

The Revenue Cycle: Creating an Environment Where Revenue Can Thrive

SITUATION

When it comes to receiving payment for services rendered, hospitals are squeezed from two directions. First, declining reimbursement rates mean hospitals collect only a fraction of what is due. Second, higher deductibles shift payment responsibility to consumers who may not be able to pay, which in turn forces hospitals to write off more unpaid bills. These ongoing challenges make it critically important for hospitals to identify, monitor and collect each and every dollar they are due.

"This environment is especially challenging for community hospitals," said David Yackell, Vice President of Hospital Financial Operations for CHC. "Payers can ignore smaller facilities more easily, which means we must be especially diligent to maximize revenue received."

The good news – optimizing revenue cycle processes end-to-end can deliver bottom-line results.



THREE AREAS FOR REVENUE CYCLE IMPROVEMENT

FRONT-END

- Renegotiate Health Plan Contracts
- Evaluate Patient Registration Processes

MID-CYCLE

- Charge Capture
- Pricing
- Medical Record Coding Audits
- Coding and Documentation
- Chargemaster

BACK-END

- Optimize Billing and A/R by Reviewing Tools and Processes
- Measure Weekly Billing and A/R Performance Metrics
- Review Payment Posting Processes

SOLUTION

Community Hospital Consulting, the consulting and management arm of CHC, offers comprehensive revenue cycle services designed to increase net revenue, accelerate cash collection and reduce cost.

There are three key areas for revenue cycle improvement:

- 1. Front-End:** Opportunities to make progress here include renegotiating health plan contracts and creating a comprehensive patient registration process.
- 2. Mid-Cycle:** In this phase, gains can be made through improved charge capture, pricing, medical record coding audits, clinical documentation, and chargemaster development.
- 3. Back-End:** Key indicators for improvement in this phase include billing and collection metrics, such as accounts receivable, percent of collections and denial rate, with a goal of streamlining billing for faster payments and efficient use of staff time.



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charges are generated in many hospital areas and the process sometimes requires human intervention, these processes must be regularly evaluated for effectiveness.

Optimal Pricing: Hospital pricing methodologies that are transparent and defensible are crucial to patients, payers and the overall healthcare market. All prices should be consistent, rational and easily explained to the public. In addition, prices should be designed to protect the hospital's net revenue by not being below governmental fee schedule rates.

Coding and Chargemaster Audits: Coding compliance and integrity is of utmost importance to the revenue cycle. Medical records coding as well as the charge description master (CDM), or chargemaster, codes should be reviewed regularly to identify and correct any potential issues and ensure codes are current and being utilized appropriately.

Managed Care Evaluation: The need to evaluate managed care relationships has become a top priority for hospitals and other healthcare providers. By reviewing the "Top Five" health plan contracts, the process identifies opportunities to improve:

- **Contract Terms**
- **Reimbursements**
- **Payment Accuracy and Timeliness**

By working in collaboration with CHC Consulting, hospitals can optimize revenue cycle processes to improve their financial performance. 

APPROACH

The philosophy underlying the Revenue Cycle services is that hospitals manage what they measure. The first step of this process is to educate the financial services staff about the importance of their roles, timeliness in managing patient accounts, monitoring the right performance indicators and accountability at all levels.

REVENUE CYCLE SERVICES

Revenue Cycle Assessment: Every client has a unique set of revenue cycle issues and often symptoms mask root cause. Because of this, CHC Revenue Cycle engagements begin with a preliminary assessment that provides high-level insights and deeper dives into areas of opportunity for revenue improvement.

Charge Capture Services: Timely and accurate charge capture is vital because this process drives revenue generation. It also provides the most appropriate measurement of resource utilization. However, since



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