



Taking Pictures, Dog Paddling, and Apple Picking: A Metaphorical Approach to Healthy Revenue Cycle Management Metrics

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You have seen all the articles about benchmarking and standard revenue cycle management metrics. The repetition of these basic articles is nauseating. This is not one of those articles. To illustrate that, let's start by asking, what do photography, dog paddling, and apple picking have to do with your urgent care billing?

Photography

Standard RCM metrics are like the settings on your digital camera. Most people set the camera to Program mode (or "P" for *program*) and the camera figures everything out for a good picture. Sometimes this works great. Other times the camera doesn't understand everything it needs to take a good picture.

The problem is that the P mode and camera can't tell whether the subject is moving fast or erratically or if the subject is stationary. The result is you have a picture where the lighting is perfect, but the subject is blurry.

In order to get a good photo, you must understand each of the setting on the camera. The settings are like the annoying and difficult quadratic equations that haunted us in high school. All the settings are related and if you change one, others must be adjusted to get the correct result. The same is true of your RCM program.

How can the RCM settings (or metrics) change the picture, and how do we monitor the details to avoid being surprised by the poor picture quality or RCM outcomes?



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Camera	Revenue Cycle Management
Shutter speed	Days to bill/AR management
Aperture	Days sales outstanding
ISO	Accounts receivable aging
Focus	Getting a clear picture of how all of these settings work together

Dog Paddling

Many RCM functions are operating in Dog Paddling Mode. This means the staff is doing all they can to just keep their head above water by getting the bills/claims out the door and managing the cash posted each month. They are just trying to keep themselves from drowning. There is no AR follow-up. Dog paddling is most obvious when reviewing AR metrics and follow-up notes.

Apple Picking

Let's use one more metaphor—apple picking—to explain active accounts receivables management. The Dog Paddling Mode described above is equal to collecting apples that have already fallen on the ground, or picking those that you can reach from the ground—the low-hanging fruit, in other words. There is no extra effort or equipment being used to collect the money.

Active AR management can be easily explained using the Apple Picking example. The most efficient and effective apple pickers use all the tools at their disposal. This could include:

Apple Picking	Revenue Cycle Management
Ladders	Phone calls and online claim inquiry
Telescoping fruit pickers	Text message balance reminders
Muck carts	E-billing and online patient portal
Hard work	A great front desk person

Remember, each day a claim gets older its net realizable value (NRV) decreases. NRV is the amount of money you will receive in payment on that claim. Each month, run an AR aging report. Review the report by payer or by patient and select 20 accounts that are over 120 days old. Use your practice management system to navigate to the accounts and review the collection notes to verify that your staff is actively working your accounts receivable.

“Pick all the apples to the top of the tree utilizing active AR management.”

Even if your RCM metrics look great, the truth can be hidden in the details from you. Here are a few ideas to avoid any surprises:

- **Reconcile your collections to your billing system and your bank statement!** It is important to take a few extra minutes each month to reconcile your collections in your billing system to your bank statement. It is not as easy today as it was 10 years ago, though. In the old days, you made all the deposits yourself. It was easy to identify all the items on your statement. Today, there are payments coming in from many different sources, and sometimes it is difficult to tell what came from where, or what a given payment applies to because of the timing of ERA files.

The way to make it easier is to create a cash log using MS Excel. The rows will be the dates of the month. The columns will be sources of collections (office deposits, credit cards, ACHs with ERAs, and ACH without ERAs). You should make two extra columns in the spreadsheet, as well—the first will be Amount Posted and the second extra column will be Not Posted. The total of these two columns should agree with your bank deposit for that day. If an amount is not posted, you should note why you did not post it to your billing system.

The end of the month is sometimes tricky because of timing differences (TD). A TD could be an ERA file received from the clearinghouse that has not been received in your bank. To avoid this kind of reconciling item, wait to post the ERA to the billing system until you are sure the corresponding ACH has been received by the bank.

As a bonus, this reconciliation will make your year-end bookkeeping and tax preparation much easier. It also acts as a strong internal control.

- **Credits in AR.** Overpayment and credits can happen in many ways. These credits artificially understate the amount of your accounts receivable and the related metrics. These credits in AR often are liabilities. You could



owe someone this money. Sometimes it is the payer or the patient. Pay special attention to potential overpayments from government payers. These must be processed as soon as they are identified.

- **Unauthorized write-offs.** Institute a policy to have management review all noncontractual write offs. Verify that staff are not making your AR look better by prematurely writing off balances as uncollectable.
- **Misappropriated refunds.** Are you writing refund checks to patients? Be sure to separate the duties of the AR staff from the person writing the refund check. In order to write a refund check, you should require a Payer Pack. This should include all the documentation that caused the refund to be required, as well as the original claim for the date of service. It may include a copy of a check or receipt for the payment from the patient or their health savings account. The documentation may need to include the payment from the payer and any related correspondence. It is often helpful to print out a trial balance for the account that includes all the charges and the credits/payments.

Be sure the name on the check exactly matches the name of the party to be refunded. I also suggest that the mailing of these checks be handled by another party in the office to make sure there are strong internal controls related to segregation of duties.

Conclusion

Stay focused on your revenue cycle. Understand the settings so you can monitor and control the process. No *dog paddling*! Pick all the apples to the top of the tree utilizing active AR management. Keeping your eyes open for the areas below the surface of the standard metrics will help you avoid surprises that could be hiding there. ■