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On the topic:
Getting A Grip on Accounts Receivable

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GET A GRIP ON ACCOUNTS RECEIVABLE

PREPARED AND PRESENTED BY:
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YOUR ACCOUNTS RECEIVABLE IS VALUABLE!
(Not just another task to be handled)
TAKE-AWAYS

- Identify inconsistencies/challenges in your practice area
- Identify action steps for improvement of your AR

HOW IMPORTANT IS AR?

- The management of accounts receivable is an extremely important function since the collection of outstanding receivables represents the **single most important source of cash for all organizations**. Because of the impact that accounts-receivable collections have on cash flow, it is important that responsibility for the day-to-day management of credit and collections activities be delegated to a single individual within the organization.

- *Single individual = Project manager*
• On the balance sheet, accounts receivable is reported as a current asset and is considered part of an organization's working capital. As a current asset, accounts receivable is expected to be turned into cash within the annual operating cycle of a business, which for most businesses is generally considered to be one year and corresponds to the twelve-month fiscal year used for financial reporting purposes. This, however, does not imply that it should take one year to collect individual receivable balances.

• Patient Balances
  – Copays/co-insurances not collected at TOS
  – Inefficient OTC collection systems
  – Deductibles & other patient responsibility (including non-covered products/supplies) not collected
  – Inconsistent or non-existent patient invoicing
• Ineffective patient collection systems
  – Endless patient billing, etc.
• Insurance Balances
  – Claims not properly submitted
  – Claims not at all or not regularly re-submitted/traced or followed-up on
  – Low to no follow up with WC & PI claims
WARNING SIGNS OF AR PROBLEMS

• Patient visits are stable but AR dollar amounts keep growing
• Percent of overall AR that is 120 days+ is greater than 25%
• Days in AR is in excess of 60
• Your AR is greater than 1.5-2x average monthly charges

COMMON INVOICING MISTAKES

• No Backup
  – Computer failure
• Single gatekeeper
  – One person who knows what to do
    • Common in many offices. If there is only one person managing this, there absolutely must be accountability measures in place as well as written procedures for protection of the practice
• Forgotten invoices
  – Patient billing and even ins claims are sometimes overlooked causing loss of cash flow for the practice
• Inconsistent billing systems
  – Systems for invoicing patients
  – Systems for submitting 3rd party claims
KEYS TO AR MANAGEMENT

REFERENCE: WWW.GAEBLER.COM

• Don’t procrastinate
  – It’s easy to put off things that aren’t our ‘favorite’ things to do. The effects are all negative by procrastinating with this duty

• Have schedules
  – Be consistent
  – It’s MUCH easier to maintain a system than it is to repair one

CLEANING UP YOUR ACCOUNTS RECEIVABLE

• Print and review your AR report
  – A diagnostic tool for understanding how/where/why your AR is out of balance

• Highlight the outstanding dollar amount in each column of the aging report as well as the total combined outstanding
  – Provides knowledge
  – Provides motivation
  – Provides accountability
EVALUATE AGING REPORTS

• 0 to 30 days A/R
  – Current AR- payments still expected and possibly active in payer processing systems
  – Medicare has 14 day processing rule so Medicare payments should all post within this 30 days

• 30 to 60 days A/R
  – If Medicare claims appear in this category, this should be investigated
  – Some Major Medical may be investigated in this column
    • Obstacle is that some claims may be followed up at the time they are currently in processing or EOB/EOR is on the way to you

Source: http://www.physicianspractice.com/

AGING, CONTINUED

• 60-90 days
  – Major Medical in this column should all be followed-up
    • Check online, phone call, resubmission…
  – WC/PI claims also followed up
  – Medicare should not generally appear in this column
    • Some Medicare balances may reflect medigap or non-medigap supplements that have not processed

• 90-120 days
  – Same as 60-90 days
  – WC/PI regular follow up and clear notes to monitor claims

• 120 days +
  – Clear notes describing efforts for follow up
WHERE TO START

- 120+ days
- 90-120 days
- 60-90 days

Address in manageable pieces
Establish Targets to measure progress

GENERAL RULES OF THUMB

- Older AR is more difficult to collect
- Time-of-Service patients should not have balances
- Consistency is Key
  - 3rd party payers recognize consistency (or lack of) in practice billing cycles
TAKE A LOOK AT YOUR BILLING SYSTEMS

CLAIMS SUBMISSION CONSIDERATIONS

• Submission of clean claims
  – Should be double checked internally prior to submission
  – Automatically sending claims without viewing them ensures there will be mistakes that could be avoided

• Know the limitations of a clearinghouse

• Those doing data entry and billing should have continued education on coding and documentation guideline
  – Doctors too!!
SEEK IMPROVEMENT

Make Adjustments to Avoid Controllable Errors, such as, but not limited to:

• A clinic error that includes exceeding insurance limits
• No authorization for a specific date of service
• Using codes that are not authorized by an insurance company
• Improper use of modifiers
• Insufficient diagnosis pointing
• Insurance expired before the patient's visit
• Not collecting co-pays, coinsurance and deductibles at the time of service
• Chart notes not available for a specific date of service
• Delivering care for a patient with insurance that you do not accept
• Know network details, payor policy details and patient policy details (verification)

ADDRESSING PATIENT COLLECTIONS
PATIENT STATEMENTS – DID YOU KNOW...

• According to fiercehealthfinance.com, a 2010 study indicates that 12% of every healthcare dollar is spent on healthcare administrative services.
• Studies show that the expense to send patient statements is $5-$12 per statement
  – Including: envelopes, postage, staff time in review & preparation of statements, occasional reprints due to errors, ink, paper, etc.

COLLECTING PATIENT BALANCES

• Be flexible but firm
  – Payment plans for patient balances are sometimes necessary. Be sure that payment plans are in writing and you hold the patient accountable for these agreements
• Know when to quit
  – Doctor/owner should typically be responsible for making this determination where patient balances are concerned
  – Collection systems should be clear to prevent endless statements being sent
  – Doctor may consider personally signing collection letters to patients
COMPONENTS OF A COLLECTIONS SYSTEM

1. Regular patient statements sent out

2. Notice of delinquency
   - Brightly colored sticker label
   - Notice statement on invoice
   - Separate Letter
   - Phone call

3. Closure – Final Notice
   - Refer to collection agency
     • Patients should be notified if this is a next step
     • Cannot threaten collection agency – must follow through
   - Write off to bad debt
   - Consider calling as a final effort

For 2-3 billing cycles

- Attempt to make payment arrangements if payment in full cannot be achieved

EVALUATE FOR GAPS IN YOUR RECEIVABLES

REVIEW OF SYSTEMS
PERFORM A REVENUE ANALYSIS

- Patient intake/eligibility verification
- Patient referral authorizations
- Patient co-pay
- Advanced beneficiary notice (ABN)
- Coding analysis and trends
- Charge/fees assessments
- Patient charge tracking
- Pre-billing review (clean claim submission!)
- Clearing house communication

REVENUE ANALYSIS CONTINUED

- Electronic claim submission
- Patient and insurance payment posting
- Patient account adjustments
- Unpaid and underpaid patient claims
- Denied claims
- Patient accounts receivable reporting and analysis
- Collections prioritization
- Practice management software analysis
- EHR/EMR integration issues
- Medical fee schedule analysis
TAKE A PROACTIVE APPROACH

• Entire (applicable) staff must…
  – Implement training and review of codes used
  – Implement training and review of systems
    • Discussing areas in need of improvement along with steps to improve (Define, Measure, Analyze, Improve, Control)
  – Review statistics
    • Should be done at least once per month
• Electronic billing
  – If you’re not already, it’s time to start

EXAMPLE OF BILLING/COLLECTION SYSTEM

• Components to successful AR management
  – AR Report Review
  – Patient Statements
  – Appeals & Follow up calls
  – Claims Submission
  – Improvement of broken or inefficient billing and collections systems

• Each of the items listed above MUST be on a regular schedule
  – Time management is critical
• Components can be broken up and spread through out the month for easier management
• Example of Brandy’s clinics systems
### CALENDAR OF EVENTS

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### CALENDAR TIPS

- Have your own calendar to monitor progress, provide accountability and keep on track.

- Nothing is set in stone
  - If schedule isn’t efficient, **change it**

- Use the entire month to work on AR Report
  - Some practices may take the whole month, others may not
  - Consider breaking down AR into manageable pieces
    - Ex. Work on just the 60-90 days until through
    - Take steps to avoid overwhelm
TIME MANAGEMENT

• Consider available time and how time can be used most efficiently and productively when creating your schedule.

• Know those tasks that can be managed with interruption and those that cannot
  – Interruption cannot always be avoided but proper scheduling can help to minimize

• Studies show that once distracted from a task, it takes 8 minutes to fully re-engage & concentrate on initial task
  – Consider this factor when time managing your AR tasks

WHAT TO EXPECT FROM YOUR BILLING SERVICE

• Does your billing company have an organized system to follow up on any unpaid claims?

• Do they have a schedule/system and do you know what it is and what to expect?

• Are they available for questions and communication?

• Do you have regular communication with them?

• Do they provide to you reports and statistics showing billing and collections progress?

• Do they let you know when there is missing info on patients?
MAINTAINING YOUR ACCOUNTS RECEIVABLE

CONSISTENCY IS THE KEY!

IMPORTANT FACTORS TO MANAGE AR

• Doctor must…
  – Be able to monitor by statistics
    • Stats are very diagnostic!!!
    • Collecting over 100% is a GREAT feeling!
  – Keep up with tx notes and be efficient when completing necessary paperwork for billing staff
  – Regularly review statistics and discuss with team
    • Drs, if you know your stats and aren’t discussing and asking questions to your team, you are doing yourself disservice
    • You must be a leader and be active in all areas of your practice!
MAINTENANCE, CONTINUED

• Schedule Training
  – Minimum of once per year
  – Immediate training for all new employees

• Refer back to Revenue Analysis
  – Use CURRENT resources

• Don’t get stuck in a schedule that doesn’t work
  – When a system or schedule doesn’t work, it needs evaluated

• Communication, Communication, Communication

FRONT DESK
CAUSE & EFFECT

• All result in front desk confusion or uncertainty
• What do most people do if uncertain?
  1. NOTHING AT ALL
  2. Take a guess
WHAT DOESN’T GET COLLECTED AT TOS...

Does this... To the Billing Department
(or billing service)

BILLING DEPARTMENT CAUSE & EFFECT

• Time spent in invoicing
  – + additional expense in materials, postage, waiting for payment, etc
• Increased difficulty in gaining traction with AR management and cleanup
• OTC Collections is an essential piece to AR cleanup and maintenance
• REACH OUT FOR HELP IF NEEDED!