

# BEST PRACTICES

## in Healthcare RCM by Stage



Medical providers will benefit greatly from following best practices in revenue cycle management. In this guide, our experts share their best practices for each stage of healthcare RCM. These steps will enable your organization to work smarter and increase profits.

# HEALTHCARE REVENUE CYCLE MANAGEMENT BEST PRACTICES

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Best practices for healthcare RCM center on good processes, communication, and technology. These pillars support all RCM stages, from eligibility checks through payment reviews. The best practices enable you to serve both patients and the bottom line.

Doing RCM well brings several [benefits to your organization](#). Experts recommend best practices specific to the workflow of each stage: pre-service, service, billing, payment, and post-payment. (Explore more on [the important steps and stages of RCM](#).)

## RCM BEST PRACTICES FOR PRE-SERVICE STAGE (FRONT END)

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Best practices at the front-end RCM stage start with solid contracts. You'll also need good technology to verify insurance eligibility. Then, determine the patient's cost and collect it upfront. These steps streamline the entire RCM process.

### Here are more details on best practices for the “pre-service” stage of RCM:

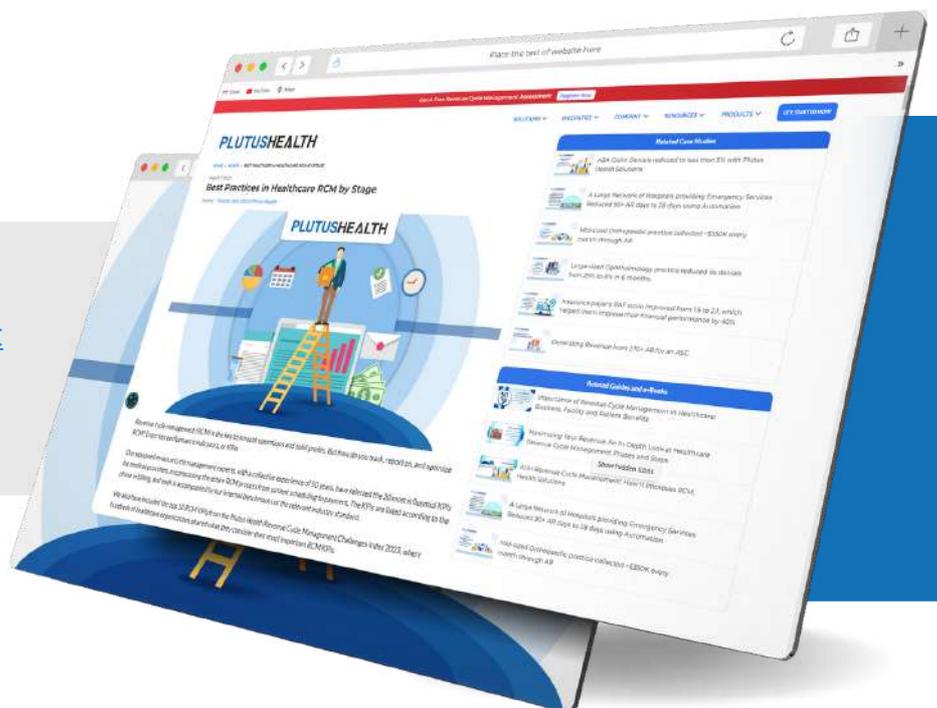
- **Ensure you have appropriate contracts with insurance companies:** Your organization must have economically sound contracts with insurance companies you work with to ensure you aren't losing money in working with that payer. The contracts set all rates that that insurance company will pay for each medical service.

*“The contracting piece in healthcare is going to set the stage for everything else after it,” says Jonathon Curlett, a long-time healthcare executive. “Any healthcare business needs to consistently be looking at the contracting side of the revenue cycle —to make sure they're not missing out on opportunities and that they have appropriate market rates. That drives the rest of the revenue cycle.”*

- **Automate insurance prior authorization and eligibility:** Automating the eligibility verification process can save time and improve accuracy. That means fewer denied claims from insurance companies and other payers.

- **Determine patient payment responsibility:** With increased high-deductible insurance plans, patients are more often responsible for much of the bill. You should assess the patient’s portion before the service. You’ll also want to determine whether the patient’s insurance coverage considers the service in-network or out-of-network.
- **Collect payment information upfront:** It’s never too early to collect payment information from a patient, even before their appointment. That increases the chances of on-time payments and improves cash flow.
- **Automate claim authorization:** Insurance companies require pre-authorization for some specialist referrals and procedures. Medical providers should automate most of those authorization requests. That will save staff time and allow patients to understand quickly whether their insurance covers a procedure.
- **Ensure your system performs all checks before service:** You want to schedule patients as soon as possible after their request. But it’s also important to have time to perform all insurance authorization and other checks before the service.
- **Start with clear communications with patients about costs:** Before the first visit, you should establish clear communications with the patient. That should include simple and clear communications about the cost of any service. You should also inform the patient about co-pays, deductibles, and other out-of-pocket expenses. Patients appreciate that and are more likely to return to a provider if they fully understand all costs ahead of time. This can also prevent patient confusion and increase the chance of getting bills paid on time

You can download a simple [RCM Best Practices Cheat Sheet](#) that lists best practices for each stage of RCM.



# RCM BEST PRACTICES FOR SERVICE STAGE (MIDDLE)

RCM best practices at the service stage include tracking service charges accurately and promptly. That leads to better charting and another chance at payment collection.

## Experts offer more details on these best practices for the RCM service stage:

- **Improve charge capture:** Many providers lose revenue because they don't accurately record the services they provide to a patient. Your organization's staff should accurately track every service provided for a patient. Staff must also accurately enter that information into your charge system as soon as possible during or after the service to the patient.
- **Conduct regular staff training:** One of the best ways to ensure your organization's processes are efficient and accurate is by training your staff. Your organization should implement regular education and training programs on your RCM processes. These should be not just for new employees but also for long-time employees. Ongoing training will ensure accurate processing. It will also allow your organization and staff to keep up with changes in health insurance and healthcare regulations.
- **Improve documentation and charting:** Beyond charge capture, ensure you have accurate documentation and charting for a patient. That includes patient information, insurance coverage, appointments, and treatments.
- **Collect patient payment at the time of service:** This step becomes easier if you've followed earlier best practices on good communication with the patient about costs and payment. Ideally, you'll collect payment from the patient during the appointment or arrange other payment options. This practice will increase your ability to obtain all payments due from a patient.

Main Stages of RCM



# RCM BEST PRACTICES FOR BILLING STAGE (MIDDLE)

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At the billing stage in revenue cycle management, best practices include automated charge validation. Also, using bots can significantly improve medical coding. Technology plays a big role at this stage and in others.

## Here are the details for best practices for the billing stage of RCM:

- **Create charge validation process:** A charge validation process will allow your organization to perform internal audits and [use artificial intelligence and automated systems](#) to verify that a charge fits the patient services you've documented. This process will enable you to fix any errors before submitting the claims. That lowers rejections and denials and saves your organization time and money.
- **Use RPA bots for billing and coding:** Robotic process automation bots can significantly improve medical coding and bill processes. Your organization can create the [RPA bots](#) to do medical coding and billing more efficiently and accurately than your staff can.
- **Leverage auto-posting of payments:** Software enables you to automatically post payments and avoid the burden of manually entering Explanation of Benefits information from insurance companies. These systems help to catch errors before sending statements to patients.
- **Implement payment integrity process:** Payment integrity means that your organization double-checks medical bills before it sends them to make sure they are accurate. Ensuring accuracy in the first medical bill saves staff time and resources from dealing with errors and rejections later. A payment integrity process may also include auditing of bills already sent, so your organization can determine the accuracy of bills and the effectiveness of its processes.
- **Implement denial management process:** Monitoring payer denials is critical for any provider to understand the reasons for the denials and adjust. Your organization should set up a system that monitors for consistent mistakes that lead to denials and corrects those mistakes before filing claims.

# RCM BEST PRACTICES FOR PAYMENT STAGE (BACK END)

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At the back-end payment stage, RCM best practices focus on two things. First, ensure accurate billing with insurance companies or other payers. Second, regularly review the payer contracts to ensure good terms.

## This further explains the best practices for the RCM payment stage:

- **Immediately and accurately account for all payments:** Your team must ensure that the accounting systems immediately and accurately account for all payments.

*“Make sure there’s a reconciliation with bank accounts and cash flow,” Curlett says. “If that gets out of alignment, that can be a real auditing issue.”*

- **Perform contractual allowance analysis:** Your organization must continually analyze its contracts with payers and the rates that are part of those contracts. Your team should analyze how the rates within those contracts compare to rates other providers may get. You may want to renegotiate contracts with payers to get the best reimbursement rates and contract terms.



# RCM BEST PRACTICES FOR POST-PAYMENT STAGE (BACK END)

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Leading healthcare organizations use several best practices for the post-payment stage of RCM. They include a good accounts receivable process and coordinating secondary payers. Also, tracking your RCM KPIs lets you see how you're doing.

## Here are the details on best practices for the post-payment stage of RCM:

- **Monitor and manage your accounts receivable balances:** Your organization must monitor your accounts receivable balances and ensure you communicate with patients and payers about bills past due. You will want to note the totals in various categories of accounts receivable. That might include bills older than 45 or 90 days, for example. You'll also want to record when a payer who normally pays within a certain amount of time has not paid within that time.
- **Define and track your RCM KPIs:** It's very important that your organization tracks and responds to important [RCM key performance indicators](#) that show how its RCM processes are working. There are dozens of RCM KPIs. Especially important ones include denial rate, net collection rate and days revenue outstanding.
- **Improve refund management:** Your organization should establish processes to handle overpayments or erroneous payments promptly. Develop clear guidelines and protocols for identifying and processing refunds.
- **Improve secondary and tertiary payer coordination:** Many patients have insurance coverage from multiple providers. You should ensure proper billing of all insurance companies.
- **Perform insurance company payment analysis:** Your organization should analyze insurance payments beyond scouring for and fixing denials. It should also track when insurance companies and other payers make errors in denials or underpayments to your organization. Your organization should gather data and develop reports that detail those errors. You can then present that information to the insurance company during contract negotiations.

# HOSPITAL RCM BEST PRACTICES

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You should employ the right oversight structure through all RCM stages. That requires advanced technology that integrates with existing systems.

For example, your organization might use a business process improvement method like Lean Six Sigma. That can make your RCM as efficient and effective as possible. And your organization should use the most advanced software and technology to ensure you effectively assess and continually improve your RCM.

## WHY OUTSOURCING RCM IS THE BEST PRACTICE

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Most healthcare providers will benefit from outsourcing their revenue cycle management. Why? RCM specialists have special expertise and advanced technology. They can build an effective RCM system less expensively.

### In more detail, RCM outsourcing providers offer the following:

- **Expertise and specialization:** The dedicated experts that an RCM provider employs have deep knowledge of all parts of RCM. That includes industry regulations, coding requirements, and billing practices. Outsourcing RCM means medical providers leverage the expertise of these professionals who focus solely on optimizing the provider's revenue cycle.
- **Scalability and flexibility:** Outsourcing RCM means a medical provider can quickly scale up or down its RCM processes to meet its needs. That's especially important as providers experience a patient surge or must adapt to changing industry requirements. RCM providers have the resources and infrastructure to handle any changes quickly and efficiently.

- **Cost efficiency:** Managing RCM effectively in-house can be expensive. It requires staff with expertise, special technology, continual training, and other resources. Outsourcing RCM eliminates these upfront expenses. Instead, medical providers can pay a single fee to an RCM provider (often based on a percentage of revenue collections).
- **Easy access to advanced technology:** RCM providers have developed advanced technology platforms, software and other tools that produce especially efficient RCM processes. They continue to invest in the newest technology that optimizes RCM, improves accuracy and speeds up the payment cycle. By outsourcing their RCM, medical providers can leverage this without additional cost.

## EFFICIENT REVENUE CYCLE MANAGEMENT OUTSOURCING

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Plutus Health provides comprehensive, full-cycle RCM services. We lead the industry in understanding and using all RCM best practices. We use artificial intelligence, machine learning, and robotic process automation to offer custom solutions that seamlessly integrate with your existing systems, ensuring high-quality results without compromising service.

We help clients [improve their accounts receivable collections](#). And we help them [improve their overall RCM processes](#). Schedule a [free RCM assessment today](#) to start on the road to improving your revenue cycle and boosting your bottom line.

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