0 (1s):

Hi, it's Dr. Weitz. Thank you so much for joining me for this episode of the private medical practice Academy. When I was an anesthesia resident, one of the attendings told me that there were really only two things you needed to know. The air goes in and out, and the blood goes round and round. If you ask me in business revenue cycle management is exactly the same thing today. I'm going to tell you what revenue cycle management is and why it's absolutely essential that you understand it. Let's get started. Revenue cycle management refers to the process of identifying, collecting, and managing a practices. Revenue from payers based on the services provided a couple of things here.

0 (44s):

First, this concept is not limited to medical practices. It applies to any medical business, including surgery centers, physical therapy, imaging, and so on. Actually zooming out further revenue cycle management is the key to any business that you run, basically in order to be financially viable, you have to be compensated for the services you provide. No one can run a business providing services and paying expenses without collecting money. If you don't understand revenue cycle management and have an excellent billing process in place, you're going to spend a whole lot of time and money chasing after your money and end up with less than you should.

0 (1m 27s):

The revenue cycle begins when the patient makes the appointment and ends with successful payment collection, pretty straightforward, right? As with everything else, the devil is in the details. There are so many steps in between that must be accurately and efficiently completed to ensure that you're going to get paid in a timely fashion. Now, before you all jump to the conclusion that it's because the insurance companies don't want to pay you. I want you to think about all the places in this process where something could go wrong long before it ever gets into the insurance company's black box. And to that end, even if you're running a cash pay business, you still need to consider revenue cycle management just because you're not submitting claims to an insurance company doesn't mean you're going to collect your money without any issues.

0 (2m 19s):

The first step in the revenue cycle happens. When the patient schedules an appointment, you get their demographics, their name, address, date of birth insurance information. Maybe the patient enters their information through your portal, or maybe they tell the information to your scheduler. Honestly, it doesn't matter because one wrong key stroke that credit card payment or the insurance claim is going to be denied. Your best chance of beating the revenue cycle management game is to collect your money upfront. This is especially important as the amount of the payment that the patient is responsible for, continues to grow. If you collect the patient's that's due before their service, then the risk of nonpayment is generally diminished.

0 (3m 5s):

Why? Because as long as you're doing things that are medically necessary, the insurance companies will eventually pay you from my personal experience. I can tell you that the money that the patient owes you is

the most difficult money to collect. Especially if you're trying to collect it. After the fact free registering patients allows you to gather data about insurance coverage, additional insurance, like do they have a secondary, how many allowable visits do they have? And then to determine their financial responsibility, you need to check patient eligibility and then communicate to the patient how much they need to pay you before their visit. Admittedly, this can be a challenging task because so many patients really don't understand their own health insurance coverage and their portion of the financial responsibility.

0 (3m 54s):
And that's not even taking into account how many people are struggling to pay their high deductibles. This is why you need to have explicitly spelled out policies and procedures for your staff to follow. And it is crucial for your staff to be able to explain the financial policy in a polite yet firm way you need for your front and back end office to work together. That said, you need to recognize that they often have different priorities and that unless you stress the importance of working together as a team information can get lost. And as a result, claims get denied by improving communication about eligibility and coverage.

0 (4m 36s):
During the patient intake process, you can assist with payer coordination claim reimbursement, and ultimately it will improve your payment collections. I can't stress this enough to you because this is such a frequent source of disconnect. Look, I know you want to save money on staff. And there always seems to be confusion about who is doing what and how information is coordinated when your billing is outsourced. Let's be real, no matter how you slice it, you need someone in your office figuring out eligibility, and then coordinating that information period. End of the story, and to put an even finer point on it, you need to revalidate the patient's insurance information and eligibility with subsequent visits.

0 (5m 23s):
I can't tell you how many times the patient had one insurance at one visit and then another insurance at a different visit, or they had insurance that had termed or their credit card had expired. And then the list of reasons for why you're not getting paid, just goes on and on. Look. One of the most important things is that every day that front office staff needs to know the eligibility information and the payment information, and they need to make sure that they collect what is actually due. Let's assume that you've nailed beginning part of the revenue cycle you've seen the patient and anything that goes wrong now has to be the insurance company's fault, right?

0 (6m 7s):
No, not so fast. All too frequent, like physicians feel powerless in being able to control the revenue cycle process. And for sure some things we don't control, but you want to make sure that you have buttoned down the things that you do control. So aside from collecting as much money as you can upfront, what else is there? You need to complete your notes and drop the charge in the timely fashion. Look at the clock. Doesn't start ticking with regard to when the insurance company has to pay you until they get your claim. So if it

takes a week to complete your note, then it's an extra week before you get paid. And, and if it takes you too long, you may not have it.

0 (6m 48s):
They'd be able to submit the charge in a timely fashion and get paid. No, I'm not joking. There are really people who have weeks and weeks worth of notes that haven't been completed. Another big area that you control is human error. That's occurring in your office. This can wreak havoc with your revenue cycle, coding, mistakes, billing errors, such as duplicating data, having missing information or misspelling, all results in lost revenue. This is where the whole concept of clean claims comes from in order for the claim to actually go to the insurance company and be processed.

0 (7m 28s):
It has to be a clean claim, meaning that there are no apparent errors. One of the things you're going to want to know from your billers is what percent of clean claims you have once the clean claim goes to the clearinghouse and ultimately to the insurance company, you really have little control over how long it takes to get the payment that said, knowing the rules of what's covered benefit, what's defined as medically necessary and what documentation you need can go a long way to saving you and your staff from the denial appeals cycle. One of the things I want to point out is that prior authorization does not guarantee payment. Now I know I sound like I work for the insurance company, but Nope, I never have.

0 (8m 12s):
And I certainly don't now, but I've been playing this game for a long time. You may get prior authorization for something, but once the insurance company requests, the medical records, it needs to have the documentation that matches. This is one place that physicians run into trouble. The documentation doesn't meet the criteria for medical necessity. As an aside, we all know that there may be more than one way to say the same thing. It behooves you to learn the exact language that the insurance company uses to describe something. I promise if you do this, it will decrease your denials and the need for appeals.

0 (8m 52s):
And in the end, your goal is to shorten the revenue and to do it with less effort. In other words, you want your money faster and you want to spend less time and money trying to collect your money. Communicating with health insurance companies is a key component of managing the revenue cycle. I don't care whether you're billing in-house or you're outsourcing it neglecting to manage the claims process. After submission can result in pending rejected or denied claims or ones that were never actually even received by the insurance company. You need to understand how often your billing folks are tracking claims. The last thing you want is for a claim to timeout, meaning that it isn't eligible for being paid because your billing folks aren't aggressively working the claims.

0 (9m 41s):

In addition, you need to determine where problems originated from. You need to understand whether there are issues with specific procedures or codes. And by doing this, you can increase awareness and reduce the frequency with which you're getting the denial, or they have to appeal a claim. Poor quality data and future revenue cycle complications can occur when your digital workflow is in streamlined. Once the insurance company pays the claim, they're ideally going to send an electronic payment directly into your practice checking account, and then send you an electronic explanation of benefits. And back to that relationship between the front office and the back office, if the coordination piece is working, then a couple of things should have happened.

0 (10m 29s):
First, you should have collected whatever was due from the patient upfront. So when you do get that EOB with the patient responsibility, you already have that money and you shouldn't need to spend resources sending out patient statements. Second, you should already have any secondary insurance information in eligibility. So that claim is ready to be resubmitted to the secondary insurance. If appropriate, you need to collect at least 90% of your accounts receivable within the first 90 days. After that, your chance of collecting your money goes way down. And even 90 days is being very generous for the average practice that takes insurance. The average number of days in AR should be 45 or even less.

0 (11m 15s):
Once the insurance companies are done paying whatever they're going to pay, the remainder moves to the patient responsibility bucket. Did you hear me tell you that the amount in the patient bucket at this end of the revenue cycle should ideally be zero. It should be zero because you should have collected your money upfront. The issue of trying to collect money from patients on the backend is that you're asking for it long after the service was actually rendered. Look, if you went to a great dinner and then 30 to 60 days later, somebody sent you a bill. Would you even remember that you went for that dinner? Would you be excited about paying the, this is really no different, but sometimes people do have patient responsibility, monies that are due.

0 (12m 1s):
So how do you deal with that? Well, you send the patient a statement and you hope that they still live at the address and that they actually open their mail. This is where having a robust EMR practice management software system helps. In addition to the snail mail approach, you can send notification of a new bill through the patient portal, use technology and your processes to help you collect your money, tell the patient that they have a balance before their next visit, and then make sure that your front office staff collects that amount due at that visit. When you're sending out statements, both by email, as well as snail mail, send them every two weeks, none of this once a month nonsense, this is going to drag out, trying to collect that money over four to six months.

0 (12m 50s):

And that is way too long. In my practice. We sent out a total of three statements within the last statement, certified mail to make sure that the person got it. And then we would call the patient. We'd offer them a discount. If they paid us upfront. At that time, after that, if after you've made a diligent effort, you still haven't collected your money. You have to decide whether to write it off or turn that patient over to collections. The revenue cycle ends. At that point, if you collected your money upfront, you shouldn't have to chase your money. But what happens if you over collect by collecting your money upfront, you may need to issue a refund, but let's be honest.

0 (13m 36s):
That two takes work. You want to have your front office staff put out the effort on the front end to find out what the patient owes and to collect it. Then the likelihood of needing to provide a refund goes down in the event that somebody actually has a credit balance. You can decide whether to apply it to future visits or ultimately whether you want to refund it. Knowing the components of the revenue cycle is the first step, but you need to have staff that knows how to work the revenue cycle. And remember that even if you outsource part of your revenue cycle management, you can't outsource all of it. And it's this coordination piece where things tend to fall through the cracks.

0 (14m 21s):
The real key is having a clear set of policies and procedures for every step of it that you control and actively manage. It. Don't assume that just because you've set it up or that you've outsourced it, that your money is being collected as efficiently as it can be. My final statement. Nobody watches your money like you do. Thanks for joining me. Be sure to sign up for my newsletter below, and I'll be sending you tips on how to start your practice best run your practice, grow the practice, and then ultimately be able to leverage your medical practice into multiple other businesses. I hope to see you soon.