



Revenue Cycle 101

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Improving People's Lives
through innovations in personalized health care

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Revenue Cycle 101

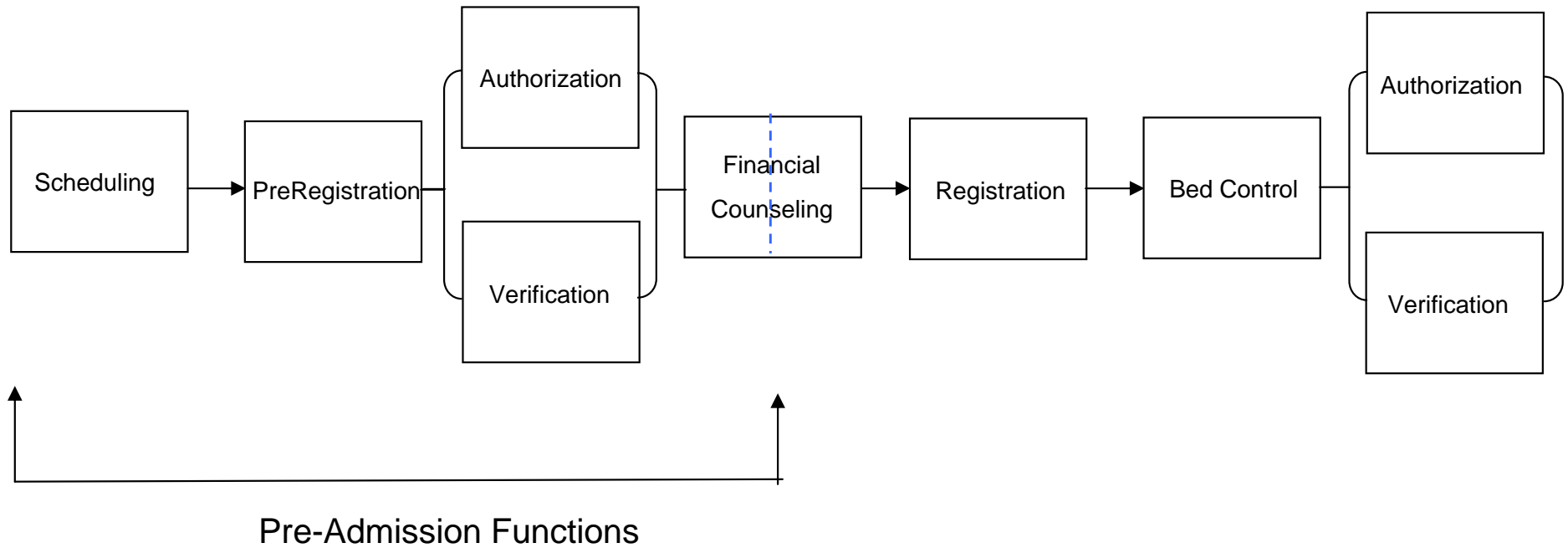
- **What is the Revenue Cycle?**
- **What are the fundamental KPIs?**
- **What are potential impacts of Healthcare Reform?**
- **Why should I want to know more about R/C?**
- **Questions?**

What is the Revenue Cycle?

- Fundamentals – let us not confuse
 - Charges
 - Cash
 - Cost
- Revenue cycle is a combination of processes whose end result is cash (net revenue)

Understanding the Processes

Upstream Processes



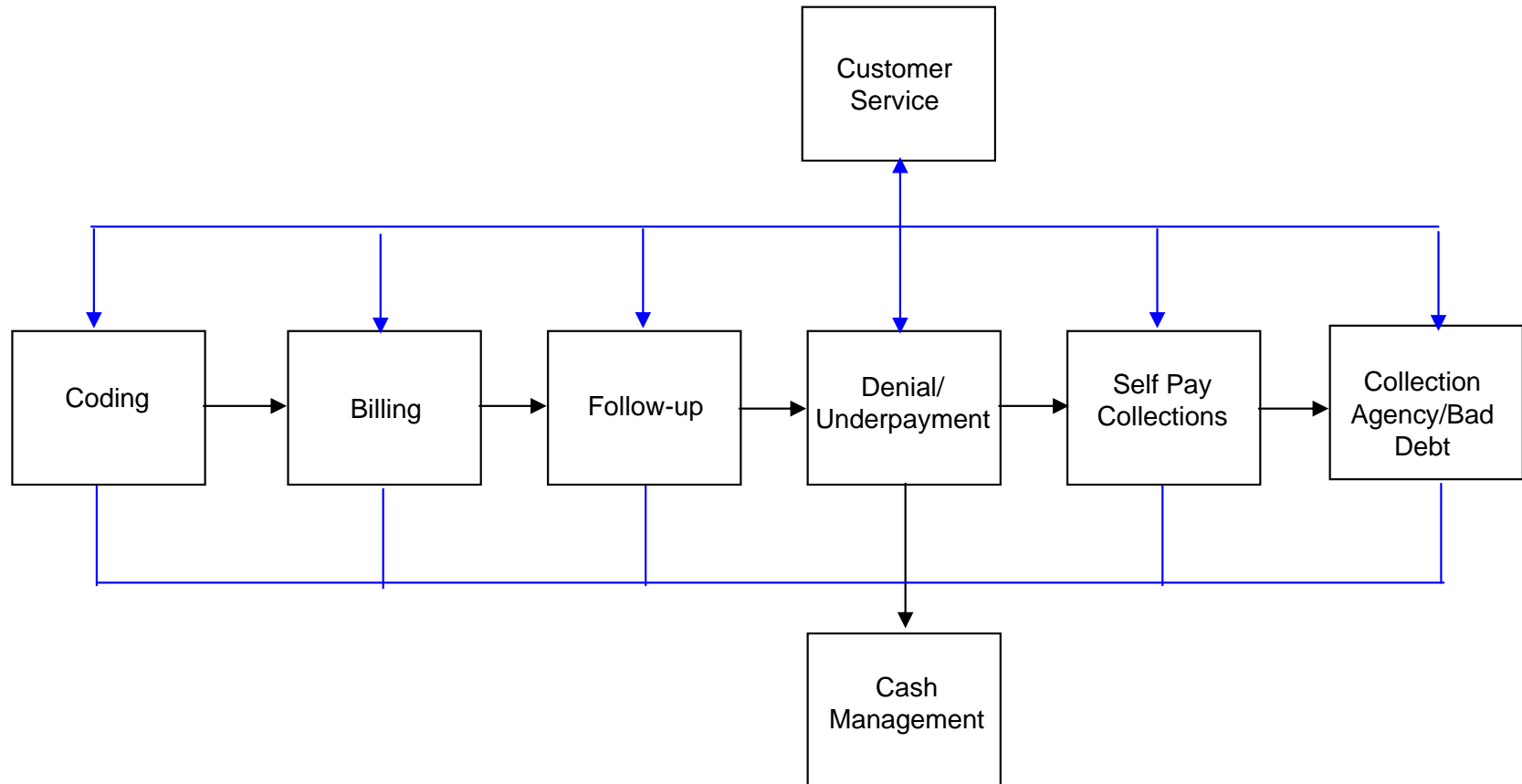
Understanding the Processes

Midstream Processes



Understanding the Processes

Downstream Processes



Continual feedback loop

Revenue Cycle Processes

- Scheduling of an appointment
- Collection of patient/guarantor/payer information
- Verification of insurance
- Certification of need
 - Pre-cert
 - Pre-determination
 - Medical Necessity
- Patient encounter
 - Need a provider order for the services
 - Need patient consent

Revenue Cycle Processes continued

- Need charges for the patient encounter
 - Verification of charges – balancing
- Need the encounter to be clinically approved by the payer – Utilization Management. Need certification of the appropriate level of care
- Need documentation of the encounter
- Need the encounter coded by Medical Information Management specialists
 - Inpatient – DRG
 - Outpatient – APC, CPT, HCPCS

Revenue Cycle Processes continued

- Need a bill – a culmination of the information provided by all of the above
 - Demographics
 - Payer
 - Charges
 - Certification
 - Codes
- Bill is submitted to the payer
- Payer processes the bill
- Payer pays, denies or suspends, or ignores the claim

Revenue Cycle Processes continued

- Provider receives payment, denial or request for additional information
 - If claim is paid
 - Was it paid correctly – yes or no?
 - Is there a balance? – move to next responsible party
 - If denied –
 - Do we have enough information to appeal?
 - Request for additional information
 - Do we have the additional information requested?
 - If they ignored – we need to determine why

Revenue Cycle Processes continued

- If claim is not paid – what is our recourse?
 - Bad Debt
 - Financial Assistance
 - Payer communications

What are the fundamental KPIs?

- Gross Days in A/R (gross AR/gross revenue)
- Net Days in A/R (net AR/net revenue)
- % AR > 90 days from discharge
- % cash collected of net revenue (cash collected/net revenue)
- Clean claim rate (% claims left shop without human intervention)
- % net revenue collected pre-service
- % of registrations that are perfect
- % of bad debt (bad debt write-offs/gross revenue)
- % administrative adjustments
- DNFB (discharged not final billed)

What are the potential impacts of Healthcare Reform?

- Major shift projected from

Paying for volume  Paying for Outcomes

Could shift the revenue cycle focus further to the front end



Why should I want to know more about Revenue Cycle?

- Primary job of the revenue cycle is.....
- To produce enough cash to pay payroll and accounts payable
- Without an effective revenue cycle – there is no hospital/clinic/physician office



Questions?

