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healthcare financial management association

# USING REVENUE CYCLE METRICS TO IMPROVE REVENUE CYCLE PERFORMANCE IN CLINIC PRACTICES

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**Sandra J Wolfskill, MA, FHFMA**

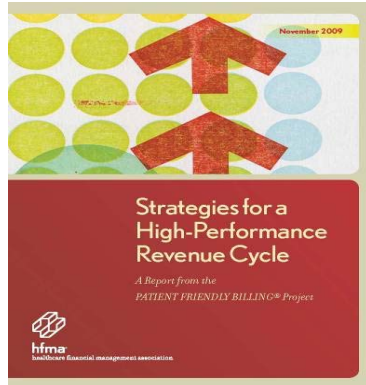
Healthcare Finance Policy Director, Revenue Cycle MAP  
HFMA

## Today's Agenda

- Strategic considerations for revenue cycle success
- Operational opportunities
- Applying gap analysis techniques for organizational measurements and improvements

## Overview: Patient Friendly Billing®

Patient Friendly Billing Project [Research Report](#)



Key Revenue Cycle [Competencies](#)

- People
- Processes
- Technology
- Metrics
- Communication
- Culture

## Overview: Patient Friendly Billing®

Patient Friendly Billing Project [Research Report](#)



Key Revenue Cycle Strategies: high regard for revenue cycle customer service that resulted in increased patient satisfaction and improved revenue

## Processes – Successful Strategies

- Adopting formal process improvement methodologies
- Targeting improvements around revenue cycle areas affecting the consumer's experience
- Using formal structures to obtain stakeholder input:
  - Organization
  - Consumer
  - Physician
  - Payer

## People – Successful Strategies

- Establishing high standards for hires
- Devoting significant resources to education
- Taking a career approach to revenue cycle positions
- Leveraging compensation & work arrangements for employee satisfaction



## Technology: Successful Strategies

- Selectively using technology for interactions with customers
- Managing for investment value
- Ensure solid processes are in place prior to seeking automation fixes
- Dedicating IT staff to the revenue cycle



## Metrics: Successful Strategies

- Define multiple levels of metrics
  - Strategic
  - Operational
  - Individual
- Actionable data
- Commitment to action
- Education
- Results

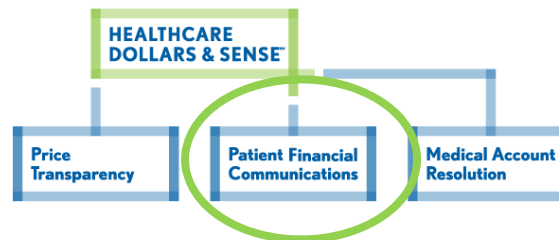
## Communications: Successful Strategies

- Supporting a positive scheduling/ registration experience
- Providing estimates of financial obligation
- Publicizing financial assistance
- Supporting clear and simple billing & collections materials



## Communication: Successful Strategies

Every day, healthcare professionals conduct sensitive financial discussions with patients. But there have been no accepted, consistent best practices to guide them in these discussions - until now



## Patient Financial Communications

- Best practices for healthcare providers:
  - Emergency Department
  - Time of Service (Outside the ED)
  - In Advance of Service
  - Patient Financial Communications – All Settings
  - Measurement Criteria Framework
    - Training
    - Process compliance evaluation
    - Technology evaluation
    - Feedback and response evaluation
    - Executive level metrics reporting

## Topics Addressed in Patient Financial Discussions

- Patient Share
- Prior balances (if applicable)
- Balance resolution


$$\text{Value} = \frac{\text{Quality}}{\text{Payment}}$$

## Parameters for Patient Financial Discussions

- Compassion
- Patient advocacy
- Education



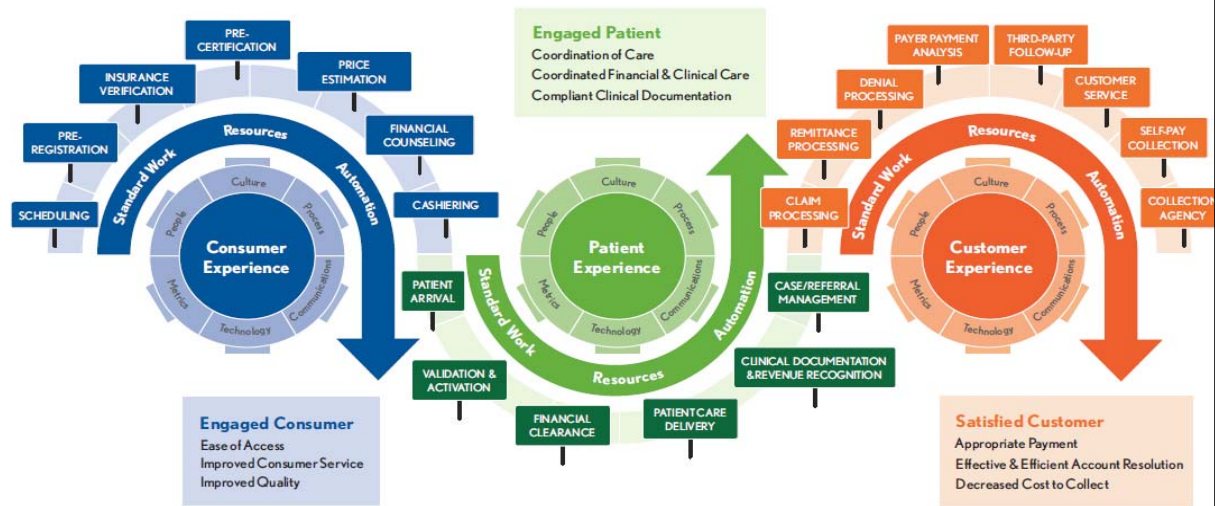
## Ensure That Conversations with Patients Are Done Right

- Discuss specifics about each patient's financial responsibility
- Provide information on financial assistance & application process
- Offer help applying for Medicaid or coverage through the ACA public exchanges
- Discuss payment plans & options
- Give information on how a prior balance does (or does not) affect current care

## Culture: Successful Strategies

- Supporting revenue cycle at the highest level
- Garnering appreciation from non-financial staff
- Finding purpose through the patient
- Demanding high performance
- Celebrating success
- Making innovation a priority

## The Patient-Centric Revenue Cycle Roadmap





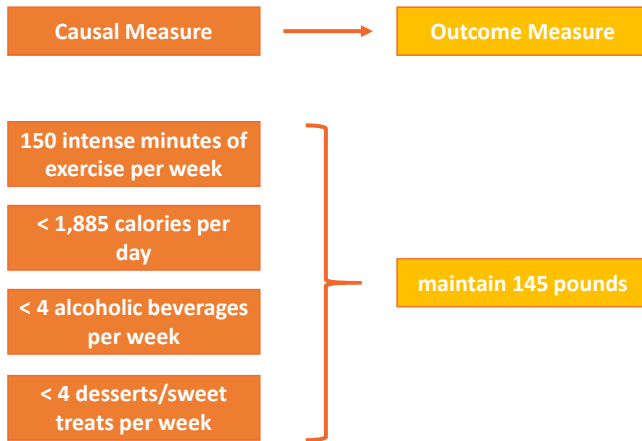
# Even the VERY BEST Keep Score!

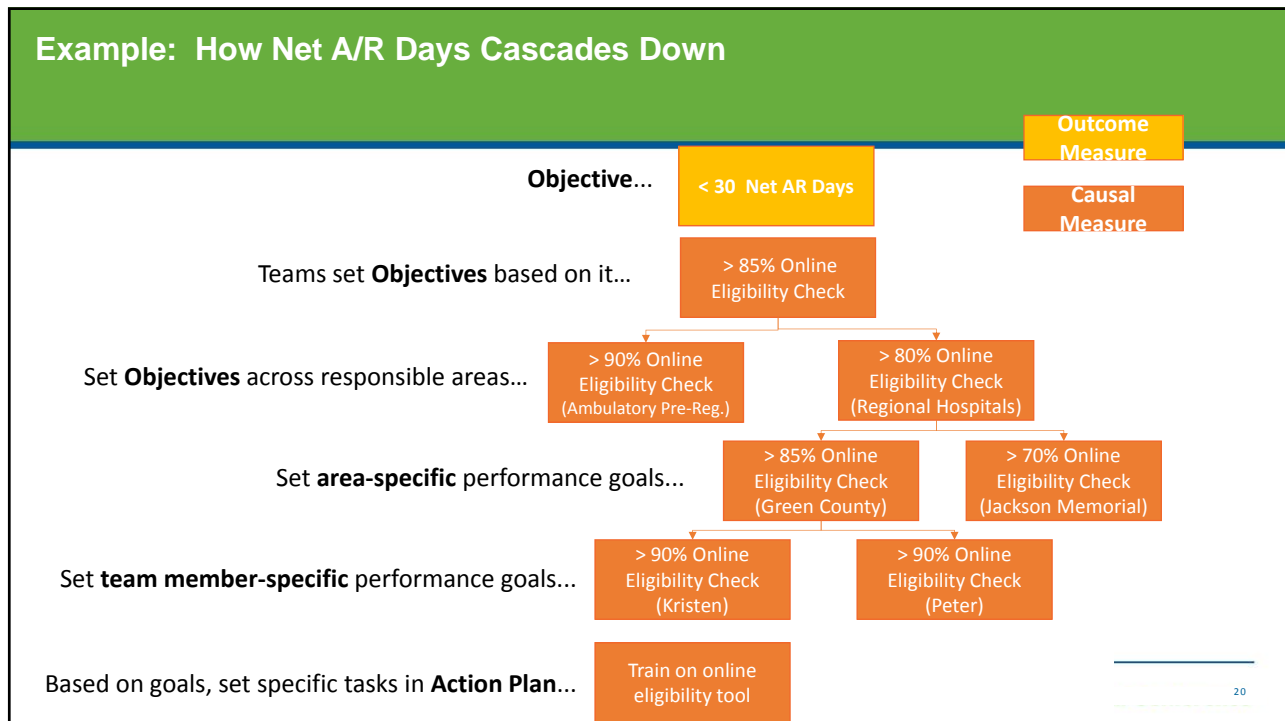
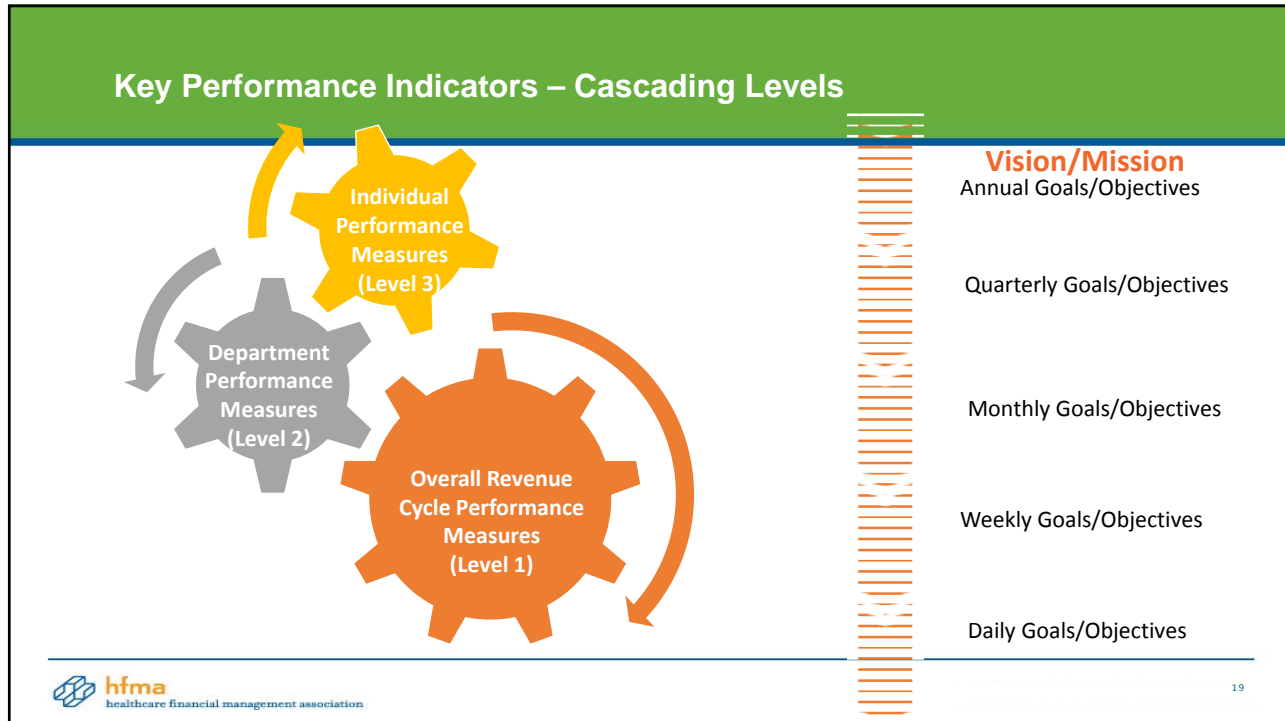
“In business, words are words, explanations are explanations, promises are promises, but **only performance is reality.**”

**Harold S. Geneen**  
Former President / CEO of ITT



# Causal and Outcome Measurement





## Not All KPIs are Equal

- Strategic level – Level 1
- Operational level – Level 2
- Employee level – Level 3
- Vender partner level – Level 3

## Level 1 KPIs - Physician Practice Management Keys

- 14 Individual Keys
- 4 Categories
  - Patient Access – 2 keys
  - Revenue Integrity – 1 keys
  - Claims Adjudication – 2 keys
  - Management – 9 keys
- Currently under review – to be incorporated into a more robust set of Ambulatory Keys in 2017

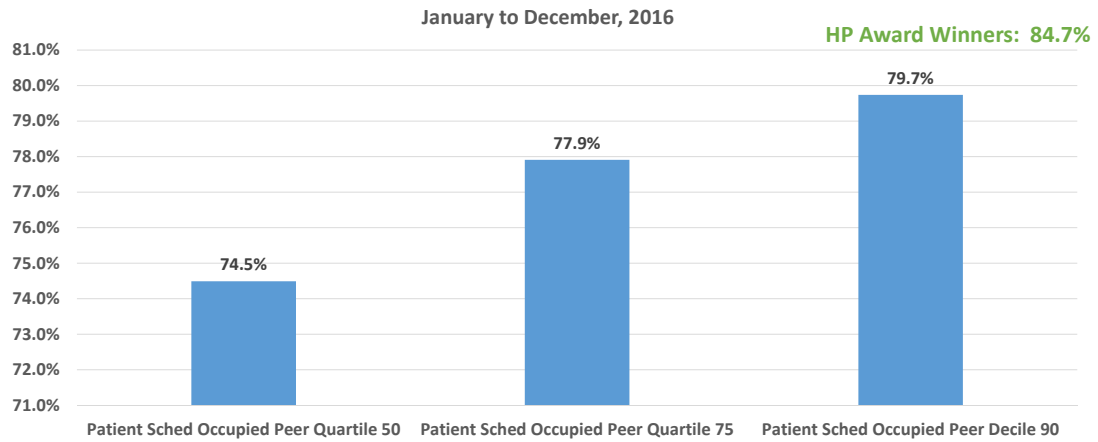
## 14 Physician Practice Management MAP Keys®

- 1a. Primary Physician Practice Operating Margin Ratio
- 1b. Specialty Physician Practice Operating Margin Ratio
- 1c. Net Income/Loss per Primary FTE§ Physician
- 1d. Net Income/Loss per Specialty FTE§ Physician
- 2. Practice Net Days in Accounts Receivable (A/R)
- 3. Practice Cash Collection Percentage
- 4a. Total Primary Physician Compensation as a Percentage of Net Revenue

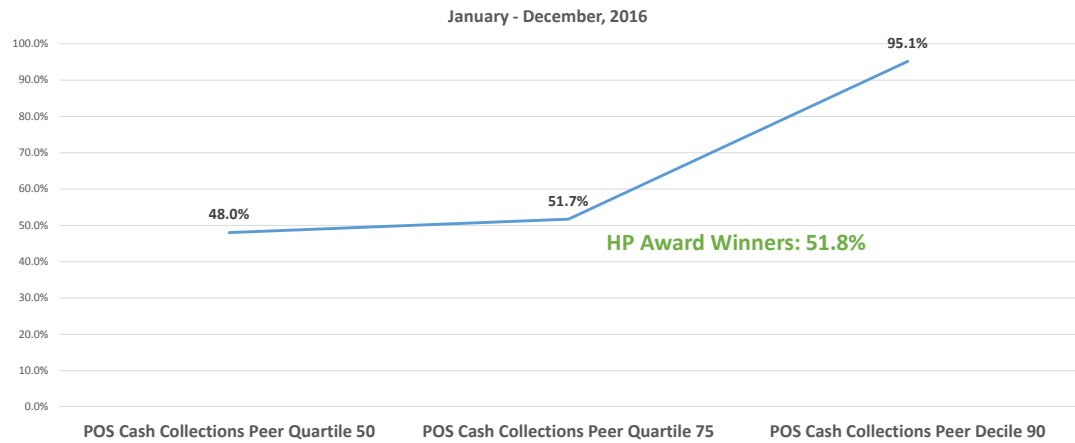
## 14 Physician Practice Management MAP Keys®

- 4b. Total Specialty Physician Compensation as a Percentage of Net Revenue
- 5. Percent of Patient Schedule Occupied
- 6. Professional Services Denial Percentage
- 7. Point-of Service (POS) Collection Rate
- 8. Total Charge Lag Days
- 9. Aged Accounts Receivable (A/R) by Payer Group as a Percentage of Outstanding Total A/R
- 10. Aged Accounts Receivable (A/R) as a Percentage of Outstanding Accounts Receivable

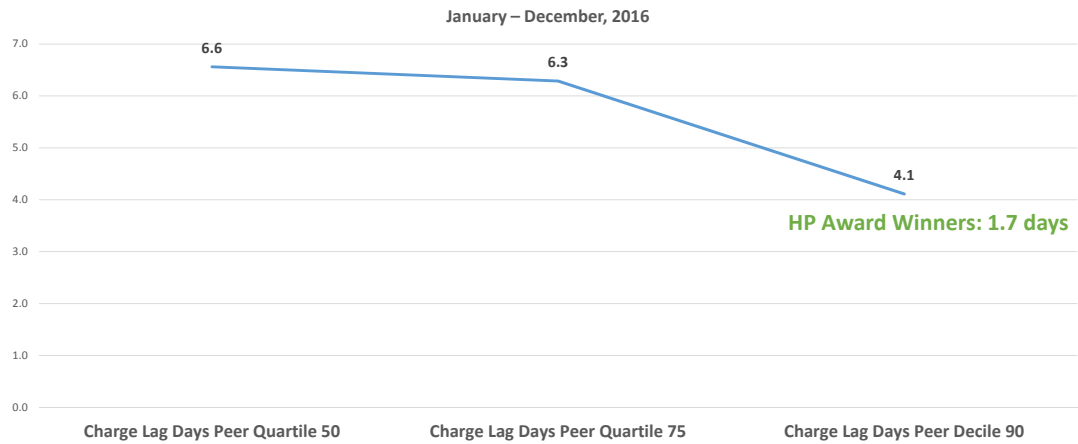
## Percentage of Schedule Occupied



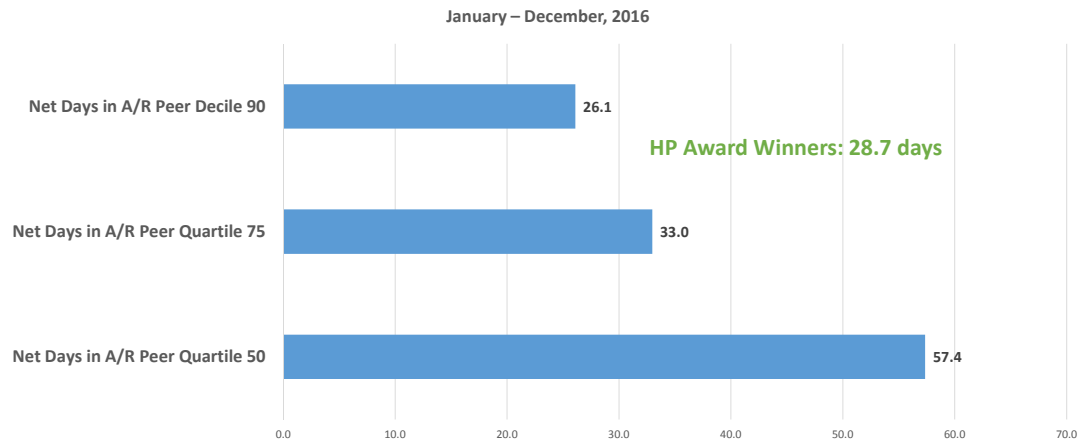
## Point of Service Cash Collected as % of Total Self Pay Cash Collected



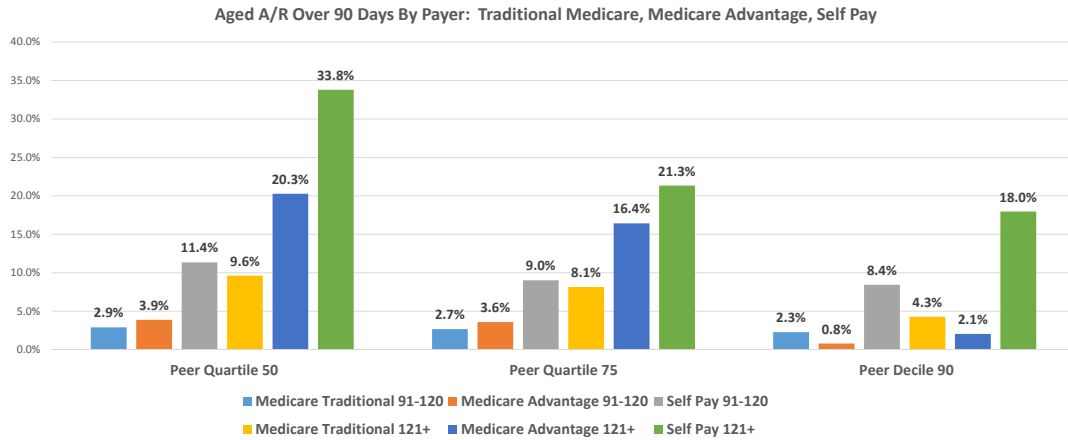
## Charge Lag Days



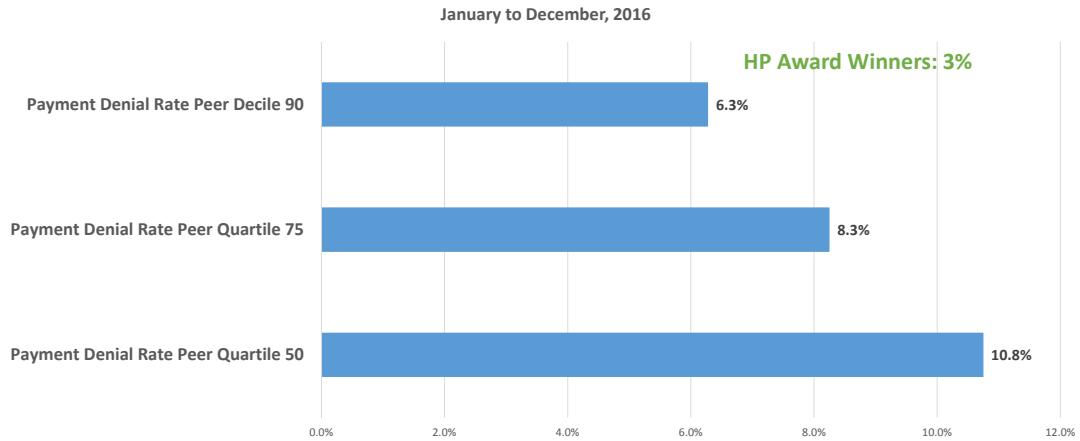
## Net Days in Accounts Receivable



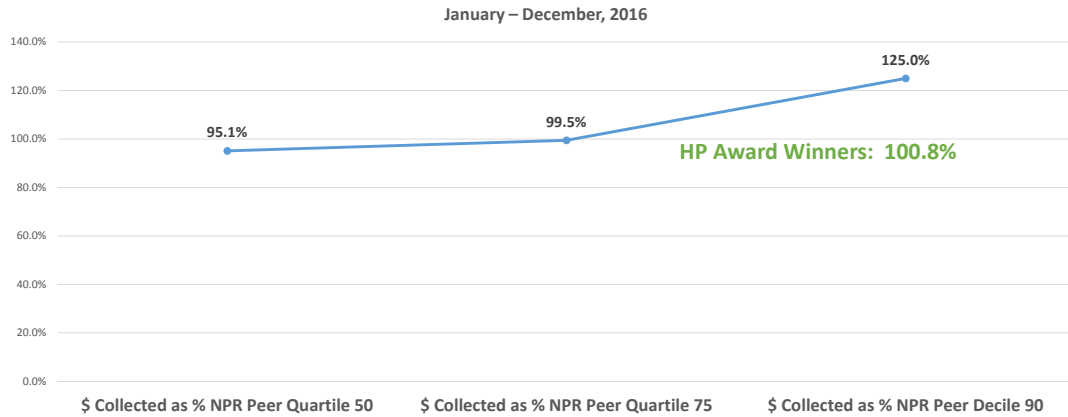
## Select Comparisons Within Aged A/R > 90 Days



## Denial Percentage – Claims Basis



## Total Cash Collected as a Percentage of Net Patient Service Revenue



## High Performance PPM Award Winners – 2015 - 2016

### 2016 MAP Award for High Performance in Revenue Cycle: Physician Practice Winners

	Days in A/R	Aged A/R 90 days and greater	POS	Cash Collection	Schedule Occupied	Denial	Charge Lag Days
Mean	28.7	14.0%	51.8%	100.8%	84.7%	3.0%	1.7
Median	28.5	13.1%	51.2%	100.7%	86.1%	3.2%	1.2

### 2015 MAP Award for High Performance in Revenue Cycle: Physician Practice Winners

	Days in A/R	Aged A/R 90 days and greater	POS	Cash Collection	Schedule Occupied	Denial	Charge Lag
Mean	29.4	14.5%	49.5%	102.6%	84.8%	3.9%	2.7
Median	29.4	16.0%	50.9%	102.7%	86.7%	3.1%	2.5



## Additional KPIs

- Insurance verification: % of accounts verified no later than the date of service (# accounts verified / total # of accounts registered for the same period) **Best practice = 95-98%**
- Certification rate: % of accounts requiring pre-certification processed prior to the date of service ( # accounts certified / total # of accounts requiring pre-certification) **Best practice = 100%**
- Clean claim rate: # of claims that pass billing edits without manual intervention / # of claims accepted into claims processing tool or status for billing **Best practice = 100%**
- Net days in credit balance: dollars in credit balance / average daily net patient service revenue **Best practice = < 1 day**

## Level II KPIs-Departments Performance

### Central Business Office (CBO) – Monthly Scorecard(s)

- AR > 90 days by Payer
- Credit Balances in GPR Days
- Clean Claim Rate
- Initial Denials by category and payer \$ and % of GPR
- Final Denials by category and payer \$ and % of GPR
- Patient cash \$ and % GPR
- Bad debt and charity write-offs and % GPR
- Call center abandonment rate %
- Medicaid conversion rates



# Net Realization Rate

$$\text{NRR} = \text{Payments} / \text{Expected Payments}$$

Outcome Measure

Causal Measure

- *Payments from all sources*
- *Expected payments: Charges less known contractual allowances*

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## Example: How Net Realization Rate cascades down

Objective...

> 97% NRR

Outcome Measure

Teams set **Objectives** based on it...

> 50% Card-on-File

Causal Measure

Set **Objectives** across responsible practices...



Set **practice-specific** performance goals...

> 80% Card-on-File (400 Main)

> 40% Card-on-File (100 Story)

Set **team member-specific** performance goals...

> 85% Card-on-File (Erika)

> 85% Card-on-File (John)

Based on goals, set specific tasks in **Action Plan**...

Train on scripting asking patients for Card-on-File

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### Level III KPIs – Associate Performance

- PAS - individual productivity and quality scores; POS collections per associate
- HIM – coding quality and productivity
- CBO – individual aging assignments; productivity and quality monitoring
- CBO Customer Call Center – individual credit card collections and quality of account resolution

### Level III KPIs-Business Partner Scorecard

- **Business Partner– Monthly Scorecard(s):**
  - Bad Debt Agencies
  - Medicaid Eligibility Vendor
  - Estate Vendor
  - Motor Vehicle Vendor
  - Transcription Vendor
  - Denial Vendor



**Level 1: Overall Revenue Cycle Reporting**

- Average days to clinical encounter close
- Copayments not received at time of service
- Days in accounts receivable
- Accounts receivable > 90 days
- Bad debt as a percentage of total charges
- Write offs as a percentage of total charges
- Denied claim volume and dollars

By Service Line or Practice

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## Causal Measures

- Charge Entry Lag
- Same Day Encounter Close
- 1<sup>st</sup> Pass Yield
- Worklist Response Time – Front-End
- Worklist Response Time – Back-End
- Eligibility Pre-Checked

## Level 2: Department Performance Reporting

- Corporate Billing Office
- Revenue Integrity
- Revenue Management
- Operations
- Overall

MDI Board



### Level 3: Associates Performance Reporting

- Snap Shot Work Queue Volumes and Aging: Pre-Service, Pre-Bill, Post-Bill
- Daily Charge Coding Productivity
- Point of Service Dollars Collected
- Quality Audit Results

Team Tracking

START TIME	PLAN	COMMENTS/BALANCE
7:00-8:00		Daily Transfer/Emails
8:00-9:00	3	Huddle Call
9:00-10:00	3	
10:00-11:00	3	
11:00-1:00	3	
1:00-2:00	3	LUNCHEES
2:00-3:00	3	
3:00-4:00	11	
4:00-5:00		
5:00-6:00		

### MDI Board – Physician Revenue Cycle

Monday CBO	Tuesday Revenue Integrity	Wednesday Revenue Management	Thursday Operations	Friday Overall
<ul style="list-style-type: none"> <li>• \$ AR Day Weekly Trend</li> <li>• \$ AR &gt; 90 Days Weekly Trend</li> <li>• \$ Denial WQ Weekly Trend</li> <li>• Key Issue Log</li> </ul>	<ul style="list-style-type: none"> <li>• \$ &amp; # Charge Review WQ Weekly Trend</li> <li>• \$ &amp; # Coding Review WQ Weekly Trend</li> <li>• \$ Pre-AR Weekly Trend</li> <li>• # Coded Claims / Day</li> <li>• Key Issue Log</li> </ul>	<ul style="list-style-type: none"> <li>• \$ Charges Posted Weekly Trend</li> <li>• % of Expected Reimbursement Collected Weekly Trend</li> <li>• \$ Collected / Work RVU Weekly Trend</li> <li>• Payment Velocity (based on 46 days)</li> </ul>	<ul style="list-style-type: none"> <li>• \$ Payer Credentialing Holds Weekly Trend</li> <li>• \$ POS Collections Weekly Trend</li> <li>• \$ Registration WQ Weekly Trend</li> <li>• \$ No Authorization WQ Weekly Trend</li> <li>• Key Issue Log</li> </ul>	Senior Director
<b>Daily Huddle</b>				

# Quality Audit: Kamishibai

## Kamishibai (audit)

Kami = paper  
Shibai = theater

- Visual audit cards
- Each standard work document has at least 1 card
- Audits performed on each shift, daily, or weekly

Card: White Boards	Card: White Boards
<b>Task Card</b> Area: Patient Rooms	<b>Task Card</b> Area: Patient Rooms
<p>Please check for all of following:</p> <ul style="list-style-type: none"> <li>• Are the date, nurse, and NT updated?</li> <li>• Is the activity up to date?</li> <li>• Is diet up to date?</li> <li>• Does the patient have a meaningful goal?</li> <li>• Is the patient's preferred name updated?</li> <li>• Round in one patient room</li> </ul> <p><b>Pass Criteria:</b></p> <ul style="list-style-type: none"> <li>• The whiteboard has the correct documentation as identified above</li> <li>• Goal towards D/C identified</li> </ul>	<p>Please check for all of following:</p> <ul style="list-style-type: none"> <li>• Are the date, nurse, and NT updated?</li> <li>• Is the activity up to date?</li> <li>• Is diet up to date?</li> <li>• Does the patient have a meaningful goal?</li> <li>• Is the patient's preferred name updated?</li> <li>• Round in one patient room</li> </ul> <p><b>Fail Criteria:</b></p> <ul style="list-style-type: none"> <li>• The whiteboard does not have the correct documentation as identified above</li> <li>• Goal towards D/C is not identified</li> </ul> <p><b>Follow-Up:</b> Discuss concerns about whiteboard accuracy with the nurse and NT</p>
<small>Note: Check the items listed on this card to assess compliance. If good, insert the card into the slot with "green" side showing. If issues are found, please place card in slot with "red" showing and document corrective actions on board.</small>	<small>Note: Check the items listed on this card to assess compliance. If good, insert the card into the slot with "green" side showing. If issues are found, please place card in slot with "red" showing and document corrective actions on board.</small>

# Kamishibai Card Attributes

Card: White Boards	Card: White Boards
<b>Task Card</b> Area: Patient Rooms	<b>Task Card</b> Area: Patient Rooms
<p>Please check for all of following:</p> <ul style="list-style-type: none"> <li>• Are the date, nurse, and NT updated?</li> <li>• Is the activity up to date?</li> <li>• Is diet up to date?</li> <li>• Does the patient have a meaningful goal?</li> <li>• Is the patient's preferred name updated?</li> <li>• Round in one patient room</li> </ul> <p><b>Pass Criteria:</b></p> <ul style="list-style-type: none"> <li>• The whiteboard has the correct documentation as identified above</li> <li>• Goal towards D/C identified</li> </ul>	<p>Please check for all of following:</p> <ul style="list-style-type: none"> <li>• Are the date, nurse, and NT updated?</li> <li>• Is the activity up to date?</li> <li>• Is diet up to date?</li> <li>• Does the patient have a meaningful goal?</li> <li>• Is the patient's preferred name updated?</li> <li>• Round in one patient room</li> </ul> <p><b>Fail Criteria:</b></p> <ul style="list-style-type: none"> <li>• The whiteboard does not have the correct documentation as identified above</li> <li>• Goal towards D/C is not identified</li> </ul> <p><b>Follow-Up:</b> Discuss concerns about whiteboard accuracy with the nurse and NT</p>
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- ← Name of Audit
- ← Area
- ← Audit Question
- ← Audit Details
- ← Follow Up Details
- ← Instructions

Each Audit Should Take Less than 5 Minutes to Complete!

## Gap Analysis: Today vs Tomorrow

- Document your current activities vs best practices
- Quantify today's performance vs best practice
- Calculate the potential impact of improvements
- Define the project and team
- Knock down barriers
- Implement the changes
- Measure the results



## Summary Pre-Service Workflow

Service need identified; service scheduled; edits initiated	Pre-registration completed	Insurance verification completed	Managed care identified and completed	Patient charges and liability estimated; financial conversation completed; account resolved	Patient cleared for fast track arrival process
Exception/Resolution	Exception/Resolution	Exception/Resolution	Exception/Resolution	Exception/Resolution	Exception/Resolution
Gaps:	Gaps:	Gaps:	Gaps:	Gaps:	Gaps:
Measurement	Measurement	Measurement	Measurement	Measurement	Measurement



## Summary Time of Service Workflow

Scheduled patient arrival	Add-on patient arrival	Services provided; charges generated and posted; EHR documentation updated	Patient discharged/ service completed	HIM analysis and coding completed	Remaining edits resolved; account qualified for billing
Exception/ Resolution	Exception/ Resolution	Exception/ Resolution	Exception/ Resolution	Exception/ Resolution	Exception/ Resolution
Gaps:	Gaps:	Gaps:	Gaps:	Gaps:	Gaps:
Measurement	Measurement	Measurement	Measurement	Measurement	Measurement

## Summary Post Service Workflow

Primary claim produced and edited in claim scrubber	Claim submitted to payer	Contractual adjustment posted to account; fee schedule adjustment posted	Account paid without intervention – payment received and posted	Account paid after follow-up intervention – payment received and posted	Secondary bill or patient bill produced
Exception/ Resolution	Exception/ Resolution	Exception/ Resolution	Exception/ Resolution	Exception/ Resolution	Exception/ Resolution
Gaps:	Gaps:	Gaps:	Gaps:	Gaps:	Gaps:
Measurement	Measurement	Measurement	Measurement	Measurement	Measurement

## Summary Post Service Workflow

Patient follow-up cycle/medical debt resolution process followed – account resolved	Secondary payer follow-up/payment cycle followed – account paid in full or balance to patient	Zero balance achieved			
Exception/Resolution	Exception/Resolution	Exception/Resolution	Exception/Resolution	Exception/Resolution	Exception/Resolution
Gaps:	Gaps:	Gaps:	Gaps:	Gaps:	Gaps:
Measurement	Measurement	Measurement	Measurement	Measurement	Measurement

## Keeping Score!

**“If you can’t measure it, *you can’t manage it.*”**

**Michael Bloomberg**  
Mayor of New York City and CEO of Bloomberg, Inc.



## This is NOT a High Performance!



## Closing Thoughts and Questions

- Measure to manage; track what matters
- Involve all levels of staff and business partners
- Use data to lead to insights to improve performance
- Share results daily, weekly, monthly, annually
- Learn from failures; celebrate wins



**Sandra J Wolfskill, FHFMA****Director, Healthcare Finance Policy, Revenue Cycle MAP, HFMA**

Ms Wolfskill is responsible for revenue cycle and MAP initiatives at HFMA. Her extensive experience in revenue cycle management includes leading engagements with clients engaged in process mapping and analysis, project management, staffing analyses, using contemporary metrics to identify improvement opportunities, staff education, interim management and system implementation testing and training. Prior to joining HFMA, she worked closely with HFMA in supporting the task force work which lead to the CRCR study guide and certification process.

**Background and Affiliations**

Ms. Wolfskill received a BA cum laude from Wittenberg University and a Master of Arts degree from The University of Delaware. Prior to founding her consulting firm, Sandra not only had extensive revenue cycle experience, but also provider management experience in a variety of positions, including serving as the chief financial officer for a small community hospital.

**Contact Information**

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