

ISSUES & INSIGHTS

7 Steps for Reducing Revenue Loss

The way that a hospital manages its revenue cycle can mean the difference between a positive or negative bottom line. Some of the leading reasons for lost revenue are insurance denials and self-pay failures. Other causes include lost charges, delayed payments, underpayments and the costs of rework. Here are seven measures you can implement to improve your revenue cycle.

1. Gather information at the front end

Revenue problems often start at the registration stage. Make sure staff obtain patients' insurance information, preauthorization, service coverage and notification. The back end work, such as working bill holds, denial appeals and credit balance processing, is just as important.

Bottom line: Do it right the first time. Hire more people and train them better.

2. Go to real-time reporting

It's a good idea to inform registration if their failure to gather the right data resulted in claim denials, but don't wait until a month after the fact when the rework has already begun. Real-time reporting works better.

Bottom line: Implement electronic systems that designate accounts at high risk of denial (such as those missing preauthorization number or insurance information) *before* delivering the service.

3. Confirm that services will be reimbursed

Much can be done before a patient registers to confirm that the services he or she will receive will be reimbursed. Not doing so is a great way to lose money.

Bottom line: Verify that the patient is an active member of the designated health plan. Confirm that the proposed services are covered and to what extent. If preauthorization is required, collect needed clinical information from the physician. For self-pay patients receiving elective or scheduled non-urgent services, agree on payment arrangements before delivering the service.



4. Collect payment from self-pay patients ASAP

Self-pay patients represent a fraction of all health care expenditures, yet they account for five times as much of an average hospital's accounts receivable. To make matters worse, the collection rate for unpaid self-pay balances is extremely low: around 5%.

Bottom line: Do everything possible to collect payment before or at the time of service. Because it's hard to determine all charges before a patient's visit, request payment for the highest charge that isn't likely to require a refund later. You can alleviate much confusion by drafting clear collections policies and procedures and training all staff in their use.

5. Accept partial payments if necessary

Hospitals offer different discounts to different payors. The question is: How much should they charge self-pay patients? Charging full price to patients who pay out-of-pocket has been attacked as unfair; at the same time, "most favored nation" clauses prevent hospitals from offering *greater* discounts to self-pay patients than are available to other payors.

Bottom line: Collect some payment at the time of service with the expectation that payment of the balance is unlikely. Consider offering a discount upfront, understanding that it shouldn't exceed the highest discount

granted to other payors.

6. Document everything for full reimbursement

Physicians should completely and accurately document each patient's diagnosis and the clinical services performed if the hospital wants to be fully reimbursed.

Bottom line: Include prompts in the physical or electronic medical record to remind physicians of all relevant comorbidities or complications. Also, ask case managers to conduct a final review of the medical record upon the patient's discharge.

7. Don't lose money due to untrained personnel

Constantly changing payor prerequisites for full reimbursement, as well as high turnover among patient access personnel, can have a major impact on your hospital's revenue cycle.

Bottom line: Commit to continual training of your front-end and clinical staff. Also designate a full-time person to supervise the training, evaluate staff performance and correct problems.

If you need additional information regarding this article, contact Bill Brause, Partner at 925.790.2624 or email Bill. Brause@amllp.com.