

FINANCE

Revenue Cycle Moves from the Back Office to the Front Office

Payment changes force closer scrutiny of clinical documentation

The Centers for Medicare & Medicaid Services, state Medicaid agencies and private insurance companies increasingly link payments to outcomes. Payers are more aggressive in withholding payments if medical necessity is not documented. And problems discovered in audits may result in hospitals refunding money already paid.

All of these efforts to more tightly control reimbursement puts pressure on hospitals to not just capture revenue, but keep it.

“Physician documentation is becoming a major driver in the revenue cycle,” says Stacy Mays, a consultant with B.E. Smith Inc., Lenexa, Kansas. “It used to be: ‘I care for the patient, I send the bill, I get paid.’ Now, you can provide the care, the outcome is positive, you billed it correctly, and yet a breakdown in clinical documentation means you don’t get paid.”

Part of the solution, experts say, is to better integrate revenue cycle personnel with the

clinical side of the hospital. That can take the form of so-called revenue cycle teams. These teams include representatives from all parts of the hospital that are involved with the patient from admission through discharge and, in many cases, into aftercare.

“Hospitals have long functioned with these little silos, groups of people doing things all over the house,” says Joanne Webb, CEO and partner with J.A. Thomas & Associates, a Smyrna, Ga., firm that advises providers on clinical documentation. “They are beginning to realize that they need to bring these parts back together to better understand how each impacts the other.”

That’s exactly what University Health System in San Antonio found. “It is useful to consolidate the revenue cycle,” says Mary Ann Mote, senior vice president and chief revenue officer for the health system. “This group includes case management working on the floor to help

move the patient through the system, registration and medical records to bring it all together. It is critical that the revenue stream group work closely together.”

That will contribute to easy access to metrics such as data accuracy, billing inventory, coding backlogs, days in receivables and cash flow. Other documentation-driven statistics such as claims denied, the results of audits, and delays related to slow responses to coder’s questions should be gathered and reported to senior management weekly.

“Failure to closely follow these metrics and quickly correct problems can lead to financial trouble for the hospital or network,” Mays says. “If you are a hospital that constantly reworks bills, experiences high rates of denial, has frequent repayment claims following audits, your administrative costs skyrocket at the same time your cash flow slows. You can be in trouble fairly quickly.”—KURT ULLMAN ●

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