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Overview

- Accounts receivable cycle management
  - More often referred to as revenue cycle management
- Electronic records options: careful consideration of options
- Diversification of payers

Lessons from hospitals, physician offices

- Low key, matter-of-effect interactions about payment
- Clinicians not directly involved in payment
- Use collection agencies for direct payment.
  - Can be done within HIPAA and 42-cfr parameters.
  - Some folks of all income levels pay bills after assessing who is serious about getting paid; be serious.

Avoid collecting trivial amounts

- Clutter reports
- Impede resources which could otherwise obtain meaningful results
- Cost more to bill than to collect

“Billing” problems, the bane of community-based behavioral health

- Temptation is to hire a billing service who will transform encounter reports into cash.
  - But encounter reports are downstream from other activities which are often problematic.
  - So results are often disappointing (although a billing service may be one part of the solution).

Enter the Revenue Cycle

- Series of interrelated processes starting with first contact
- Ends with cash posting
- Work with front-line staff to develop steps, process charts.
    - Comprehensive process charts for the entire cycle
    - Step-by-step process charts for each part of the cycle
- Integrated Electronic Health Record (EHR)/IT system important.

Develop performance standards for all staff involved.

- Customize some steps by location, program, and payer.
- Apply Plan – Do – Check – Act (PDCA) cycle to improvements.
- Recognize complexity, work for steady improvements, great leaps forward are rare.

AR cycle management sheet

- Review steps in left column.
- Describe BH steps in right column.

Aging Reports

- Along with days in receivable, an important accounts receivable KPI.
- Measures frequency of booked accounts by time.
  - 30 day intervals, from 0-30, 31-60, etc.
- Both a KPI and tool for collecting.
- Older the accounts, the less likely to be collected.

	Accounts receivable aging report					
Payer	0-30	31-60	61-90	91-120	120 +	Total Receivable
Medicaid	$225,120	$232,450	$63,041	$22,755	$5,442	$548,808
Patient pay	45,990	38,441	35,132	34,909	45,905	200,377
Cigna	45,188	43,442	11,105	8,009	2,103	109,847
Blue Cross	23,155	22,988	9,006	6,534	3,492	65,175
Other	6,880	7,345	3,012	1,550	650	19,437
Totals	**$346,333**	**$344,666**	**$121,296**	**$73,757**	**$57,592**	**$943,644**
Percent of total	**36.7%**	**36.5%**	**12.9%**	**7.8%**	**6.1%**	**100.0%**

Some EHR/IT options, smaller programs

- Can be expensive, difficult for smaller organizations.
- Systems management is as challenging as hardware, software.
- Hospitals EHR rarely effective, BH specific issues and volume.
- Yet best to do it yourself when possible.

“Merger” with a larger organization with EHR and other capacities

- OK if you are OK with your entity and identity dissolving eventually, which they will.
- May be loss of locally-valued service.

Buying EHR/IT services from a larger entity

- Maintain autonomy
- Yet mission critical information and cash flow goes to another entity with other priorities.

Partnership of several organizations to develop EHR system

- Pooling of costs and resources makes it affordable.
- Additional administrative time devoted to EHR/IT partner relations, management.
- Likely to be unstable in the long term as:
  - A weakening partner may lose ability to pay.
  - A stronger partner may decide to go it alone.

Diversification

- Selling services to payers besides Medicaid and the state behavioral health authority.
  - Insurance plans, private pay
- Attracting patients with choices can improve access, customer services, and facilities for all.
- Can be a buffer against volatility from state payers.

Contract development with plans

- Identify largest payers from largest employers.
- Check with financial staff at local hospitals .
- Rates are negotiated, even when they do not appear to be.
- Accepting below-cost insurance rates with state FFS increasing and expense-based grants is problematic.
- Add projected bad debt to your when evaluating proposed rate.