

Five Questions Every CEO Should Ask Their Billing Manager

BY MICHELLE MARTIN

› Predictability in revenue is the bedrock of organizational sustainability and growth. Even a brief unforeseen gap in cash flow can bring your business to a screeching halt. Don't wait for the alarming revelation of a depleted bank account to take action. **To stay on top of your accounts receivable and assess the performance of your billing manager, ask these five essential questions:**

1

WHAT IS OUR GROSS COLLECTIONS PERCENTAGE?

Are we getting paid?

A side by side comparison of payments to charges provides a more realistic understanding of reimbursement, and immediately shines the spotlight on lost revenue.

Why gross and not net collections? Adjustments can distort the reality of a Community Health Center's collections percentage. Medicare is a good example; the addition of G-codes inflates accounts receivable by roughly 50 percent more than what you are paid.

Looking at reimbursement through gross collections eliminates the fluff and gives you a clearer understanding of what to expect in cash flow. If you are charging 50 percent more than you get paid, the best you can expect is 50 percent gross collections. Therefore, you will need to readjust internal benchmarks to a lower percentage.

On a side note, adjustments should be monitored, questioned, and audited regularly.

The last thing you want is missed revenue because someone took it upon themselves to adjust off a perfectly billable charge.

2 | WHAT IS OUR AVERAGE NUMBER OF DAYS IN ACCOUNTS RECEIVABLE?

When are we getting paid? Reducing the time it takes to get paid increases working capital immediately. You want your money in the bank so you can use it. Reducing days in accounts receivable by just one day can increase your bottom line.

Be aggressive on your claims submissions; use alternative means to get claims to the payer if necessary. Always post payments using the date the money hits the bank. Know the contractual guidelines of each payer and hold their feet to the fire when it comes to paying you on time.

3

What is our average reimbursement per encounter?

What are we being paid?

This is one of the fastest ways to know if you're going to make budget this year.

To get a quick understanding of potential revenue shortfalls ask these follow-up questions:

- *How does our cost per encounter compare to this average?*
- *Is our budget realistic given our current payer mix?*
- *Can we improve our gross collections to meet our budget?*
- *How much of our grant funding is needed to offset this average?*
- *Are we providing service we can't afford?*

4

WHAT'S OUR OVERALL CLAIMS DENIAL PERCENTAGE?

Why aren't we getting paid?

A "clean claim" yields return using budgeted expenses. A denied claim costs you more days in accounts receivable and wastes manpower.

There are many reasons why a claim can be denied: the provider isn't enrolled with the payer, the patient isn't eligible for the services provided, or your team associated the wrong diagnosis code to the wrong procedure. Determine your top denial reasons to prioritize any areas for staff education and process improvement.

5 | WHAT ARE WE DOING TO IMPROVE 1-4?

How well are we getting paid? To make success tangible for you and your billing manager, you must monitor and measure these key components. If the measured outcome isn't what you want, there must be action assigned to improve the condition. It's important to set internal benchmarks and goals. Determine the ideal reimbursement, set targets accordingly, and monitor outcome. Connecting reimbursement to mission creates confidence and direction.

It can be difficult to start a conversation with your billing manager, but communication is key to keeping the revenue cycle engine running. Using these five questions as a catalyst for self-assessment is a great starting point.



ABOUT THE AUTHOR

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Martin is an expert in helping Community Health Centers to operate efficiently. She is a proven leader with extensive experience in all aspects of operations and revenue cycle management resulting from more than 20 years in healthcare administration.

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ABOUT SAGE GROWTH PARTNERS

Sage Growth Partners is a healthcare strategy, technology, and marketing firm. With deep roots in the business of healthcare, Sage Growth Partners delivers solutions to complex industry and organizational challenges.