Shortening the Revenue Cycle
Get more money in the door faster with cleaner claims

By Gretchen Heber

The time value of money cannot be overstated. In order to deliver the never-ending, life-sustaining assistance they provide, hospitals need continual, sustained cash flow.

Delayed reimbursements from payers can imperil a hospital's ability to fulfill its role. Acquisition of an important piece of equipment could be deferred; the hire of critical personnel might have to be put off.

But getting claims processed and payments deposited can be a nightmare. What options does a hospital have for carefully and easily managing revenue cycles in a way that makes the most financial sense?

Three Important Steps

Experts agree there are three crucial steps to improving the revenue cycle.

Charge Capture

Hospitals may be leaving money on the table by failing to record all services. In the worry over patient care and in the harried atmosphere of a busy hospital, it's easy for providers to occasionally overlook proper documentation of services.

Services provided on weekends or after hours are particularly likely to be forgotten.

The importance of careful attention to detail must be emphasized to providers, and they must have access to tools that make documenting even the smallest service easy and efficient.

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Coding

One of the biggest stumbling blocks to short revenue cycles is incorrectly completed claims. Incorrectly coded claims are often rejected by insurance companies and sent back to the requester, where they must be cleaned up and resubmitted. This, of course, leads to more work for the team, and it often delays payments.

Well-coded, clean claims are handled more quickly by payers, shortening hospitals' revenue cycles significantly.

To the best of an organization's ability, it should have clear and easy-to-use reference material available for coders. With ICD-10 in place for only a couple of years, many organizations are still learning this relatively new coding language. Insurance company protocols change almost daily, it seems. Bulletins detailing changes are released fairly often, and it can be a challenge to keep up with rule changes.

Smaller hospitals, particularly, might have a hard time keeping up with changes. Some rely on well-thumbed, thick-as-a-tissue-box code books. Others use antiquated computer systems that have been rubber-banded and patched so many times over the years so that they're barely functioning.

And whether claims submission personnel refer to online or hard-copy documentation, any experienced hospital billing expert will attest that there are numerous undocumented requirements. Tidbits you "just have to know" through years of having done the work.

This doesn't bode well for new employees or fill-in help. One employee getting sick for a week can wreak havoc on the claims process.

Collections

The third piece of the puzzle is collecting payments, from both patients and insurance companies.

For some larger, out-of-pocket expenses, some providers utilize third-party financing services, which gives hospitals immediate reimbursement and removes the burden of collections.

Another option many hospitals are turning to is collecting payment for services up front, before services are rendered. The advantages of this method are obvious. For post-service collections, try shortening the balance-collection time. If a hospital's policy is to send three statements post-service, the hospital might develop a plan to send them over a shorter time period — every two weeks instead of once a month.

It's a Lot to Manage

Great ideas, right? But for those running a small hospital, thinking about how to implement some of these solutions might make administrators break out in hives.

The first thing to do is to get rid of those stacks and stacks of paper on overworked clerks' desks. If they haven't already, hospitals need to join the digital age.

But how? Some electronic systems require costly software installed on expensive computer equipment housed in a perfectly temperature-controlled server room and a team of on-staff IT experts to manage it all. A complex setup such as this doesn't necessarily fit into every hospital's budget.

Some small hospitals in Texas have found relief in alternative, cloud-based solutions providers such as athenahealth, which offers a number of solutions designed to improve medical billing and other administrative tasks.

When Houston's Advanced Diagnostics Hospital & Clinics was acquired by new owners a couple years ago, the incoming team found the existing health records system improperly installed and cumbersome to use.

After an exhaustive search, Rob Turner, COO of Advanced Diagnostics Hospital, says athenaCollector was an easy choice. "We saw it was intuitive, easy to use, and highly customizable," he says. "We now have integrated billing and revenue cycle management. And the physicians liked it. If you can't get the physicians to adopt it, it doesn't work."

athenaCollector — designed to simplify hospital claims management — offers the advantage of being completely web-based, meaning client hospitals don't need to invest in expensive capital equipment or personnel to maintain it.

"athenahealth brings simple cloud-based technology that looks and feels like the websites we use in our consumer lives," says Ryan Wise, athenahealth vice-president of product management for athenaCollector.

athenahealth serves small (50 beds or fewer) community hospitals for whom dreams of a complex in-house server-based network are ephemeral.

Hospital staff enter claims into the athenaCollector system, which comes with a fully integrated EHR, and athenaCollector carefully checks the claims against an extensive database of always-current codes and other necessary claims data. If the system finds errors, it either fixes them or flags the claim for clarification by the hospital.

Fixing any errors on the front end, before the claim goes to the payer, is an enormous time saver, says Wise. "We make sure errors are flagged instantaneously, as soon as the

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information is entered," he adds. "Many legacy systems wait to flag an error like that until after the claim has been submitted."

For these hospitals with limited personnel, athenaCollector offers the resources of a much larger organization: Athena's large staff of well-trained researchers keep abreast of insurer changes and continuously update the platform's billing rules so that claims can be processed quickly, using the most recently available information.

"athena does so much on the front end so that the claims are very clean," says Turner.

athenahealth also says that their clients "achieved an average of over 106 percent of cash flow above baseline and cut days in accounts receivable by 16 percent."

As its fee, athenahealth collects a percentage of a hospital's collections. No up-front capital or software costs are associated with the athenaCollector service.

Sound Familiar?

Hospitals struggling with revenue cycle management would do well to implement processes that tighten control over every aspect of collections, including charge capture, coding and getting the dollars in the door.

Whether a system such as athenaCollector is right for a particular operation will be a discovery process, but what's important is taking the steps necessary to shorten the revenue cycle and free up cash for important growth opportunities.