08</td>
<td>4.15</td>
</tr>
<tr>
<td>Patient Collections</td>
<td>20</td>
<td>0.50</td>
<td>0.81</td>
<td>1.61</td>
</tr>
<tr>
<td>Payment posting</td>
<td>80</td>
<td>2.00</td>
<td>0.81</td>
<td>1.61</td>
</tr>
<tr>
<td>Claims submission</td>
<td>10</td>
<td>0.25</td>
<td>0.47</td>
<td>0.93</td>
</tr>
<tr>
<td>Other</td>
<td>50</td>
<td>1.25</td>
<td>0.90</td>
<td>1.79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>220</strong></td>
<td><strong>5.5</strong></td>
<td><strong>5.03</strong></td>
<td><strong>10.05</strong></td>
</tr>
</tbody>
</table>

Source: The Physician Billing Process
## HOW PRODUCTIVE ARE YOUR STAFF?

<table>
<thead>
<tr>
<th>Task</th>
<th>Example CHC</th>
<th>Benchmark per hour*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge entry without registration</td>
<td>30</td>
<td>55-75</td>
</tr>
<tr>
<td>Payments posted manually</td>
<td>200</td>
<td>75-125</td>
</tr>
<tr>
<td>Refunds</td>
<td>0</td>
<td>10-13</td>
</tr>
<tr>
<td>Account follow-up by phone</td>
<td>10</td>
<td>6-12</td>
</tr>
<tr>
<td>Account follow-up and appeal</td>
<td>2</td>
<td>3-4</td>
</tr>
<tr>
<td>Account follow-up claim status &amp; rebill</td>
<td>45</td>
<td>12-60</td>
</tr>
<tr>
<td>Self pay follow-up</td>
<td>11</td>
<td>10-13</td>
</tr>
<tr>
<td>Patient account inquiries</td>
<td>17</td>
<td>15-18</td>
</tr>
</tbody>
</table>

*The Physician Billing Process*
REVENUE CYCLE ENHANCEMENT PRIORITIES

#1: Decrease re-work

#2: Increase automation

#3: Increase productivity
MISSING REVENUE

- What’s your process for charge reconciliation?
- What % of charges is your health center missing?
- How do you account for off-site services?
MISSING REVENUE

- Missing Charge Rate: < 1%

  - < 1% of charges missed on audit (quarterly) of encounter form to charges entered
  
  - Processes in place to ensure all encounter forms are entered into the practice management system
  
  - Processes in place to ensure no missed offsite visits
IDENTIFY TRENDS

- Have charges declined, increased, or remained the same?
- Is there anything out of the ordinary?
- Are all charges posted?
- Is the cycle time from Date of Service (DOS) to claim submission reasonable based on established standards in your practice?
  - Make a point to post charges within a set timeframe
  - Review variances from these standards
ACCOUNTS RECEIVABLE MANAGEMENT

➤ Who’s managing your accounts receivable?

➤ What information do they provide?

➤ What changes have they implemented within the last 60 days?
ACCOUNTS RECEIVABLE MANAGEMENT, CONT.

- Competent management
  - People & accounts receivable management skills
  - Focus needs to be on management activities
  - Ability to affect change in the organization
ACCOUNTS RECEIVABLE MANAGEMENT, CONT.

- Monitoring tools, such as KPIs
  - Monitored & reported to executive management monthly
  - Feedback provided to staff
  - Visualization is often beneficial
ACCOUNTS RECEIVABLE MANAGEMENT, CONT.

Performance indicators

- Average days in accounts receivable (A/R)
  - Annual revenue divided by 365 days = average daily revenue
  - Current accounts receivables divided by average daily revenue = average days in A/R
  - Best practice: 27.49*
  - Average: 44.15*

* Source: 2013 MGMA Performance & Practices of Successful Medical Groups
■ Percent of A/R over 90 days old
  o Better performers: **4.33%**
  o Others: **5.26%**

■ Adjusted fee-for-service (FFS) collections
  o Better performers: **99.16%**
  o Others: **96.02%**

■ Gross FFS collections
  o Better performers: **57.42%**
  o Others: **46.77%**

* Source: 2012 MGMA Performance & Practices of Successful Medical Groups
ACCOUNTS RECEIVABLE MANAGEMENT, CONT.

- **Percent of claims billed electronically**
  - Best practice & average: **95%**

- **Days to charge entry**
  - Best practice & average: **Same day or 24 hours**

- **Days to claim submission**
  - Best practice & average: **2 days**

- **Bad debt due to FFS activity per physician FTE**
  - Better performers: **$9,685**
  - Average: **$24,998**

* Source: 2013 MGMA Performance & Practices of Successful Medical Groups
ACCOUNTS RECEIVABLE MANAGEMENT, CONT.

- Measure performance to determine success
- Set goals for financial performance related to the revenue cycle
- Various performance indicators
ACCOUNTS RECEIVABLE FOLLOW-UP

➢ Is your denial rate close to benchmark?

➢ What happens when a claim is not paid?

➢ How many outstanding claims do you have?

➢ What guidance is provided to staff on prioritization of claims?
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

➢ Claim Denial Rate
  - Target = < 5% of total claims
  - Reduce re-work & get paid faster
  - Improve cash flow
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

- Formal denial analysis
- Use denials to train & make operational changes
- Denial analysis spreadsheet or system generated reports
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

➢ Prevention is key

  ▪ Monitoring denials is an ongoing basis
  ▪ Provide feedback to staff, providers & management
  ▪ Implement changes as appropriate
  ▪ Re-educate staff & providers collectively & individually
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

- Staff productivity indicators
  - Outstanding claim follow-up
    - 800 – 1,000 claims per month
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

➢ Patient collections after the visit

  ▪ Accuracy
  ▪ Understandable statements
  ▪ Speed
  ▪ Follow-up
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

Quick follow-up on non-payment

- Tighten statement cycles

<table>
<thead>
<tr>
<th>Days from Initial Statement</th>
<th>Billing Cycle Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>—</td>
<td>Initial statement</td>
</tr>
<tr>
<td>30 days</td>
<td>2nd statement</td>
</tr>
<tr>
<td>45 days</td>
<td>1st pre-collect</td>
</tr>
<tr>
<td>60 days</td>
<td>2nd pre-collect</td>
</tr>
<tr>
<td>75 days</td>
<td>Refer to agency</td>
</tr>
</tbody>
</table>
In-house collection efforts

- Daily productivity target per FTE
- 45 to 70 accounts worked
- Can use 70 contacts per FTE per day as a reasonable expectation
- On average it takes 2.5 contacts to achieve account resolution
ACCOUNTS RECEIVABLE FOLLOW-UP, CONT.

- In-house collection efforts, cont.
  - Low dollar high volume accounts
  - Two methods of sizing the collection effort
    - Dollar amounts to be collected (over $75, $100, $200, etc.)
    - Available staff

- Collection action report
COMPLIANCE CONSIDERATIONS

- Identify areas of risk
  - Conduct an internal assessment to identify if you are in compliance with payer regulations
  - Look for patterns – find resolutions/solutions
  - Correct any identified compliance or billing issues

- Perform internal retroactive & concurrent compliance audits
AVOID PITFALLS

- Articulate accountability & responsibility for the entire revenue cycle
- Establish an effective staffing organization, infrastructure & expertise
- Provide appropriate leverage of IT & management reporting
- Monitor leading indicators to assess billing & collection performance
- Streamline systematic revenue cycle processes
- Develop and enforce compliance-driven policies, procedures & practices

Source: The Physician Billing Process
SUSTAIN THE BENEFITS

- Key to success = consistently maintaining data collection & analysis

- Embed a philosophy of continuous improvement throughout your organization

- Provide education to everyone who contributes to your goals

- Share reports (& progress towards goals) with appropriate staff & stakeholders
QUESTIONS
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