

# Connecting Revenue Cycle Operations with Revenue Analytics

Beckers Revenue Cycle and IT  
October 2019

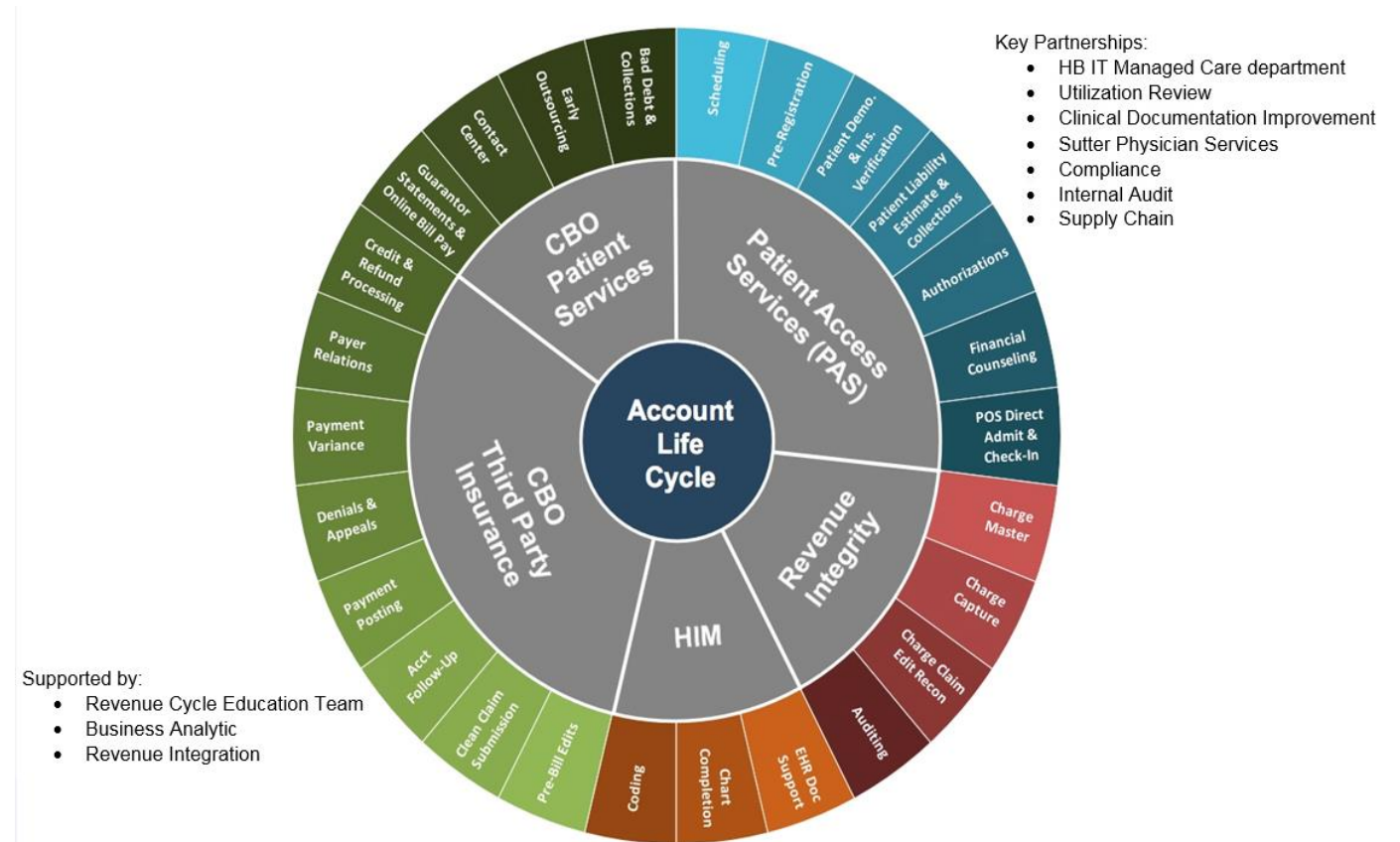
Patrick McDermott (speaker)

# Connecting Revenue Cycle Operations with Revenue Analytics – *our discussion today!*

1. Revenue Cycle is a longitudinal process: how do we analyze and optimize?
2. Analytics are everywhere, relevant, and exciting (but not always)
3. Different uses and different ways to explain things
4. Benchmarking
5. Use Case: cost of collect from informational to actionable
6. \$64M dollar question: Complex change is difficult because of culture and resistance to change.
7. Psychology behind Analytics
8. Built it and they will cheer!

Revenue Cycle  
is longitudinal  
process with  
26 sub  
functions –  
how we  
analyze and  
optimize?

Purpose: improve EBIDTA and Balance Sheet performance



How do measure the leakage within and between?

Owner	KPI
Patient Access	POS Cash Collections (as % of Self Pay)
Charge Capture / CDM	Timely Charging Dollar %
	Timely Charging Volume %
HIM & Coding	Coding Accuracy for Reimbursement (DRGs, APCs)
	Coding Accuracy for Secondary DXs & Procedures
CBO	Cash Velocity
	Clean Claim Rate
Revenue Cycle	Cost to Collect
	Cash to Target - YTD
	Net Cash
	Avoidable Write-Off
	Payor Denials
	Agings > 90 Days
	DNFB Days
	FBNS Days
AR Days	

## KPIs – which are most important?

- 
- Administrative Write-offs
  - Bad debt write-offs
  - Charity write-offs
  - Underpayments
  - Documentation capture
  - Payor mix
  - Total Cost of RC

Each is actionable and accretive to EBIDTA

Analytics  
explain  
different  
things



Outcomes/Results: AWOs, BD, Char, Underpayments, Documentation Capture, Payor Mix



Leading: FBNS, claims error rate, denials (835)



Lagging: AR Days, Agings, write-offs



Productivity



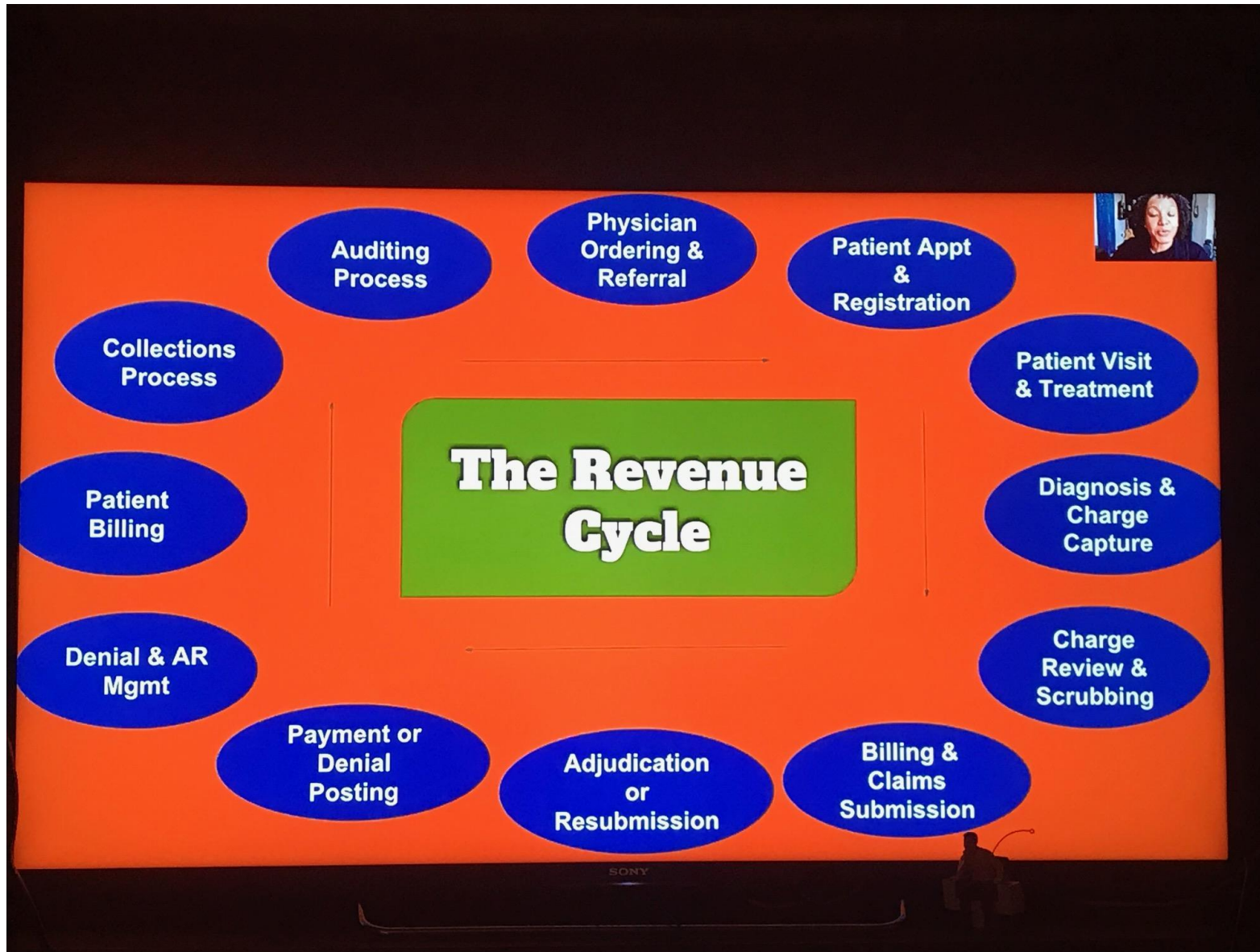
Quality



Speed:

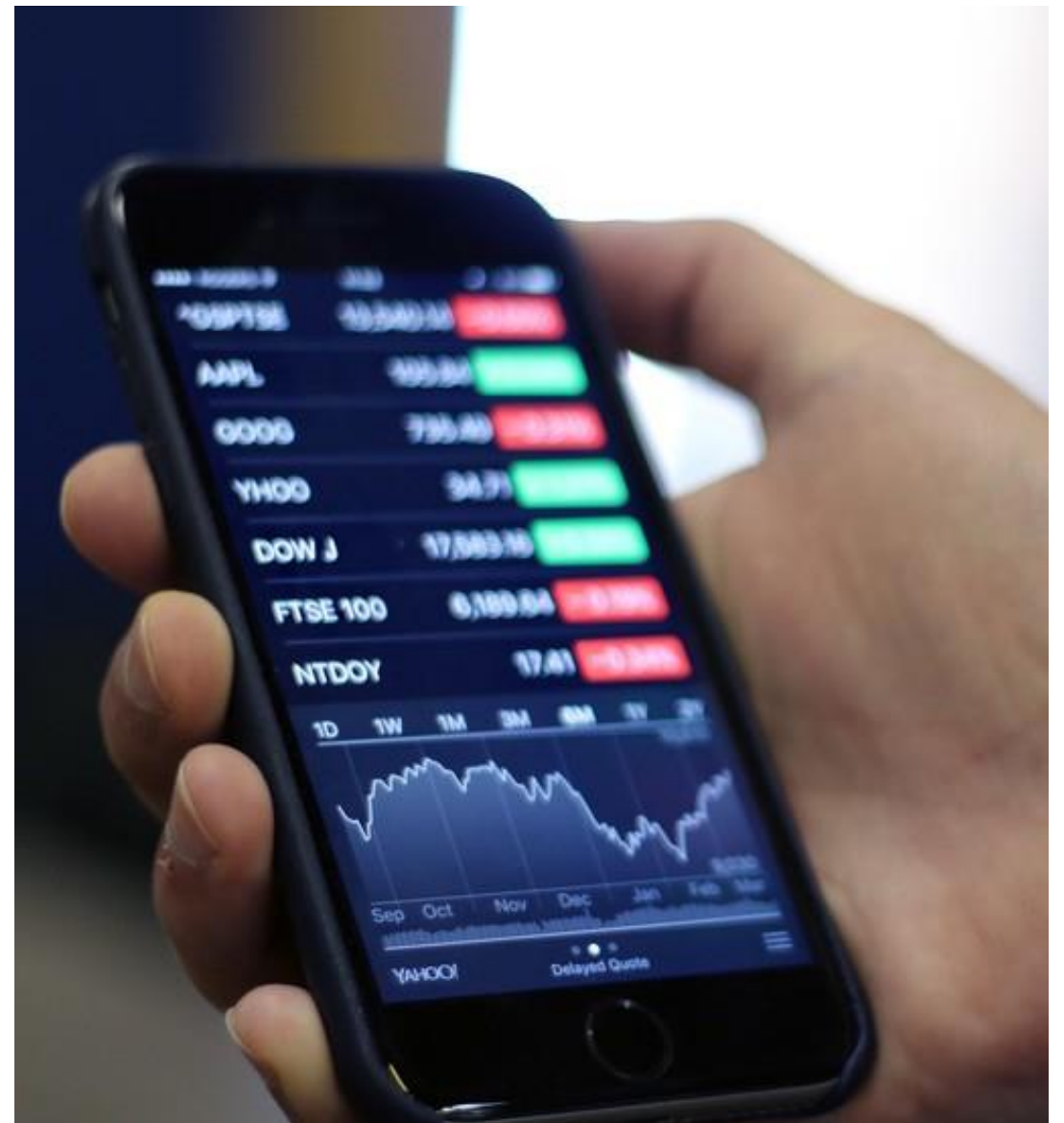
*HOW DO WE ARRANGE THE **KPIs** IN A SPECIAL WAY?*

# Educational video on U-tube (type in revenue cycle)





Analytics are everywhere, relevant, and exciting (but not always)





Analytics are everywhere, relevant, and exciting (but not always)



# Analytics have different uses

What's happened yesterday? (descriptive)

What's happening now? (descriptive)

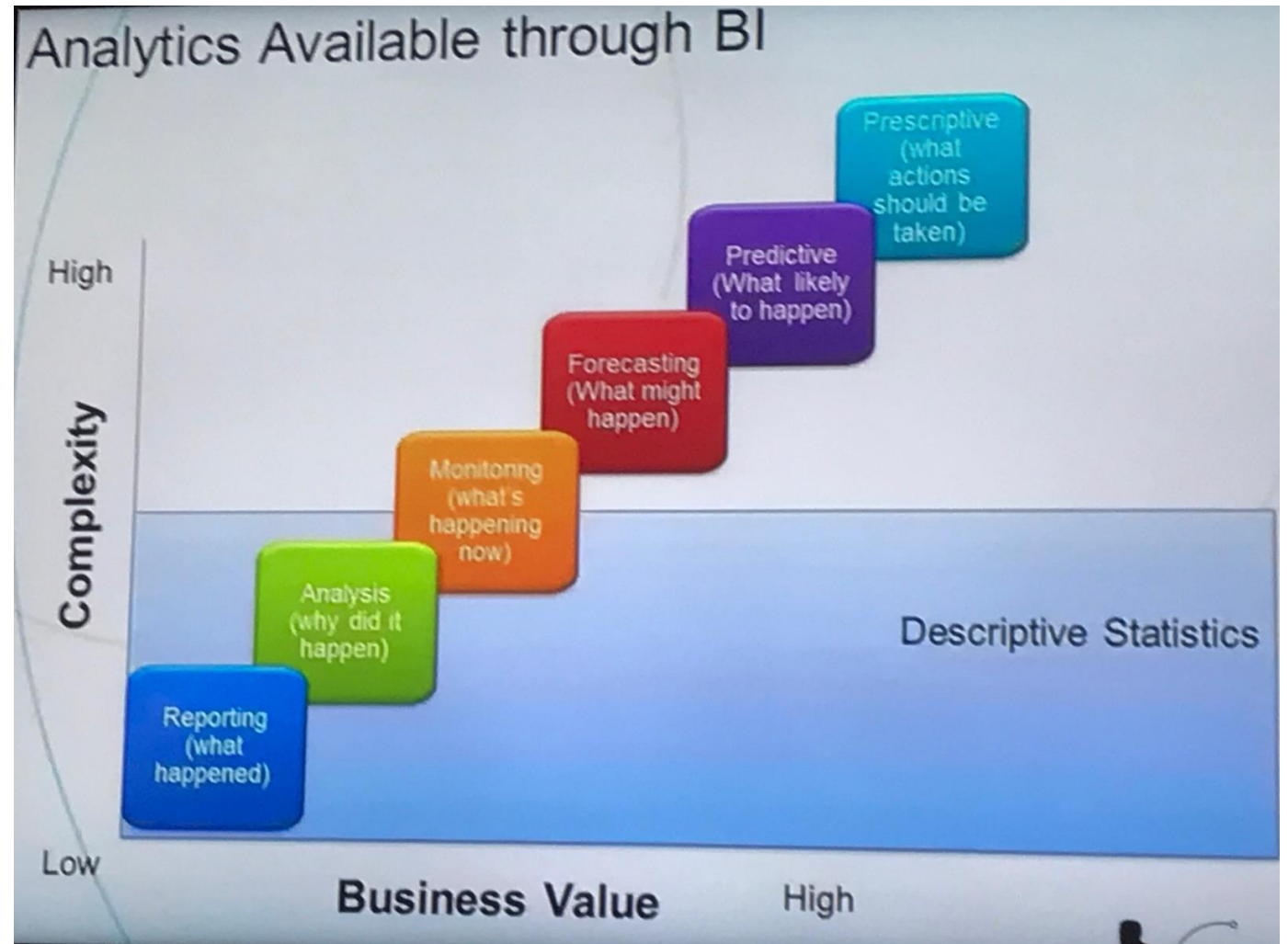
What could happen (predictive)?

How do we compare to our peers and competitors?

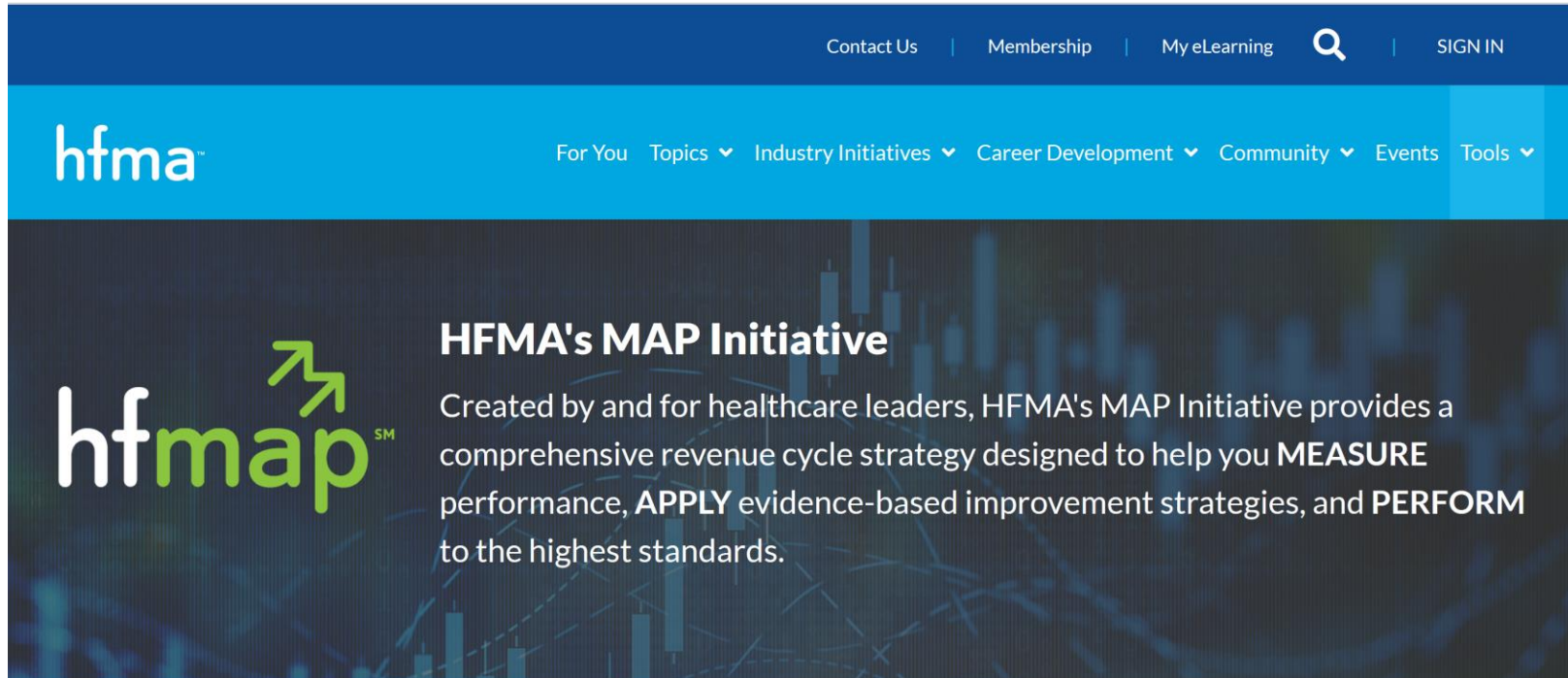
What will happen if we make this change (prescriptive)?

# Analytics Maturity


---



# Benchmarking



The image shows a screenshot of the HFMA website's banner for the MAP Initiative. The banner has a dark blue background with a faint grid and bar chart pattern. At the top, there is a navigation bar with links for 'Contact Us', 'Membership', 'My eLearning', a search icon, and 'SIGN IN'. Below this is a light blue bar with the 'hfma' logo on the left and a menu of 'For You', 'Topics', 'Industry Initiatives', 'Career Development', 'Community', 'Events', and 'Tools'. The main content area features the 'hfmap' logo on the left, which includes a green upward-pointing arrow. To the right of the logo is the heading 'HFMA's MAP Initiative' and a paragraph of text describing the initiative's purpose.

Contact Us | Membership | My eLearning |  | SIGN IN

hfma™ For You Topics ▾ Industry Initiatives ▾ Career Development ▾ Community ▾ Events Tools ▾

**hfmap**<sup>SM</sup>

**HFMA's MAP Initiative**

Created by and for healthcare leaders, HFMA's MAP Initiative provides a comprehensive revenue cycle strategy designed to help you **MEASURE** performance, **APPLY** evidence-based improvement strategies, and **PERFORM** to the highest standards.

Hit your performance targets with HFMA's MAP

# Benchmarking

---

## REMITTANCE DENIAL RATE (AR-5)

### Purpose:

Trending indicator of % of claims denied.

### Value:

Indicates provider's ability to comply with payer requirements and payers' ability to accurately pay the claim; efficiency and quality indicator.

### Equation:

$$\frac{\text{Total number of claims denied}}{\text{Total number of claims remitted}} = \frac{\text{Accounts Receivable}^1}{835 \text{ Files and/or Paper Remittance}}$$

<sup>1</sup> Billed A/R = electronic 835/paper source as remit

### Points of Clarification:

#### Number of Claims Denied

Total claims adjudicated monthly at claim level. Denials are defined as "actionable denials" - those denials that may be addressed and corrected within the organization and may result in appropriate reimbursement.

Includes:

- Only payments containing a denial code on the remittance advice<sup>2</sup>
- Both initial claim denials and subsequent appeal denials
- Zero payment and partial payment accounts containing a denial indicator

# Use Case: cost of collect – moving from informational to actionable to beneficial

## QUESTION: What does a CTC of 3.0% tell you?

1. ANSWER 1: Spent \$30,000,000 for each \$1B cash collected
2. ANSWER 2: an average IP account with reimbursement of \$8000 costs \$240
3. ANSWER 3: the activities associated with this cost include reg, code, claim, follow-up, outsourcing, EMR and bolt-on software, etc

WHAT ARE THE OTHER QUESTIONS WE SHOULD BE ASKING?

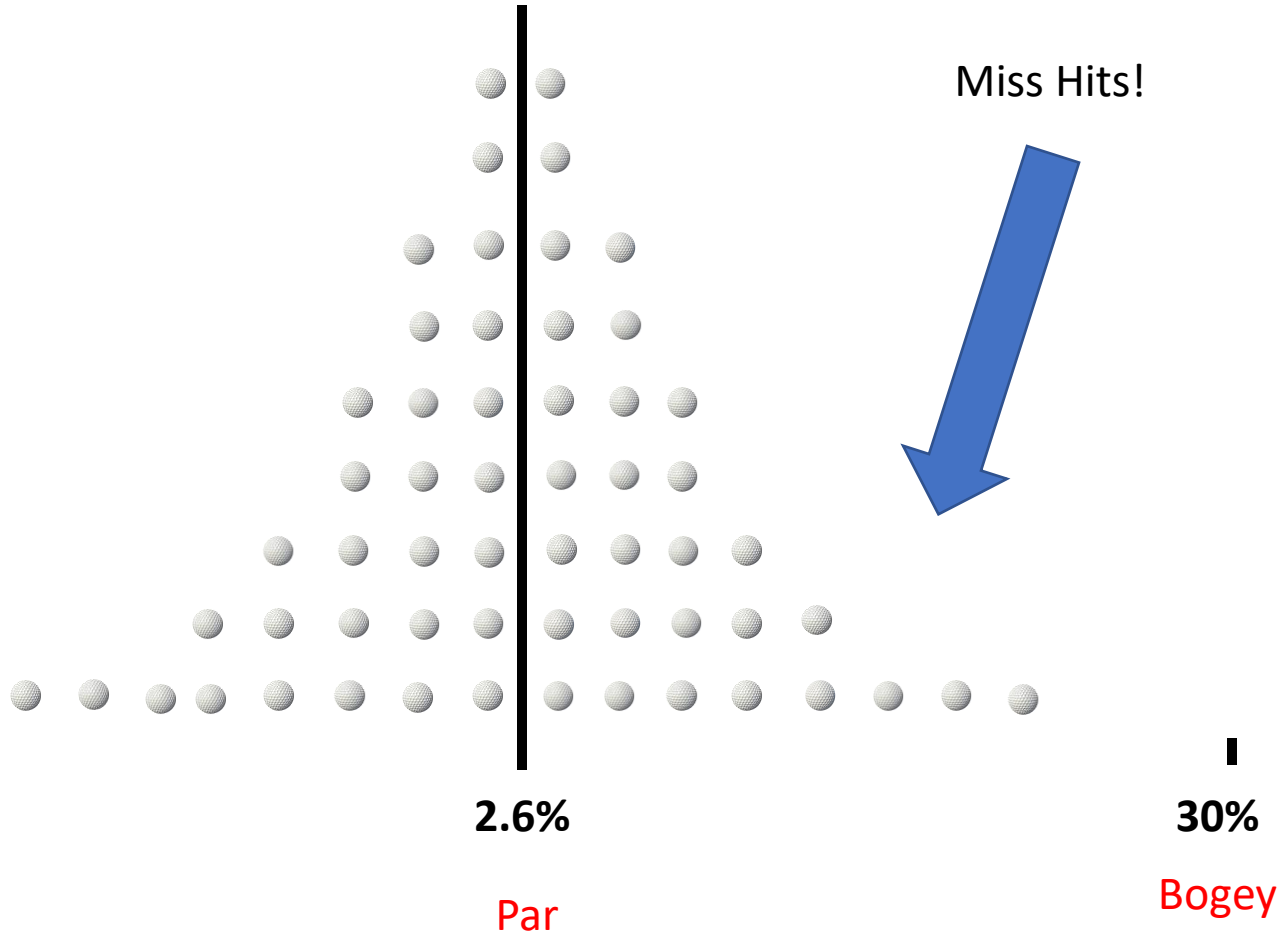
# Use Case: cost of collect – moving from informational to actionable to beneficial



= 1 account



.5%  
Birdie

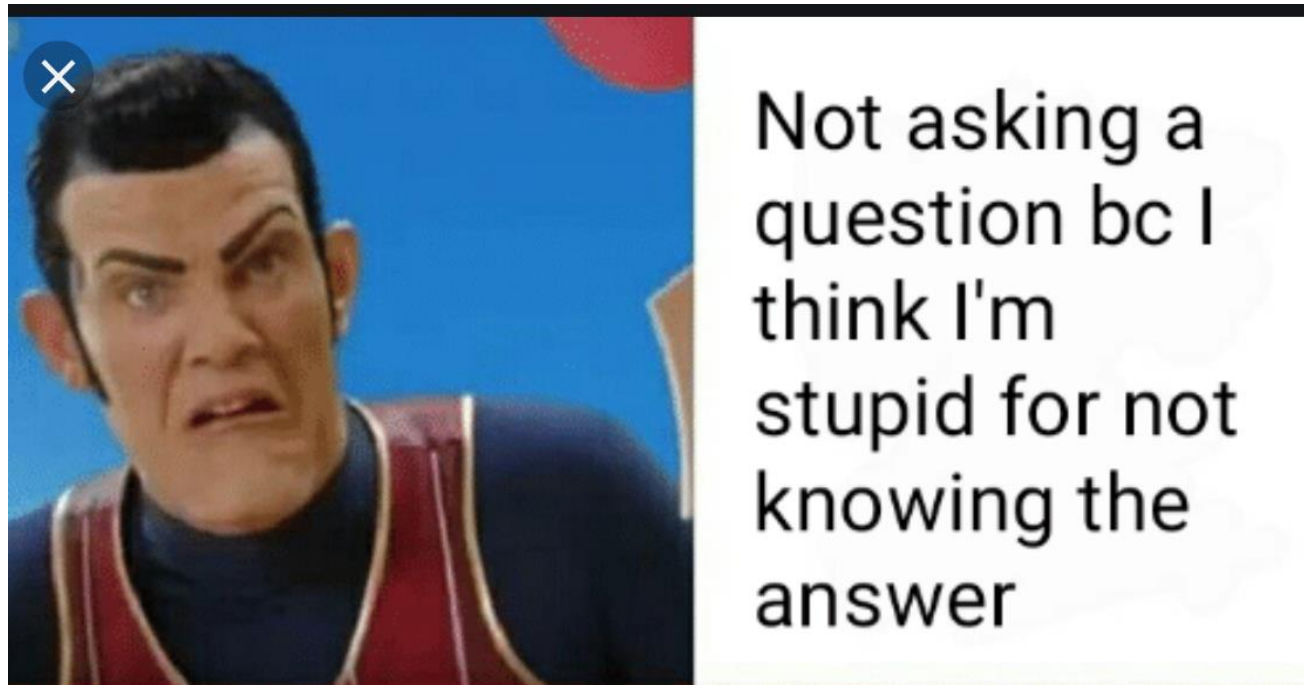


Can be misleading and lead to poor decisions



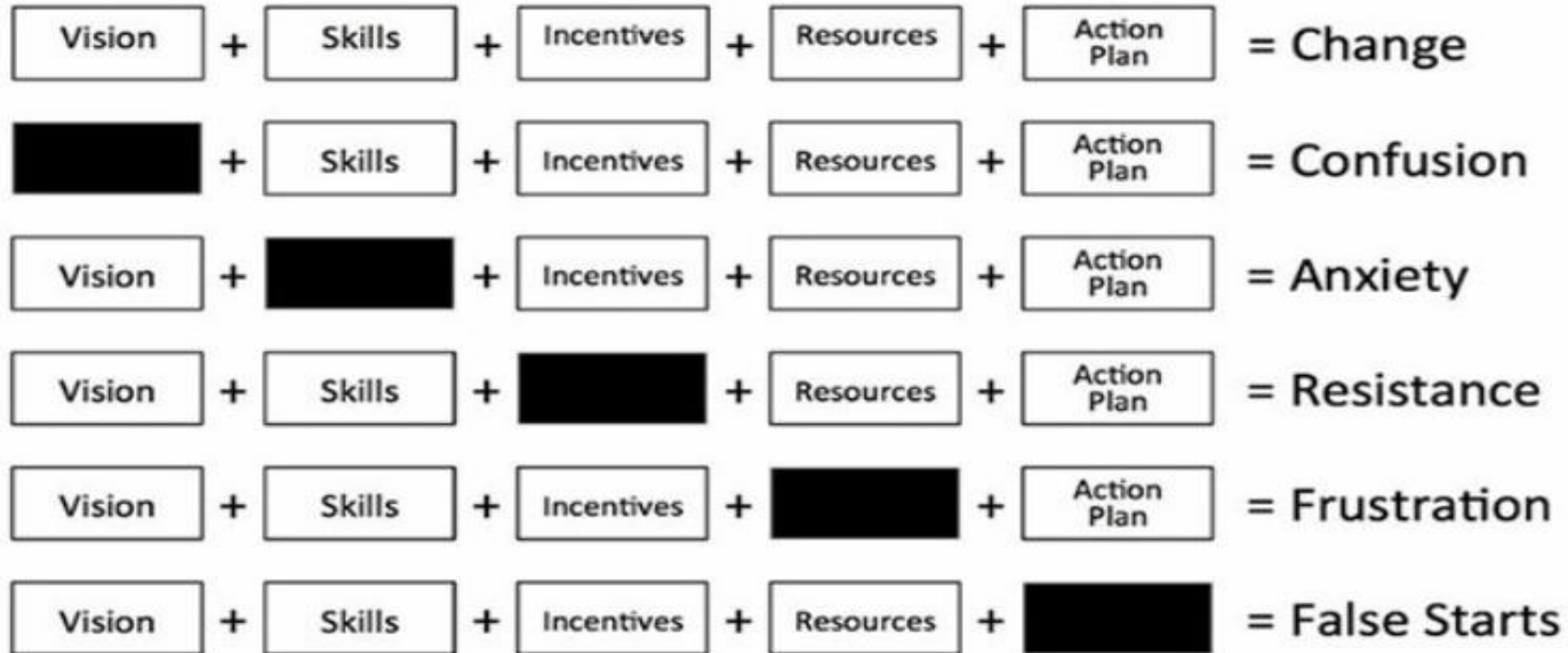


*QUESTION: But why don't people ask  
about the numerator and  
denominator?*



Analytics/Metrics are a tool for change, but if used alone will not yield benefit

## Managing Complex Change



# Audience Participation

Fill in the Blank: “if a key performance indicator doesn’t tell a < \_\_\_\_\_ >, it has no power or influence.

# Psychology behind Analytics

*(I took a psychology class in college)*



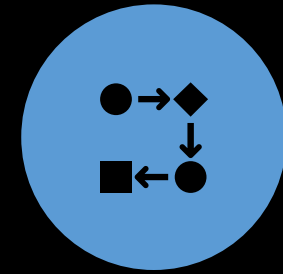
LOSS AVERSION



JOB SECURITY



COMFORT  
ZONE



FLOW

# Audience Participation

True or False: “are the KPIs constructed and tabulated for the boss?” \_\_\_\_\_ . For whom? \_\_\_\_\_ .

# Stadiums keep you in the game!



### LEADERS

P R I O R	HOLE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	L I V E	V I D E O	F A V
	PAR	4	5	4	3	4	3	4	5	4	4	4	3	5	4	5	3	4	4			
5	WATSON, B.	5	5	4	5	5	6	6	7	8	7	7	7	8	8	8	8	8	8		<input checked="" type="checkbox"/>	★
4	BLIXT	4	4	4	4	4	4	3	4	4	4	4	4	5	5	5	5	5	5		<input checked="" type="checkbox"/>	★
5	SPIETH	5	6	6	7	6	7	8	7	6	6	6	5	5	5	5	5	5	5		<input checked="" type="checkbox"/>	★
3	JIMENEZ	2	3	2	2	1	1	1	1	1	2	1	2	2	3	3	4	4	4		<input checked="" type="checkbox"/>	★
3	FOWLER	4	3	3	3	3	3	3	3	3	2	1	1	1	2	2	2	2	2		<input checked="" type="checkbox"/>	★
4	KUCHAR	4	5	6	4	4	4	4	4	3	3	4	4	4	4	4	4	3	2		<input checked="" type="checkbox"/>	★
2	WESTWOOD	2	2	1	1	1	1	1	1	0	0	1	1	0	0	1	1	0	1		<input checked="" type="checkbox"/>	★
3	LANGER	2	0	1	1	0	0	0	0	0	2	2	2	1	3	2	1	1	0		<input checked="" type="checkbox"/>	★
2	WALKER	1	1	1	1	1	0	1	1	1	0	1	1	0	1	0	1	1	0		<input checked="" type="checkbox"/>	★
3	MCILROY	3	3	3	4	4	4	3	2	1	1	0	0	1	0	1	0	0	0		<input checked="" type="checkbox"/>	★

OVER/UNDER    TRADITIONAL    ROUND 4    FILTER BY    SEARCH BY

Built it and they will cheer!