Cash Flow Is Every Practice Manager's Responsibility
Jerrie K. Weith, MBA, FHFMA, CMPE

Yes, it is. The overall welfare of the business of the practice is in your hands. From patient satisfaction to supply inventory to claims filing. But what if you are now the manager and have never performed any billing functions whatsoever? How do you know when the billing office is operating effectively? Waiting until the cash dries up to question results will probably not lead to position longevity.

The goal of the revenue cycle is simple: maximize the return on investment in the accounts receivable in as short of a time frame as possible. That's it. But the revenue cycle is impacted by every aspect of your practice, starting with the patient scheduling an appointment! "No man is an island" describes the revenue cycle scenario to a T!

What can you do as a practice manager? There are several things, starting with a well-run medical practice. When your patients are scheduled promptly with insurance information collected effectively, the demographics are correct, which minimizes denials and reworked claims. If you verify insurance benefits prior to the patient's encounter, the time of service collections can be executed, which accelerates account resolution on the back end. As the practice manager, you influence the entire operation.

But what are your responsibilities directly related to the revenue cycle? You do have some. And again, they are simple:

Provide the staff, resources, tools
and oversight necessary
for your billing office
to successfully meet
the A/R goals of your practice.

Let's talk about each:

- Staff – The number of staff will depend on the size of your practice, volume of transactions, level of automation, etc.

  One way to test the appropriate level of staff is to access external benchmarks, such as MGMA. For instance, for a general orthopedic practice producing at the median level nationally, MGMA survey data reports that 0.97 FTE patient accounting staff would be appropriate per FTE orthopedic surgeon. Is that the right level for you? There are some other tests you could apply:
  - ✓ At the same median level:
    - Total RVUs per orthopedic surgeon are 24,214.
    - Total work RVUs per orthopedic surgeon are 9,994.
    - Procedures per orthopedic surgeon are 7,581.

Do all of these data points apply? For most people, they don't. And in the case of many specialties, orthopedics included, you may want to use specialty-specific sources, such as American Association of Orthopaedic Surgeons (AAOS).

Further, the staffing levels aren't solely determined by provider volume. Sophistication of your technology and the tasks assigned to the staff also matter. If your billing staff also pre-certs, codes and fills in at the front desk on everyone's breaks, that takes them away from their revenue cycle tasks. Not that these aren't important tasks, but be careful about holding people accountable to production benchmarks if their work isn't comparable to the work included in the benchmarked data.

But regardless of the number of staff, the staff should have a few characteristics in common. They should be trained to do the tasks they've been assigned and held accountable for doing them well. Competent staff is critical to your practice's success. If your practice ever could afford to support that weak link because "Martha was so nice", (and I would question that it ever really could), those times are over. If you have someone in your revenue cycle who isn't excelling, it's time to move them out, and move your cash flow in.

- Resources – Resources include reference books such as CPT and HCPCS, newsletters, access to training seminars or webinars, and opportunities to network. Billing and coding rules change constantly and if resources aren't available routinely, your staff won't be able to excel for you. And don't neglect electronic options for CPT and HCPCS, that can be much more convenient than the hard-copy versions.

  Face-to-face interaction generates great question and answer opportunities. Check with your local payers. In some areas, there are office manager council meetings. The office managers and their billing staff are invited for periodic updates with opportunities to meet with the payer representatives and ask specific questions. In many states, there are annual Medicare updates sponsored by either MGMA or HFMA area chapters.

  E-newsletters have become excellent training options for practices. Our practices use them as the basis for discussion at monthly staff meetings. One caution is to help your staff determine which are the most reliable and how to manage their time – you can be buried in electronic "non-paper"!

- Tools – Tools can be resources, but they also include the automation you provide, for instance. Your staff may be able to benefit from coding edit software if your specialty is very complex. If you bill for high-dollar oncological drugs, you may want charge capture tools for reconciliation to be sure nothing is missed. ERA and other automation frees your staff to follow-up accounts, making their time more productive.

When you think of the tools you want to have available to your staff, the concept is help them "use their heads instead of their hands". In other words, you don't want them shuffling paper, but instead using their brains to bring your money in the door. What are some examples?

- ✓ ERA posting for all payers.
- ✓ Patient kiosks for self-registration
- ✓ Patient portal for on-line payment
- ✓ Electronic work queues and tasking so that A/R aging is no longer on paper
- ✓ Denials/rejections worked at the clearinghouse level
- ✓ Off-site service charge capture tools

Let's move our money faster – and smarter!

- Oversight – Your staff wants your guidance. They shouldn't need or want to be micro-managed, but they should look to you for work assignments, need input on difficult transactions, ask for help with a particular payer problem occasionally, and may require assistance with reconciliation at times. When your staff never has a question, you should be concerned. Try "pop quizzes". At random times, ask a question about the A/R. It helps keep the staff on their toes, lets them know you're paying attention and are interested, and keeps you in the loop. Institute enough internal controls to be confident that the practice's assets are appropriately protected.

  Do you use a dashboard to monitor what's important in your practice? Dashboards can be as simple or as elaborate as you'd like, but the simpler the better. Choose some key performance indicators

How much oversight should you provide? That depends on the staff and your practice. Your physicians hired you to be the guardian of their business, one of their most prized assets. The rule of thumb is to monitor what's important.

- Talk to the physicians and identify the Key Performance Indicators (KPIs) that are important to them and their practice.
  - o Develop a set of financial reports that capture the data required to calculate the KPIs.
  - o Establish a dashboard to track the KPIs.
  - o Meet at least monthly with the physicians to discuss the financial statements as well as the dashboard results.

Each practice's dashboard is unique to its needs. Here's a sample layout of some basic items to get you thinking about what you might want in your dashboard.

KPI	Jan. 2014	Feb. 2014	Mar. 2014
Charges			
Payments			
Timely Filing Denials			
DRO			
NCR			
New Patients			

- Meet routinely, at least monthly, with the billing staff.
    - Ask them if they're having issues with specific payers; if charges are received on time; if the clearinghouse is working well; if they have what the tools they need to collect your money.
    - Watch for specific problem areas, such as:
        - Increasing days in A/R
        - Decreasing cash flow when charges are increasing
        - Increasing days in A/R in a specific payer
        - Increase in untimely filing
        - Increasing medical necessity denials
        - Lags in charge capture

  Your dashboard will be your best friend when spotting the onset of trends. The dashboard doesn't tell the whole story. It's the signal to you that you may need to dig deeper. For instance, you notice an increase in your days in A/R. What are your next steps? You might:
    1. Determine if the increase is one or more specific payers or overall.
    2. Ask if it's due to posting backlogs?
    3. Confirm if you've had a steep increase in charges for which the A/R just hasn't turned over yet.
    4. Expect it if you've had staff turnover.

As a practice manager, you don't need to know everything about accounts receivable and billing, but you do need to know enough to excel in your role as the primary caretaker of the practice's greatest asset – its cash flow.

Jerrie is the Director of the Anders Health Care Services team, where they provide strategic and operational direction to physicians and hospitals in the complex management of their medical practices. Questions? Contact Jerrie, 314-655-5558, jweith@anderscpa.com.

Article originally published in PAHCOM Journal, July/August 2014