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ASCA Ambulatory Surgery Center Association

Give Your Revenue Cycle a Tune-Up

Boost collections with transparency and up-front payments

BY SAHELY MUKERJI

Depending on specialty, geography, payer mix and technology, the critical components of an ASC revenue cycle can change, says Lindsay Miller, executive vice president of operations at National Medical Billing Services in St. Louis, Missouri. "The ASC revenue cycle is nuanced because of its complexity in all of these areas. Each ASC faces its own set of challenges," she says.

Contract negotiation is one of the most important aspects in the revenue cycle. "Having someone within your ASC—one who understands the payers and your specialties—responsible for negotiations will make sure that your ASC gets paid appropriately," Miller says. "This person would have to develop relationships with the managed care representatives on the payer side and watch the market to make sure that your ASC is getting paid what it should." A majority of the audits that National Medical performs indicate that most ASCs don't know if they are getting paid correctly because they are not able to locate their managed care contracts, she says. "Does your billing team have access to all pertinent contracts? They should as they are usually the ones who are tasked with making sure your ASC has been paid correctly," she adds.

Bill Hazen, RN, administrator of the Surgery Center at Pelham in Greer, South Carolina, says that good data and/or analytics to document how much an ASC is paying for a procedure help to get a good contract. "You have to understand your costing and be able to show it to your payer, vendor, buyer, supplier and your patients," he says. "For instance, we wanted insurance companies to pay for our implants but they refused. So, we attached a bill for an actual implant that showed dollar per dollar how much it cost us. That made insurance companies change their mind.

"That was the transparent way to do business," he adds, "and we do the same with our patients because that is doing right by them."

With patients, Hazen recommends being up-front from day one. "It has become a cash world and almost 40 percent of my business is cash now," he says. "So, even before we talk to a patient, we call the patient's insurer and figure out how much the patient would have to pay. Patients are more educated now and want to know what they would pay and why. We take the time to break it down for them."

Many of the patients now have $10K or $15K as deductible/coinsurance, he says. "If we don't start the pro-

Checklist for Success

Lindsay Miller, executive vice president of operations at National Medical Billing Services in St. Louis, Missouri, suggests that ASC administrators ask themselves the following questions in the various areas of operation to manage their revenue cycle effectively.

Coding: Medical billing functions are done differently at different centers. Does your ASC have someone who understands the specifics of your medical billing functions? For instance, if you do spine procedures, do you have the right expertise to understand the services and all that goes with them? Are your coders certified? What is their expertise level for coding in ASCs as it relates to your specialty or specialties? Are you performing routine audits to make sure your coders are on top of regulatory and payer changes?

Charge posting: Charge posting is a manual data entry function. Some systems automate it, but 99 percent of the time implants need manual posting. This is due to different costs associated with implants and different contractual requirements, such as cost-plus invoice, thresholds, different revenue codes and trailer billing. It is always a good idea to perform routine audits on your implant billing.

Claims submission: Do you know your top claim rejection reasons? How quickly is your team working on the rejections? They should be worked the same day. If not, understand why and work on it. Do you know your ASC's clean claim rate? We like to see our ASCs hitting at least a 95 percent clean claim rate. This is a good indication that your claims are going out with the correct information in the correct fields. Clearing houses have scrubbers to make sure the claims are clean when they leave your center. Are you utilizing your edits and maintaining

them? Make sure that your claims are leaving your center in a timely manner. The acceptable time between the service and the claim is within 72 hours. If it is more than 72 hours, drill down on why. Is it the dictation service or maybe a template in the EHR? Or is it something you are waiting on from the vendor to bill? For example, pathology reports and implant invoices. What percentage of your claims are going out electronically versus paper? If your claims go out on paper, are you sending the correct information? Do your claims include op reports and everything they need for the payer?

Payment posting: Make sure that your claims are paid according to your contract. It is a good idea to look at the payments routinely and evaluate them for accuracy. Use your practice management system to its fullest capability. Check frequently for product updates and automation opportunities. Audit the automated posting processes to make sure they are working appropriately. Typically, payment posters are the first people to see correspondence from the payers, so, it is important to have good communication with the posters. Are your payment posters responsible for tracking denials with journal codes or queuing up denials for your accounts receivable team? Are your payment posters posting per line item? This should be audited routinely as well. Audit the system that tracks the denials. Payment posters should reconcile deposits daily and to the bank. Balancing is key. It helps if they have access to the bank account, with read-only permissions.

Accounts receivable (AR): It is important to have a good AR strategy in place. The two critical components of AR are bringing cash in and identifying issues that are preventing cash from coming in. Are the stakeholders in your ASC familiar with the current payer issues? Is there a good way to track them? Are your highest paying claims being worked properly? What are your days in AR? How much of your aging is sitting over 90 days?

Compliance: Does your facility have a standard operating procedure compliance manual for your billing processes? Some of these items might include *Health Insurance Portability and Accountability Act* (HIPAA) compliance, payment card industry (PCI) compliance, coding compliance, Office of Inspector General (OIG) compliance and patient billing compliance.

Analytics: How frequently does your ASC get its revenue cycle data? What format is the data in? Is it easily understood? Does it answer all questions and concerns relating to cash flow, volume, specialty mix, payer mix, denial trends and physician performance? ASCs need to understand their daily cash collections to help them trend the rest of the financials for the month. Check if your cash-per-case is in line with the rest of the industry. At a minimum, you should be receiving an end-of-month financial roll up that includes all of the items discussed above.

cess up-front it does not matter what we do with billing in the back end. We truly do case costing live to the penny. We have to get part of the co-insurance up-front because if not, we might not get reimbursed for the implant."

Often, patients are not informed of how much their portion of the surgery will be before their surgery takes place, Miller says. "So, they get upset when they get the bill after surgery. Patients often times owe more than 20 percent of the cost of the procedure. With the increase in patient responsibility, the patients are now considered a payer. Therefore, the front-end due diligence of the surgery center has become very important. Explain the patient's portion of the surgery to the patient before they have their surgery."

For the Orthopaedic Surgery Center of Clearwater, Florida, front-end work comprises the most important part of the revenue cycle. "It is good customer service to let the patients know their out-of-pocket before they get their surgery," says Chris Markford, CASC, administrator of the ASC. "As soon as we have the surgery schedule from the physician's office, we do up-front research to find out the patient's out-of-pocket. Patients are typically worried about the cost, and we don't want to surprise them with an unexpected bill."

The patients sign an Assignment of Benefits (AOB) form that allows the surgery center to talk to their insurer, Markford says. "Our scheduler handles that part and she also calls the patient to explain the costs. Every case is different, and we have to treat them differently. One might need a payment plan, another might need third-party medical financing, but it always helps to keep the patient informed. This also helps the revenue cycle because we work with the patients to collect the copay up-front."

It is always easier to collect before the surgery than after, he says. "There are people who get their surgery and refuse to pay. The physicians' policy is to get paid up-front. So, after paying the physician, a patient might think he has already paid the doctor and refuse to pay the ASC. Then you might have to go to plan B and send them to collections."

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> *—Bill Hazen, RN*
> *Surgery Center at Pelham*

Sending a patient to collections is a hard decision for an ASC to make for a variety of reasons, Miller says. So, helping a patient understand what they owe up-front and having them pay at least a portion before surgery is the ideal way to go.

If a patient cannot pay on the day of surgery, Miller asks, what is your ASC's policy on patient billing follow ups? "Once a month? Three statements—per month—followed by phone calls? For how long? Do you then send them to collections?" Each state has its own regulations regarding patient billing practices, she says. "Understand your state's regulatory patient billing practices. How many statements are you allowed to send to your patient? How many past due statements are you allowed to send?" If a patient feels harassed with your patient follow-up practices, it could have a negative effect on your facility's reputation. "In some extreme instances, we have seen patients go to local TV channels, radio stations, hiring attorneys and filling complaints with the Better Business Bureau," she says. "This is an area where ASCs should pay a lot of attention."

Hazen recounts experiences similar to Markford's. "Because of the *Affordable Care Act,* some patients feel entitled and say 'you need to treat us without payments,'" he says. "However, we are a for-profit surgery center, and we do elective surgery." If a patient is unable to pay what the ASC requires up-front, it sends the patient to an outside agency for financing options. "We also have a charity program that we refer patients to. In addition, if a patient does not have insurance, we do a pretty substantial reduction for cash payment. We give the patient a 20 percent discount and another 20 percent when they pay 100 percent up-front on the day of service."

To make it easier for patients to make payments, "maybe have a patient portal that the patient can use to pay, a tablet, a kiosk or the ability to pay on their phone," Miller recommends. "Patients like that instead of getting a bill in the mail. Give them different means and methods to pay their bill. Explore the options and pick the right one for your ASC and patient base."

Patient satisfaction is a primary goal of ASCs. "I speak to every patient who comes for surgery every day," Hazen says. "That personal touch helps if and when an issue comes up and makes sure that the patient gives us a good reference." «