

# Performance Strategies



Accelerate and Improve Revenue Results Now

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## Your Revenue Cycle Isn't Just for Accountants Anymore



By Randy Fuller  
Director, Thought Leadership  
Healthcare Financial Management Association

These days the intricacies of revenue cycle management have burst out of the finance office and into the organizational spotlight. It's a vital issue for the C-suite — from the CFO to the CEO. More than ever before, executives know that in order for a healthcare organization to be successful, the revenue cycle process must work as effectively as possible.

The reasons for this renewed emphasis are simple. Cash is tight in today's healthcare environment, and it's critical to ensure that your revenue cycle is collecting every dollar possible. It's much more than mailing bills and filing claims with insurance; it's also collecting patient demographic information and performing proper clinical coding.

### Leveraging Data Can Accelerate Revenue

Collecting the right data — about patients, procedures and payor contracts — and using it in the right way is essential to the financial health of the organization. Unless your revenue cycle process is running efficiently, it's unlikely you'll be able to collect all the funds to which you're entitled.

With declining reimbursements and an economic recession, you must have a system that maximizes collections while minimizing the time required to identify and secure payment.

One factor that is essential to maximizing revenue collections is shrinking the often long and tortuous revenue cycle. This is especially true for collections from patients. With customers bearing more of the financial responsibility for their care, you must engage with patients earlier in the collection process. The longer it takes to produce an accurate bill, the greater the cost to collect becomes — if you can collect at all.

Sending a patient a bill for services rendered months ago isn't the best approach to either collections or patient relations. A good revenue cycle program moves the process from the end to the beginning of the patient encounter.

### Using Technology Upfront Can Increase Reimbursement

**Break down responsibility upfront.** Using a hospital's IT resources to break down a patient's financial responsibility prior to care delivery not only helps revenue collection, it also provides the opportunity to help patients understand their insurance coverage.

**Set expectations with patients.** Using technology to connect with payor information at the point of service enables you to explain their financial responsibility to the patient. These conversations set expectations and prevent unpleasant surprises down the road. Having the right information upfront also gives you the opportunity to discuss payment options and check for eligibility for Medicare or charity care, thus increasing the likelihood of reimbursement. It's better for customer service and for your institution's finances.

### Team Training is Essential to a Smooth Process

**Leverage payor information throughout the cycle.** Tapping into payor information from the very beginning of the patient encounter provides you with the opportunity to capture and accurately reflect all the steps in the revenue cycle to the collection of the final dollar.

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## Your Revenue Cycle Isn't Just for Accountants Anymore (Cont.)

**Capable staff; good training.** Making this process a success requires more than just good technology. It also demands good training of capable personnel, particularly in the sensitive areas of initial patient contact. Good training ensures that your staff is both knowledgeable and comfortable in having conversations with patients about the cost of their care, their insurance coverage and estimated balances.

**Make sure the information flows.** Good organization enables you to build a team that works well across the revenue cycle to handle the enormously complex interactions that take place from admissions to final payment. Coding information has to flow to the right place at the right time, and charge information must be transmitted across the provider organization. It's a delicate dance that must function perfectly for the revenue cycle to perform at its highest level.

### Revenue Cycle Data Improves Organizational Performance

**Know the cost of operations.** A good revenue cycle program is essential to understanding the true cost of the care delivered by an organization. If charges or coding information are not processed in an accurate and timely manner, the knowledge necessary to operate in today's demanding environment may not be available to decision makers. This knowledge is vitally important in negotiating payor contracts and moving your processes toward higher quality and lower costs.

**Be able to justify your bills.** A revenue cycle program that collects important data about patient encounters can also help ensure that you're in compliance with government and private payor requirements. Hospitals are facing increased scrutiny of billing on all fronts. CMS has hired independent medical collection agencies – Recovery Audit Contractors (RACs) – to sift through reimbursements in search of overpayments. If you can't justify your bills, you may end up losing a good part of your payments.

**Know the regulations.** To survive, you'll need a clear understanding of the regulations. You also must follow up with processes that ensure your operations and your employees are compliant with all of the regulatory requirements in force.

For organizations with both the will and the resources, coping with this changed healthcare environment offers new opportunities for running your organization more efficiently. The end result will be not only more profit, but better service and more satisfied patients.

*Randy Fuller is director of Thought Leadership for the [Healthcare Financial Management Association \(HFMA\)](#). With twenty years in financial and managerial roles within healthcare, he is responsible for monitoring emerging trends in the industry. Fuller served as manager of market intelligence for GE Healthcare Financial Services and was the corporate director of business affairs for the Catholic Health System in Buffalo, N.Y.*

## Your Revenue Cycle Isn't Just for Accountants Anymore (Cont.)

### Revenue Management Group Earns Sixth Award for Excellence in Customer Service

Physician practices face the challenges of declining reimbursement and ever-increasing administrative overhead, along with finding, training and retaining qualified staff to ensure regulatory compliance. To combat these challenges, some practices have selected medical billing services so they can dedicate more time to their clinical mission.

In 2009, McKesson's [Revenue Management Solutions \(RMS\)](#) group was recognized for the sixth year with the NorthFace ScoreBoard Award<sup>SM</sup> for outstanding excellence in customer service. The award is presented annually by Omega Management Group Corp. to companies that exceed expectations in customer satisfaction and support, as rated by their own customers.

With more than 1,000 clients and 4,000 employees dedicated to helping both hospital-based physicians and independent physician practices to grow revenues, control costs and reduce regulatory risk, McKesson's RMS group is the leading provider of medical billing and accounts receivable management services. McKesson's medical billing services, revenue cycle management, practice metrics, benchmarking and physician practice consulting solutions enable physicians to focus on enhancing clinical care delivery instead of the revenue cycle.

"McKesson continues to demonstrate its commitment to us by adjusting to meet our evolving needs," said Dr. Robert Babkowski, laboratory medical director and chair of pathology, Stamford Hospital, and president of Stamford Pathology Group PC. "For example, our practice recently introduced a new medical procedure, and McKesson worked with us to quickly adapt our revenue management approach to accommodate the change. We consider McKesson to be a trusted partner and rely heavily on the company's support and industry knowledge."

RMS employees receive ongoing training and testing to ensure their skills stay current with the latest regulatory changes. McKesson's long-term relationships with key payors also enable the group to spot reimbursement and denial trends faster. McKesson's clearinghouse scrubs claims to help ensure they are clean before they reach the payor and connects to most payors electronically, which speeds claim submission. On the back end, denial management systems automatically initiate appropriate steps to quickly clear denied claims.

Established in 2000, the [NorthFace ScoreBoard Award](#) measures overall customer satisfaction and recognizes organizations for achieving outstanding customer service and excellence in product quality, service, training, account management and other customer-facing operations.

## Events

### HFMA

#### [Revenue Cycle Strategies Conference](#)

Nov. 5-7, 2009 Chicago

See McKesson Revenue Cycle Solutions in Action