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Excellence in Healthcare Revenue Cycle Management

Maximizing Your Revenue: An In-Depth Look at Healthcare Revenue Cycle Management Phases and Steps

Healthcare groups must understand revenue cycle management's mainstages and steps to perform good RCM. This guide offers expert tips to help you understand and implement RCM. Also, explore which RCM steps to perform internally and which to outsource.

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Here are the five main stages of **revenue cycle management** in detail:

Pre-service

This stage happens before a medical provider sees a patient. It includes verifying the provider's contracts with insurance carriers and verifying the patient's coverage. Another part is scheduling the patient's appointment.

Service

The provider sees the patient or provides the medical service. The providers or their staff also record details of the visit, including procedure codes that insurance requires.

Billing

The provider sends a detailed medical bill for the medical service to the payer: Medicare, Medicaid or the insurance company. The provider usually does this through electronic billing. The payer may agree to pay some of the bill and will detail charges that patients are responsible for. The provider will then send another invoice to patients for any required payment from them. In many cases, the patient may also have secondary insurance that may pick up some costs.

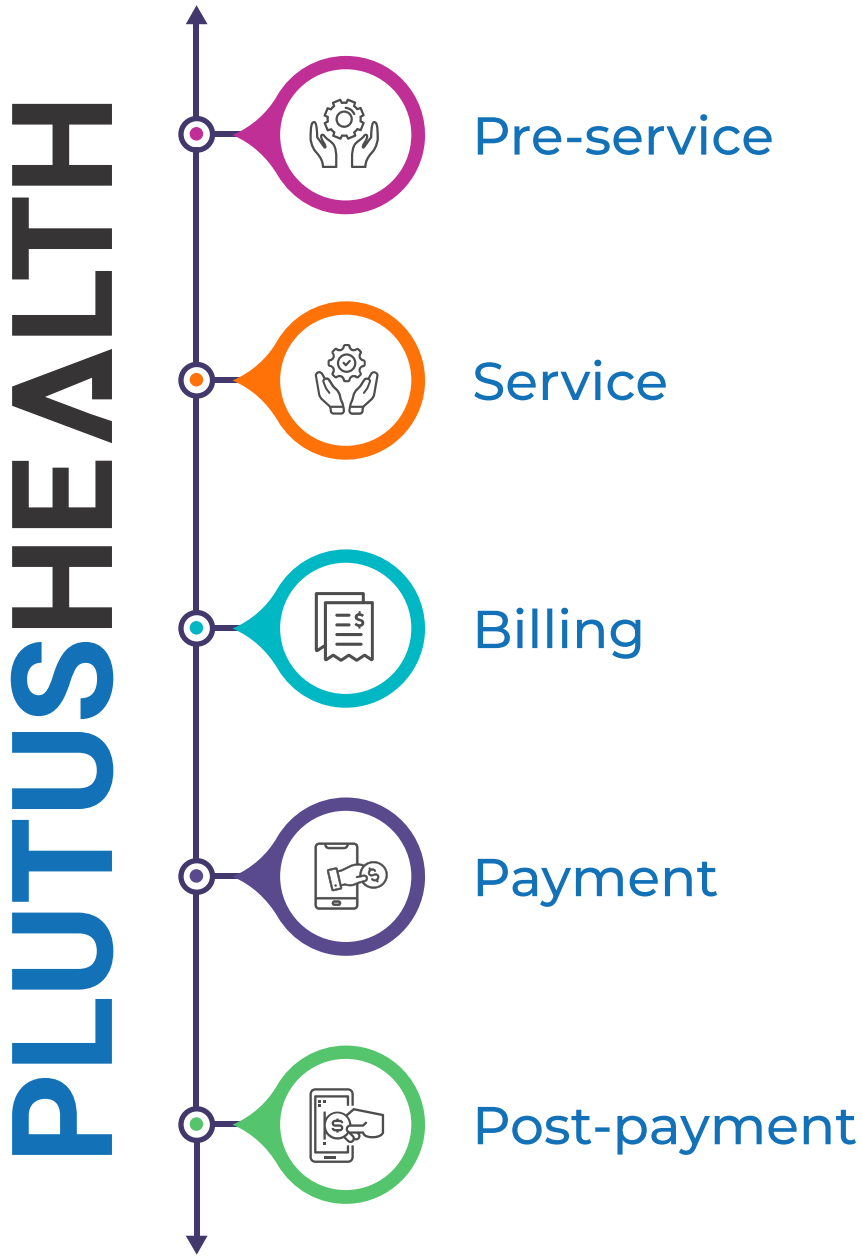
Payment

The medical provider or its RCM service collects payment from payers and patients. This stage also includes tracking those payments, pursuing late payments from the payer or patient, recording payments, and determining whether the responsible parties have paid the bill in full.

Post-payment

This stage features tracking and analyzing the full medical billing cycle. It includes important metrics about how well the provider collects on bills , such as days in accounts receivable, net collection rate and the percentage of bills paid in full.

Revenue Cycle Management Stages



What Are the 16 Steps in **Healthcare Revenue Cycle Management?**

The 16 steps in healthcare revenue cycle management start in the pre-service stage and continue through the post-payment analysis. The individual steps spell out every process, such as verifying insurance, coding the services, sending bills, collecting payments, and celmuch more. It's essential to track everything.

Here are the 16 main steps in good revenue cycle management in detail

Verify provider credentials

The medical organization or medical office must ensure that all providers have the required medical licenses and other credentials that allow them to practice medicine and provide the services. RCM services use automated tools that can help with this.

Tip: *The medical organization should do this immediately when recruiting a new provider. It should also ensure the provider is properly linked with the medical group to prevent insurance company questions or claim denials.*

Verify provider contract with the insurance company

The medical organization must ensure the provider has the appropriate contracts with insurance companies.

Tip: *The medical organization must ensure it updates all payer contracts with each medical provider in its billing/practice management system. This will help organizations quickly determine any underpayments or inappropriate denials.*

Patient registration

The medical organization collects important patient information before providing any service. That information includes name, medical history and information about patient insurance coverage.

Tip: *This must happen before the medical organization provides any services. Ensure there are no typos or other errors, especially in any information about insurance coverage.*

Scheduling

In this step, the medical provider schedules the medical appointment with the patient.

Tip: *The entire billing process begins with the scheduling of an appointment. It is crucial in some cases to record the exact time and duration of the appointment. Payers require those details for services like Applied Behavior Analysis and some other mental health services.*

Patient eligibility and benefits verification

After scheduling, the medical organization needs to confirm that the patient is eligible for insurance benefits and the particulars of those benefits.

Tip: *Provider staff members should do this after scheduling the appointment and just before the service. Insurance coverage may lapse before the appointment if they confirm too long before the visit. This helps to avoid coverage-related denials.*

Prior authorization

An insurance company will not approve payment for some medical services without prior approval from the insurance company. Medical organizations must understand when they need prior authorization and communicate with the insurance company to provide the required information to get that authorization.

Tip: *Not all specialties and services require prior authorization. It is mandatory for planned surgeries, mental health services, including Applied Behavior Analysis, and many chiropractic and pain management services.*

Medical coding

The medical organization determines and records the appropriate medical code - a series of numbers and letters - corresponding to every type of medical service. Medical codes exist for the medical procedure and the patient's illness or injury. Codes for the medical procedure are called Current Procedural Terminology, or CPT, codes. Codes for the patient's illness or injury are called International Classification of Diseases, or ICD, codes. The accuracy of these codes is vital for insurance payment.

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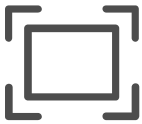

Charge entry and capture

The medical organization, or its RCM service provider, records the medical codes for the service, along with detailed charges for each service and relevant insurance information. Many organizations have a charge review process to ensure accuracy.

Tip: *Having the correct fee schedules to enter or capture the correct charges for each service is vital.*

Claim submission

The medical organization or its RCM service submits all needed information about the medical service to the insurance company or other payer. This will include patient details, medical codes and other relevant information.

Tip: *Electronic submission is always preferred, usually through an Electronic Data Interchange, or EDI, between the provider and payer. The provider should complete EDI enrollment before submitting any specific claim. It is also important to check for rejections and act on them immediately.*

Denial management

This step deals with denials or partial denials of claims from payers. The medical organization, sometimes with help from its RCM service or RCM staff, analyzes the denials to understand the payer's reasons for the denial. That may include incorrect information the patient or medical organization provided or a need for more information about the patient or service. The organization will then gather that additional information or determine corrections to make.

Tip: *This is essential to the RCM process. Timely handling of denials will increase cash flow. Therefore, preventing as many denials as possible is the goal.*

Insurance follow-up

After understanding the reasons for any denial, the medical organization should provide the payer with additional or corrected information that supports the claim. It submits the additional information to the payer in the manner the payer requests. The organization must monitor all denials and quickly respond with the appropriate information.

Tip: *Timely follow-up, based on the payment cycle of each payer, is crucial. Any lag can result in cash flow problems.*

Patient billing

After the medical organization receives the appropriate payment from the insurance company or other payer, the patient may owe a balance for the service. The organization will then send a bill to the patient for that amount.

Tip: *Once all payments from payers happen, your organization must send billing statements to patients. It is important to send those bills promptly. Some states have rules that medical organizations can no longer send billing statements if too much time has elapsed since the service date.*

Patient collections:

Collecting what patients owe on a medical bill can be more challenging and complicated. Medical organizations must closely track what patients owe, send reminders and provide easy ways to pay so the organization can collect the funds as quickly as possible.

Tip: *It's important to keep track of patient collections. An online system of payments can easily monitor and post patient collections to reflect true balances.*

Payment posting

When the medical organization gets payments from either the payer or the patient, it must immediately record those payments and monitor whether the payer or the patient owes additional money. Organizations can use special software to make much of this payment posting automatic.

Tip: *Posting payments from both payers and patients promptly will result in getting the "True Accounts Receivable" picture. Otherwise, the amount of accounts receivable can be inaccurately large - resulting in bad decision-making.*

Reporting

Medical organizations will want to use RCM software to understand key metrics and key performance indicators, or KPIs, surrounding their billing and payments. Or the RCM service they hire will provide that information. Those metrics help the organization understand any inefficiencies in its revenue cycle. This allows the organization to achieve "revenue integrity." That means a medical organization is most efficiently and effectively delivering good care while getting paid fully for all its services.

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Financial evaluation

The metrics will also help the organization understand whether it is collecting money owed to it as quickly and efficiently as possible. Experts know that many operations within the U.S. health system are not efficient. For example, a recent McKinsey & Company study highlighted research showing that about one-quarter of the $4 trillion spent on health care in the U.S. each year is spent on administration. The study also cited how improved efficiencies within operations could save the entire healthcare system $265 billion annually.

At the level of an individual healthcare organization, the team should analyze gross collection rate, net collection rate, days in accounts receivable and other metrics to help it improve cash flow and its bottom line. This analysis is important in organizations setting their RCM strategies . In addition, this analysis is important in evaluating whether an organization is creating and following strong revenue cycle management.

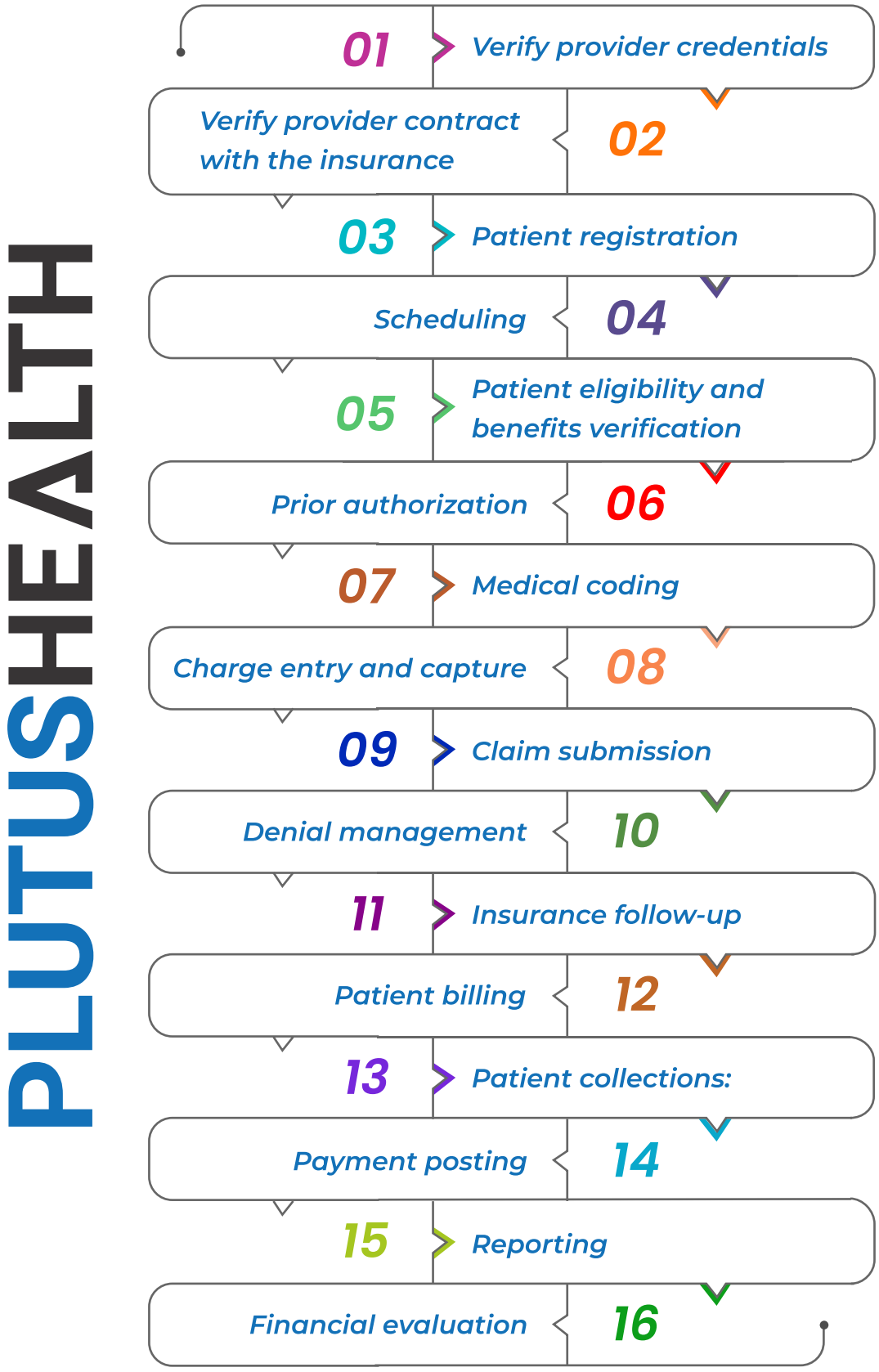
Tip: *This is an important follow-up to the reporting step. Reporting provides you with performance data, while the financial evaluation step enables you to act on the data and make any needed changes.*

Ron Walton, principal and consultant with Texas-based Lakeside Group Consulting Services, says the analysis is critical. However, you can outsource it if you don't have the time or expertise internally.

"You've got to be able to understand through the creation of dashboards and the like," he says. "You have to be able to understand every area of the revenue cycle. (It is) essential to understanding where you're at in your revenue cycle management."

Ron Walton, Senior National
(Director of Revenue Cycle)

Steps in Healthcare Revenue Cycle Management



RCM Tips on Communication and Quality Control

Experts say organizations should also focus on two broad themes as they progress through each RCM step. Those themes are communication and quality control.

Good communication enables team members to understand if their work hinders later steps in the RCM process. For example, the inaccurate gathering of patient information can lead to insurance denials.

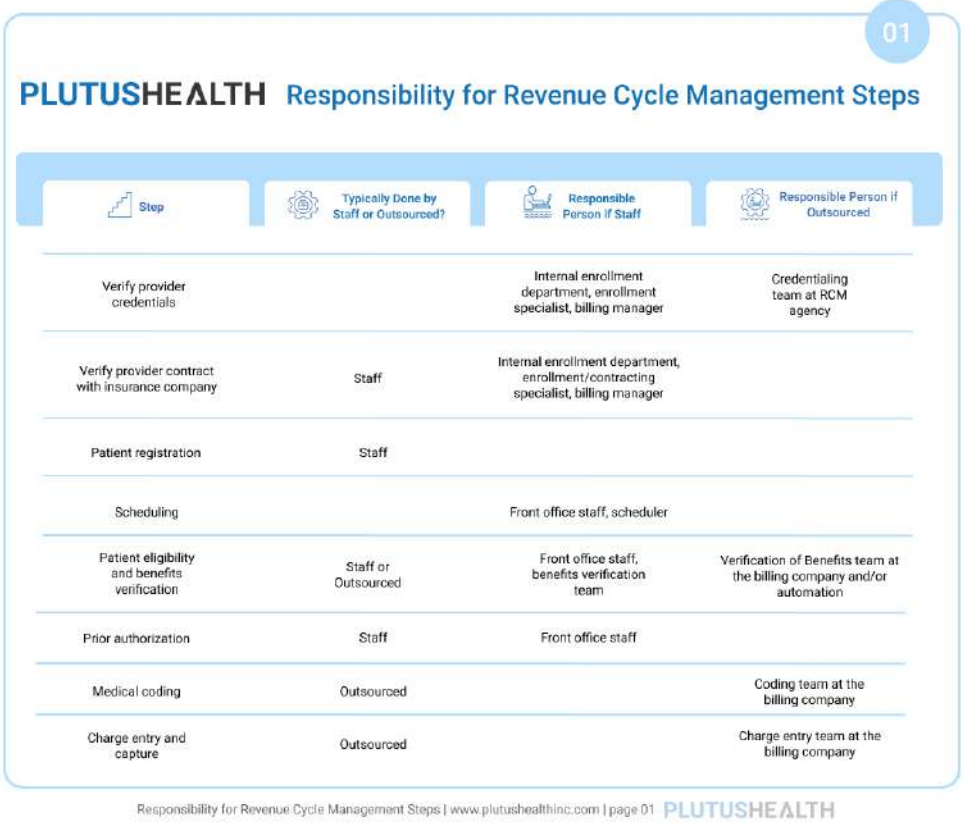
With many organizations, “a big gap is the communications between what the back end is correcting and what’s being communicated on the front end,” Walton says. “That communication has to take place - so process improvement initiatives can also take place.”

Walton says many medical organizations also form quality control teams to check their RCM processes continually. The quality control team typically analyzes the whole RCM process for a sample of medical visits. “It’s pretty much revenue cycle (management) front to back - is what QC analysts will look at,” Walton says. This work helps ensure medical organizations follow revenue cycle management best practices.

Who is **Responsible** for **Executing Each Revenue Cycle Management Step?**

Medical organizations can choose to perform all steps internally in their revenue cycle management program. But many organizations choose a revenue cycle management service to help with some steps. These outsourced steps often come after the patient's medical visit.

That means the organization's RCM staff or other staff will often verify a provider's credentials, get important information to register patients, schedule appointments, and record the organization's medical services. Revenue cycle management services are more likely to help with the steps after the patient's visit, especially in submitting insurance claims and following up on those claims.



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Step	Typically Done by Staff or Outsourced?	Responsible Person if Staff	Responsible Person if Outsourced
Verify provider credentials		Internal enrollment department, enrollment specialist, billing manager	Credentialing team at RCM agency
Verify provider contract with insurance company	Staff	Internal enrollment department, enrollment/contracting specialist, billing manager	
Patient registration	Staff		
Scheduling		Front office staff, scheduler	
Patient eligibility and benefits verification	Staff or Outsourced	Front office staff, benefits verification team	Verification of Benefits team at the billing company and/or automation
Prior authorization	Staff	Front office staff	
Medical coding	Outsourced		Coding team at the billing company
Charge entry and capture	Outsourced		Charge entry team at the billing company

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Outsourcing **Revenue Cycle Management** Steps

An increasing number of healthcare organizations are outsourcing more RCM steps, says Celeste Daye, Vice President of Revenue Management for New York-based Concerto Care, which offers in-home care programs for seniors. That means more organizations are outsourcing everything from patient scheduling to medical coding, Daye says.

> **Organizations are trying to save money through outsourcing to focus on face-to-face care between medical providers and patients, she says. "And so, you're seeing some of the administrative things, anything that doesn't have to be patient-facing - people are exploring the opportunity to outsource it," she says.**

Still, RCM services are most likely to help with certain steps. Those might include submitting an insurance claim or following up on claim denials from the insurance company. They also often involve collecting money that insurance companies or patients owe.

Walton recommends that organizations “always outsource” collections on outstanding patient bills. “Your internal resources are not able to do what needs to be done,” he says. For example, he says that providers may send a monthly bill, but “you need to follow that up with text messages and phone calls.” External groups are best to help with that, Walton says.

Walton adds that whether an organization performs some steps internally or externally can sometimes also depend on the organization’s size. For example, a small practice will often perform the medical coding step internally. But with large hospitals, “oftentimes that’s done externally.”

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Efficient **Revenue Cycle Management** Outsourcing

Medical groups typically find that outsourcing some RCM services makes them more efficient and effective.

Plutus Health offers full-cycle RCM services to help our clients streamline their revenue cycle process and improve their bottom lines. That helps them focus on providing better care to their patients.

Our work helps clients increase efficiencies in their processes, collect more of the money they are owed, and improve their bottom lines.

We use the most innovative technologies, including artificial intelligence, machine learning and robotic process automation. And we ensure that all of it easily and effectively integrates with our clients' existing systems. Schedule a free RCM assessment to see how Plutus can help your organization.