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Links In The Revenue Cycle Chain

by MARTIN TINTARI



The words revenue cycle mean different things to different people. What is consistent are the problems within the revenue cycle in all hospitals across the country. The magnitude and severity of the problems at each institution are the only differences.

Having been both a practitioner and a consultant in revenue cycle processes I have seen every conceivable problem and process and have captured the root causes of the revenue cycle woes.

The 10 most common obstacles confronting the Revenue Cycle and ways to conquer them are as follows:

- 1. Poor data quality from the "Front End"**
Create a process that ensures accuracy and efficiencies through training and auditing of all data captured at the front end. Establish quality goals and objectives and most importantly, hold staff accountable.
- 2. Improper/inadequate handling of patient complaints and correspondence**
If you want to know what your patients and payers are telling you then investigate the calls and letters you receive daily. Patients will tell you what is wrong with the service they received, the billing they received and what they expect you to do about it. It is the easiest way to find out how your billing system is working and how effective the words are on your patient statements.
- 3. Absent, inefficient management/productivity reporting**
Without data you cannot identify any issue or its magnitude, let alone correct the problem. Start reporting statistics on productivity and activity and you will begin to find ways to reduce time and increase recovery of cash.
- 4. Absence of formal staff training**
Usually the first expense cut in a department is the training expense. Most of the training in PFS is informal and comes attached with individual preferences when the staff is involved in the training. 80% of the errors in PFS are due to poor or absent training.
- 5. 3rd Party contract terms not operationalized in PFS**
Include PFS in contract language for billing, timeliness and handling of special items like stop/loss, and carve outs, etc. Develop a matrix of contract clauses and rates in order for your registration staff to properly identify the payer and if any out of pocket payments are due from the patient. Ensure all contract terms can be identified on UB.
- 6. Lack of quality control**
Control the quality through formal auditing procedures. Develop a Quality department that is responsible for auditing at least every registration and admission daily. Audit the charge entry function in all departments. Check the number of errors on your electronic billing process.
- 7. Lack of Institutional understanding and commitment to the PFS process**
Let your board in on what the patient statement process is and what messages you are sending the patients. Let them know what your collection policies are. Most importantly make sure they understand what revenue cycle management means and what is needed to make it world class.
- 8. Inefficient use of receivable systems**
The problems are not created by the receivable system itself but rather how it is set up and how it is used. Most, if not all A/R systems today do an adequate job of processing charges and bills. Rethink how the system was set up originally, what you want it to do and then train the staff to utilize it to its fullest.
- 9. Inefficient management of payment denials and delays**
Track denials and identify what area of the hospital is causing the denial. Most common reasons are poor data quality, no pre-cert or lack of authorization for additional days, improper coding, etc. Quantify the impact and address each individually. Report statistics formally and often.
- 10. Timeliness and quality of coding**
Ensure coding is done at the highest level of specificity by reviewing what documents are the source for coding through auditing. Decrease time between coding and billing by having PFS and Medical Records/HIM directors meet to establish common goals and objectives.

Revenue Cycle management cannot be adequately addressed in a 600 word document but if each of the above 10 items were analyzed; significant progress can be made in controlling the process.

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