

REVENUE CYCLE PRINCIPLES SERIES

Part Five

Creating a 30-Day Cash Turnaround Plan

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Revenue Cycle Principles Series

Part Five: Creating a 30-Day Cash Turnaround Plan

Introduction - A call to action:

We have all had the call at one time or another – ***“I need more cash and I need it now!!!”***

Whether you are new to the facility or have been there for many years, calls like these require immediate and focused action. In this fifth installment, I have outlined a summary action plan of how to address an immediate cash crunch – how to get the most cash possible in the shortest time while also addressing the process improvement that is always a by-product of a project like this.

The first four sections of this series detailed that it is always important to be focused on the fundamentals – we have to make sure that we fix the underlying process issues as we go along or we may end up getting one too many calls to action. This article takes these fundamentals and puts them to work in a more detailed format. As you work through the list it is always good to remind your staff of the overriding principles:

Revenue cycle work can still be segmented into two focus areas on a daily basis:

- 1. Collect more cash**
- 2. Collect cash more efficiently**

Where do we start?

With only 30 days to show meaningful results, we have to focus the first few days of the project on areas that will provide the quickest turnaround. This means that we have to go where the highest balances are and to the payors that pay the quickest.

Many of the strategies noted below were discussed in more detail in the first 4 parts of this series. The action plan can not only be used in a crunch situation, but also as a weekly or monthly task/check list.

This two pronged approach means that we need to focus on:

- ▶ all the high \$ accounts that have already been billed
- ▶ work through as many Medicare accounts as possible as Medicare is typically the payor with the quickest turnaround

Note: As we work through each of these stages of the project, it is critical to note all the issues that have caused payment delays and correct the underlying problems.

Part One Recap:
Performing
the basics
correctly on a
daily basis and
having tools to
measure progress
is critical in
Revenue Cycle
management.

Cash generation project

1. Review Top 100 Accounts (including the notes)

- o Pull a list of the Top 100 accounts in AR. Go through each and every account including the notes.
- o It is important to go through at least the last 2-3 notes on the account, as they will tell you why the account has not paid. They should also indicate what needs to be done to get the account paid.
- o This activity will not only help focus on which accounts can be paid quickly, but also where you need to focus to speed up the collection process in the future.
- o Take notes of all reasons why the accounts have not paid and categorize them – provide feedback to all parties and make sure that you're admitting QA program is checking 100% of the errors that you see.
- o This exercise should be done weekly whether or not you have a cash crunch.
- o Put your best collectors on your highest \$ claims.

2. Review DNFB & Failed Claims reports

- o A good measure of DNFB & Failed Claims is that there should be no more than 4-5 days of revenue in both areas combined.
- o Cleaning up this area quickly with a focus on Medicare and the quickest payors can often lead to 2-3 days of extra cash in the short term.
- o Consider releasing all claims in DNFB that are coded and complete, even if they are under the 3 or 4 day threshold that you have established — if you need cash, this can provide 1-2 days of cash acceleration.
- o Measure both items daily to make sure you don't lose the ground you just caught up.

3. Put in comprehensive admitting QA program

- o The best way to stop the bleeding in the long term is QA 100% of all claims — especially for identified issues from Top 100 review.

4. Review all Medicare claims > 16 days discharge

- o Medicare is the fastest payor of clean claims

Part Two Recap:

Allocating your hospital's resources by focus area is key to improving clean claims and increasing efficiency.

5. Review all Secondary claims

- o While most secondary claims are not high \$, they can be a quick source of cash. It is also an area that is often overlooked and thus has a substantial backlog.
- o As part of this exercise, ensure that your automated secondary billing module is working correctly.

6. Assess collection resources relative to account load & payor mix

- o Calculate how many open accounts you have by Financial Class (where possible with a balance > \$500).
- o Match those to your existing collectors (should be done periodically anyway) and make sure that you have enough collectors to make the required impact.
- o Consider using outside help/agency to assist until you can move back to a more normal workload.

7. Implement collector productivity monitoring

- o Once workload has been established, make sure that collectors are getting through enough accounts for you to reach your goal.
- o All work lists should be ranked high \$ down. You may be surprised at how many collectors take a haphazard approach to selecting which and when accounts are worked.

8. Review top 5 areas that hospitals typically lose money for potential rebilling opportunities

- o Denials
 - Pull a report of all patients that have a PCR (payment to charge ratio) of less than 5%. This would then cover all zero pays and also potential large underpayments.
 - Focus on high \$ accounts and those that have greatest chance of being recovered.
- o ED Level coding - ***this is the area that we find the most revenue opportunity***
 - If your facility has access to charge capture or charge analysis tools, then use this to analyze previous 12 months of claims to see if you have any opportunity.
 - Otherwise pull a sample from last 30 days to make sure that your internal processes are being followed.
- o Charge capture - check high \$ items like implants and pharmaceuticals. Missing charges for these can lead to significant underpayments.

Part Three Recap:

A more focused approach to reducing denials results in better collections, greater efficiency and typically increased net revenue.

8. Review top 5 areas that hospitals typically lose money for potential rebilling opportunities (continued)

- o Managed care underpayments
 - If your facility is using a contract management system, then aggregate underpayments by payor to see if any opportunity to resolve in aggregate.
 - Check balances by payor against your credit balances for potential resolution.
- o Incorrect codes & charge amounts — double check your CDM software for any outdated, deleted or invalid codes.

9. Rerun last 12 months of self-pay accounts to check for Medicaid eligibility

- o Many hospitals do not rerun their self-pay accounts through a retro Medicaid eligibility service to check for patients that subsequently qualified at another hospital.
- o If patients are qualified at another hospital after the DOS at your hospital, it is hard to find out unless all your data is rerun on a periodic basis (weekly, monthly).
- o If this service has never been done, it can provide a quick source of cash.

Conclusion

The action steps outlined above certainly provide a comprehensive project plan to generate additional cash. It is not meant to be an exhaustive list, merely a “usual suspects” approach. Each of the items listed above will help generate additional cash – they should also be done as part of good business practices on a daily/weekly/monthly basis.

The project listing can thus also be used as the basis for a comprehensive long-term action plan. Items like reviewing collector’s notes are critical on a consistent basis to understanding not only collector productivity, but also where all the bottlenecks are occurring in your revenue cycle. It is also a great exercise to keep everyone honest.

As we have discussed in this series, good results come from applying the basics on a consistent basis. If you construct a revenue cycle team and combine that with good processes that are followed consistently, then the cash will come and the calls will be about more pleasant topics.

Contact our sales team to see how we can help you generate cash

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