



**BillingParadise**

Revenue Cycle Masters



## HOW PRACTICE MANAGERS CAN INCREASE COLLECTIONS BY WORKING ON AR

**CONTACT US**

**[WWW.BILLINGPARADISE.COM](http://WWW.BILLINGPARADISE.COM)**

# Contents:



## 01 Introduction

## 02 AR fundamentals in healthcare RCM

- *What are AR days?*
- *Calculating AR days*

## 03 Controlling AR with KPI and regular AR analysis

- *Individual measurement of A/R days for all insurances*
- *Track AR over 90 and 120+ days*
- *Including AR forwarded to collections*
- *Including AR forwarded to collections*

## 04 The root causes of piling up AR

- *Paid through check*
- *Provider issues*
- *Additional information request*
- *Incorrect payer or carrier*

## 05 Importance of calculating net collections for better AR

- *Methods to improve your net collection rate*
  - Front-end point-of-service collections implementation*
  - Educate patients a lot effectively*
  - Give patients with payment choices to reduce patient AR*
  - Don't pressure your patient on pending AR*
  - Calculate Your AR and net collection rate relation systematically*
  - Medical billing rates tracking and alternatives*

# Contents:

## 06 Significance of maintaining industry-standard benchmarks

- *What is the percentage of AR over ninety days old?*

## 07 Usage of automation technology for easy resolution of AR

## 08 BillingParadise's AR operations features

- *Benefits*
  - (a) *Claim Rejections resolution*
  - (b) *AR analysis*
  - (c) *AR calling*
- *Features*

## 09 Conclusion





## 01 Introduction:

Medical groups and solo practice managers have one thing in common in their daily RCM operations, and that is unaccounted, uncollected Accounts Receivable. Given that practice managers have more work than they can handle and often miss to focus on the piling up unworked AR.

According to HFMA studies, EHRs were not built for recovering AR. All AR tasks are more functional when using expert staff and partial technologies such as automation tools and RPA bots.

EHRs are only used as an interface to perform the billing cycle and can provide you with AR reports that can assist you to evaluate the outstanding amount still pending in the AR buckets.



With this in mind, practice managers ought to realize that a dedicated team of AR experts is constantly working on uncollected revenue. Almost all practice managers face unnecessary write-offs as a consequence of not working their AR on a daily basis. Speaking from our experiences most of the clients BillingParadise is reaching out for resolving Old AR worth millions of dollars.

You're not alone if your AR department is swamped with unpaid claims. Medical groups and solo practices across the country battling to convey the best potential treatment to their patients while balancing the number of claims that have to be paid.

Resolution for these problems takes a protracted time and effort, which is why several Medical groups and solo practices have turned to revenue cycle management outsourcing. These hospitals square measure avoiding denials, cutting their value of the collection, and focusing longer on core skills to boost the patient experience with the assistance of trustworthy RCM partners.

## 02 AR fundamentals in healthcare RCM:

There are specific calculations and methodologies that are key to identifying the AR backlogs. Using these methodologies practice managers can easily keep an eye on piling up unresolved AR.

### What are AR days?

The term A/R days (accounts receivable days) might be characterized as the number of days that your billing officer's in-house billers take to gather the outstanding balance from an insurance carrier for every one of the procedures or services it gives to insured patients.

A/R days are usually calculated in four main groups 60 days, 90 days, 120 days, and 180+ days

These days are categorized and using this formula to calculate AR days:



## Calculating AR days:

$(\text{Accounts receivable} \div \text{Annual revenue}) \times \text{Number of days in the year} = \text{A/R Days}$ ,

For instance, AR for an OBGYN clinic is \$100,000 and its (Account receivable/total charges) X 365 days is \$600,000. Then the accounts receivable days for this clinic will be:

$\text{A/R Days} = (\$100,000 \text{ accounts receivable} \div \$600,000) \times 365 \text{ days} = 60.8$   
Accounts Receivable Days

### 03 Controlling AR with KPI and regular AR analysis :

In healthcare RCM, billing and collections, there are 7 Key Performance Indicators (KPIs) or Medical Billing Metrics to monitor financial performance. BillingParadise uses more than 7 KPIs, our 15 KPI model keeps track of almost every corner of RCM processes, especially Accounts Receivables.

- A/R Days
- First Pass Resolution Rate (FPRR)
- Gross Collection Rate (GCR)
- Net Collection Rate (NCR)
- Percentage of A/R Older than 60 Days
- Collections per Visit
- Contractual Variance

Similarly to the other 6 KPIs, it is important for any hospital to calculate its AR days to maintain a good revenue cycle and collection rates. While calculating the AR days the following KPI metric is used as a benchmark:

35 or fewer A/R days = Good or High Performance

35-50 A/R days = Average Performance

50 or more A/R days = Below Average or Poor Performance

Miscalculation of AR days can be invalid in terms of figuring out who has gotten reimbursed for the outstanding amount and who is yet to pay the amount. Hence, the following are three tips to help you calculate A/R days effectively.

## Individual measurement of A/R days for all insurances:

it's necessary to calculate the A/R days for all insurances individually. whereas creating the measurement of A/R days targets specific insurances that might take quite an average time to pay you the outstanding amount. this can assist you to stay track of late payments and preventive inefficiencies.

## Track AR over 90 and 120+ days:

If AR for a few specific payers measure over 90 or 120+ days then you want to check that to urge the payment as soon as possible. Active minimum A/R days for all of your payers ought to be your goal to attain high collection performance.



*Obtaining reimbursement for your services is important to take care of because without better collections resolving these 90 and 120+ AR days claims will assist your practice to create a sustainable financial performance to fund the clinical and administrative operations.*

## Including AR forwarded to collections:

Typically it happens that your in-house or medical billing office could forget to include the claims and accounts sent to collections. However, this could not happen because it can have an effect on your A/R days' calculation supplying you with a misleading outstanding value. So, whenever you calculate A/R days for any specific remunerator, check that to include accounts forwarded to collections.

## Outsource AR services:

AR follow-up is each a difficult and exhausting task. The method needs training and skilled AR experts to follow up on accounts receivables and create correct calculations of AR days for all payers. Therefore, it's helpful to outsource AR services from a medical billing and Revenue cycle management company and acquire skilled expertise.

## 04 The root causes of piling up AR:

There are various root causes of piling up AR, so much so that your in-house billers are overwhelmed by it and try to write it off as bad debt and uncollectible revenue. But we at BillingParadise say differently. Let us list down the root causes of piling up AR in detail:

### Paid through check:

The claims are paid through paper checks and the checks are neglected by your mailroom if you have a P.O. Box to collect the check and there is no staff that can manage the documents received in your mailroom or P.O. Box these checks will be expired as most paper checks have a time limit to be encashed.



## Provider issues:

Similar to the above-mentioned paid but not posted claims provider issues like credentialing, laps in contract, and not the right specialty can result in piling up AR. Since provider credentialing issues are notified by the payer through a letter and it usually ends up on the PO box or in your mailroom that is not being addressed can create unpaid claims submitted to that respective payer.

It is always better to have someone who is experienced in credentialing as a consultant to take care of these rising provider issues at the root so that your practice can bill out the services rendered and get paid instead of pended for more than a month and resulting in timely filing denials.

## Additional information request:

Additional information for the claim which is pended is always requested through correspondence or a letter describing the time frame to send the requested information. These documents are often overlooked by the in-house billing department resulting in 40% of all pending AR. This information is vital for the payer to determine whether the claim should be paid or not. Unless and until your billers are not going to concentrate on this your AR will be below the industry standards.

## Incorrect payer or carrier:

Sending the claims to an incorrect payer or carrier may result in more piling up and unresolved AR. The reason is that the payer end rejections are usually not delivered by the payer and unlike clearing house rejections that the EHR notifications will be posted, these payer end rejections are only available through their respective web portals and are sent back to the billing address.



Sending the claims to an incorrect payer or carrier may result in more piling up and unresolved AR. The reason is that the payer end rejections are usually not delivered by the payer and unlike clearing house rejections that the EHR notifications will be posted, these payer end rejections are only available through their respective web portals and are sent back to the billing address.

## 05 Importance of calculating net collections for better AR:

Learning about your net collection rate is crucial to gain a transparent view of your medical group or individual practice's overall revenue cycle. Still, your practice should do over simply check the net collection rate once per quarter and flow into the data to your organization's providers. You must need to watch the rate frequently and judge it over a period of time to spot fluctuations then investigate wherever and why any problematic changes arise.

Optimizing your net collection rate starts with understanding the way to assess your net collection rate. Conniving the net collection rate involves many vital steps:

- Identify the period that you simply need to monitor (e.g., ninety or a hundred and twenty days). Assess information from an earlier time period within which the bulk of claims would be closed and cleared; ~6 months back is advisable.
- Calculate total reimbursements (from patients and payers) for the selected period.
- Calculate total billed charges minus approved write-offs (e.g., Cortactual adjustments, bad debts, etc.) for the selected period.
- Divide your calculation in step two by your calculation in step three. Then multiply by one hundred.
- Do this systematically (e.g., every ninety days) for a period of time of a minimum of one year to urge the foremost correct average rate.



## **Methods to improve your net collection rate and AR:**

Your strategy to assist improve net collection rates can have different perspectives when looking at your problems and your goals for improvement. Once you have got the fundamentals of improvement lined by making certain your front desk staff keeps an eye on co-pays which your patients learn your payment policies you'll take a lot of strategic approaches. Auditing claims, coordinating a lot closer with Accounts receivable (AR) follow-up reps, and tasking workers with follow-ups will facilitate making sure you collect every single dollar owed which your net collection rates get as on the brink of 100% as potential.

Some methods to increase your net collection rates and AR include

### **(a) Methods to improve your net collection rate and AR:**

One of the simplest steps to require is to gather 100% patient-oriented Accounts Receivable (AR) such as copayments and deductibles at the initial point-of-service. A basic purpose of service collections definition is actually any and every one collection denote by Patient Access before and as well as the discharge date. This ensures that nobody walks out of the clinic with an outstanding bill and avoids the ensuing problem of collecting payments afterward, which may be even as inconvenient for the patient and for your practice. putting in place appointment reminders that inform patients they need to pay for medical services up-front is important for creating this strategy effectively. If a patient is unable to hide the price at that point, the appointment will be rescheduled or alternative payment choices will be mentioned.

## **(b) Educate patients a lot effectively:**

Most patients have solely an obscure understanding of how tending practices collect payments from insurance and should not have a transparent sense of their financial obligations after they obtain medical services. Providing a booklet or reference sheet to all or any patients that outlines their roles and responsibilities within the payment method will clear up loads of Patient's AR. It's conjointly vital to own somebody on workers World Health Organization has the financial experience to answer any queries patients might have regarding how the claims and payment method works to clarify the existing outstanding patient and insurance accounts receivable.

## **(c) Give patients with payment choices to reduce patient AR:**

Expanding payment choices needs some investment on the front-end, however, it will have a serious impact on net collections over time. Mailing out a request statement associated with asking patients to put in writing a check was an inefficient collection strategy thirty years ago, and it's even less economical nowadays.

As shoppers, patients are at home with having the ability to purchase services in a style of ways in which, whether or not it's by credit/debit card, through a web portal, or via a mobile app. for a few patients, associate time plan may well be the sole method they will really pay off their medical bills. By providing a range of payment choices, patients are way more doubtless to seek out one that suits their wants and pay their bills promptly thereby significantly reducing the patient side of unpaid accounts receivables (AR).

## **(d) Don't pressure your patient on pending AR:**

When evaluating the explanations for a low net collection rate, it's simple to assume that the matter stems from patients not paying their medical bills, therefore, increasing patient AR. In several cases, however, the problem has the maximum amount to try to do with the method the practice is handling its medical billing. Taking an excessive amount of time to submit claims, glitches in the electronic health record, and consistent errors in writing will all contribute to denied claims and lost revenue. Assessing the practice's end-to-end request method ought to be the primary step in any effort to boost a lackluster net collection rate.

## (e) Calculate Your AR and net collection rate relation systematically:

For the foremost correct net collection rate, your practice has to be calculated often. whereas net collection rate will be measured monthly, quarterly, semi-annually, or annually, the longer the timeframe, the lot of data you may get to give associate correct performance assessment of your practice. Calculating the net collection rate every ninety days for an amount of a minimum of one year can facilitate giving the foremost correct average rate.

## (f) Medical billing rates tracking and alternatives:

Although the net collection rate is one of the foremost valuable collection metrics of your practice, alternative medical billing rates are vital to track to receive the most effective understanding of your overall potency and success. following alternative metrics can even prepare your practice to remain before any accounts receivable (AR) challenges.

## 06 Significance of maintaining industry-standard AR benchmarks:

As healthcare providers, you are trained to gather patients' vitals and to observe or monitor medical conditions; however, what percentage of healthcare providers truly monitor the success of their practice? what percentage truly apprehend the age of their accounts receivables (AR) or whether or not they are achieving their best collection percentage?

The effectiveness of any in-house medical billing department or RCM company may be determined by some easy monthly reports and benchmarking. Benchmarking could be a method of shaping AR standards against which your current collection performance may be measured. it's calculable that two-hundredths of all follow to meet the factors that may outline their performance as a winning practice in terms of Accounts Receivables (AR).

The two basic benchmarks which are able to provide you with some insight into how your medical group or clinic is doing are



# The Percentage of AR over ninety Days and Average Days in AR.

## What is the percentage of AR over ninety days old?

This can be a straightforward formula of adding all of your aging buckets over ninety days and dividing this range by your total AR. though the calculation is straightforward, we have found that a lot of practice managers don't run monthly aging reports and don't know their AR.

This only creates a month-end crisis among the practice managers and the healthcare providers. Healthcare providers who are not aware of these methods only blame practice managers for not keeping track of the piling-up AR.

Benchmarks can vary depending on money handler combine and specialty. Specialties with a high volume of office visits ought to have a 'Days in AR' below thirty days.

Practices with a better magnitude relation of procedures to office visits will expect their claims to require longer, to induce the averages for your specialty, you'll reach bent your specialty association or MGMA. Below you'll notice general benchmarks, national averages, and wherever clients fall on the grid.

MGMA and HFMA industry standards are followed throughout the country. Most hospitals and health systems make it a mandate to implement these benchmarks in their weekly, monthly, and yearly reports compared to the previous month's collections and accounts receivable.

BillingParadise is keen on keeping the AR days below the industry standard benchmarks. Since our accounts receivable and RCM operations are designated for each and every specialty the collection rates are increased by reducing the days in AR.

We have analyzed the national databases and identified our performance when it comes to handling and resolving AR and collections. Here are a few examples:

Medical groups and individual practices	Days in AR	90+ days
Top 25% Best Performing Practices	38	12.92%
National Average Primary Care	36	12.92%
Surgeon National Average	51	12.92%
BillingParadise	23	12.92%

ASCs	Days in AR	90+ days
National Average Multispecialty	26.3	11.60%
National Average for ASC's	36.8	17.80%
National Average for Multi/Ortho	42	18%
National Average for GI	30	13%
National Average for Eye	27	12%
BillingParadise	19	4%

## 07 Usage of automation technology for easy resolution of AR:

Medical groups and individual practices overlook the power of automation technology to overcome increasing AR or any RCM process incompetencies for that matter. In the past 5-6 years hospitals and health systems have used automation technology and automation systems to streamline certain processes that are very hard for staff to handle. Some of the technology and automation tools can be customized to fit the needs of medical groups and individual practices.

Most practice managers believe that AR is a completely manual process and only can be performed by staff, well that is not entirely true. Automation systems can prevent the piling up of AR and can give insight to your staff on forthcoming AR problems.

Industry standards suggest the claim AR days of well-performing healthcare organizations should not be above 50 days, it proves that errors in medical billing and delayed collection. Using Robotic Process Automation (RPA) for accounts receivable is much faster as the claims above the healthy AR days benchmark will be solved by the RPA bots.

Hospitals and medical group practices are often seeking ways to reduce Account Receivable (AR).

Healthcare providers need to improve their cash flow by implementing possible digital transformation using RPA.

Focusing on reducing AR with RPA will help to identify the possible point of revenue leakage and address it. Here are some of the ways Hospitals and medical practices can effectively reduce AR using RPA.



- Using RPA Bots to analyze ERA or EOB right after it is received.
- Cataloging payments from denials and unpaid/pended claims automatically using RPA.
- Setting up RPA bots than can track EDI movement after submission to avoid rejections.
- Prioritizing AR days of the submitted claims using RPA bots.
- Enabling staff to address claims that cannot be solved using payer portals or by analysis.

Once the RPA bots have prioritized AR days your in-house AR staff can call payers and understand the root cause of unpaid claims to avoid future pending payments and unaccounted claims.

Most RCM experts say healthy AR days can range from 20-30 days, however, that is not the best practice. Hospitals, health systems, and medical groups should have the practice of closing the AR within 7-15 days.

If in case the patient has secondary or tertiary payers it should not cross the 25 days benchmark. RPA-enabled AR technology will ensure that the AR days are within reasonable benchmark standards to reduce the reimbursement time period and increase collections simultaneously.

BillingParadise has developed various RPA bots to suit the RCM operations required for each and every healthcare organization because we understand that every practice RCM operation is carried out differently.

BillingParadise and our certified RPA and RCM experts have researched and developed AR RPA for medical groups and hospitals where they benefited from the quicker reimbursement days and lesser unattended, unpaid and pended claims.

The more unattended the claims are the more AR days are piled up reaching 120+ and are written off as bad debts.

## 08 BillingParadise's AR operations feature:

According to surveys conducted by HFMA 80% of hospitals and clinical groups only concentrate on their current claim billing, after the claims have been filed the in-house staff thinks that these claims are reimbursable. But that is an incorrect assumption, partially the claims which do not receive any payment will be on hold or pending additional information.

Few claims are paid, but not reflected in the ERA or no paper EOBs/checks will be sent by the insurance. These checks will be eventually outdated resulting in the omission of willfully received payments.

In order to ensure these kinds of misrepresentations of all claims filed will be paid is a false notion and hospital and practice administrators need to realize that accounts receivable is a key element in improving the hospital/clinical groups' performance in terms of overall revenue. Hospitals and clinical groups usually have an in-house biller who has to take care of everything right from patient eligibility verification to sending out patient statements and lack the time to concentrate, other Hospitals and clinical groups hire outsourcing vendors who do the same and do not follow up with the outstanding and current accounts receivable.

BillingParadise assigns a dedicated accounts receivable team which only focuses on the Account receivable process of the RCM.





## Benefits:

Have an upper hand when it comes to pending AR by an experienced Accounts receivable team which your billers miss to follow.

## Claim Rejections resolution:

As soon as a claim is transmitted from the EHR to the EDI/clearinghouse, not all claims are approved to be transmitted to the insurance companies.

There are EDI/clearinghouse edits that check the 837 data in terms of NCCI edits, CMS 1500 errors, etc. If this information is incorrect or is contradicting the EDI/clearinghouse edits the claim is rejected by the EDI/clearinghouse. Our first responsibility is to run a rejections report every single day after the claim submission, which helps us to stop claim rejections from the roots and set up a configuration accordingly in the respective EDI/clearinghouse.

## AR analysis:

Once the claim has been filed and has reached the insurance and the payment was not issued or has been pending by the insurance company in need of additional information from the hospital or clinical groups. These claims are usually denied and that information is provided through paper EOBs or ERAs. BillingParadise's AR analysts will track down this denial and submit necessary information or corrections in the claim and ensure these pending claims are paid by the insurance companies.

## AR calling:

According to our average client's reimbursement rates we find that before we had managed their Accounts receivables, 20% of the claims transmitted to insurances do not receive any information through EOBs or ERAs. BillingParadise deploys AR calling agents to contact insurance companies on behalf of the hospital or clinical group and obtain necessary information if the denied information is not readily available on insurance websites. We also use our AR callers to get faxed or emailed EOBs to upload them in the EHR for future reference.

## Features:

BillingParadise's AR management resources follow the best practice of keeping your Accounts receivable in check by using the industry standard benchmarks by keeping days in AR within 28-30 days.

Our AR resources use a medicare reimbursement time frame of 14 days from the date of submission and apply it to all the other payers and pay close attention to the claims which did not receive any kind of correspondence or denials.

BillingParadise AR resources will use Multiple KPIs which will keep the hospitals in check of the weekly performance on their collection ratios and it's our AR resources' responsibility to fact check and strategize if any leak in revenue is detected.

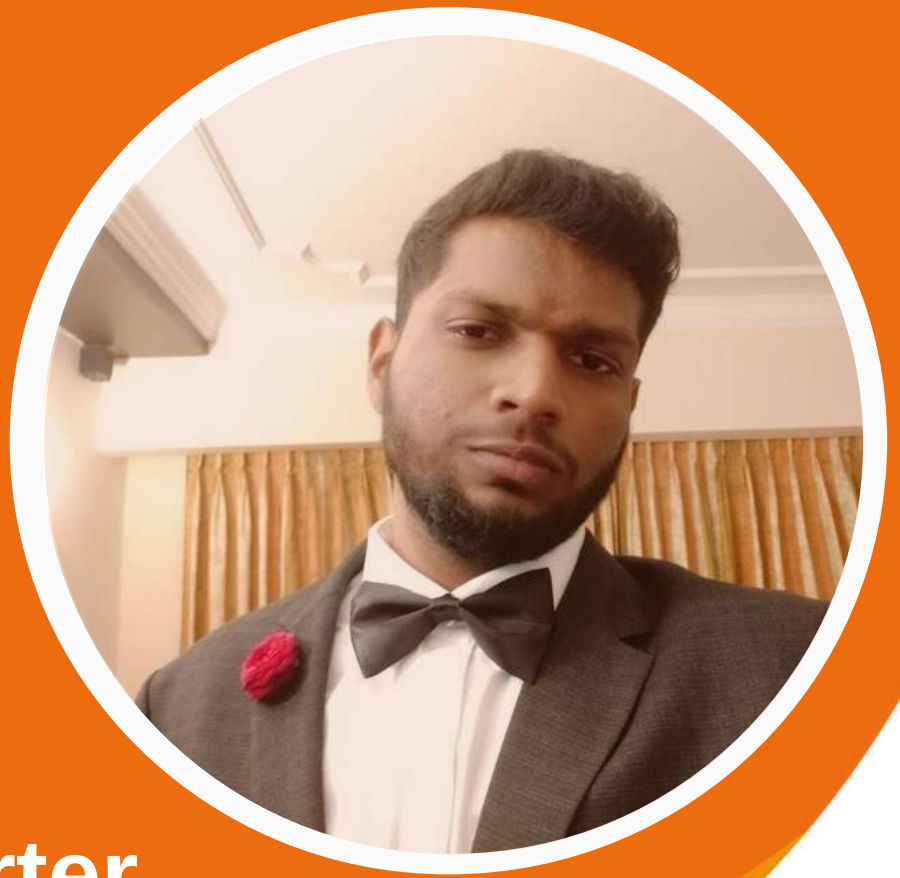
BillingParadise provides evidence in recovering most of the pending claims accounts receivables within 15-20 days of our services start date. Physicians and hospital administrators have noticed immediate cash flow and revenue retaining each month by comparing various reports provided by our Accounts receivable teams.

## 09. Conclusion

It is high time that Hospitals and clinical groups consider moving their pending accounts receivables to BillingParadise Accounts receivable services and benefit from the immediate change in cash flow.



# About the Author



## Wayne Carter

*Content Writer*

Experienced RCM Content Creator who has hands of experience in Revenue Cycle Management and Healthcare Automation for over 9 years.

He has also been focussing on Denial Management and AR Recovery. Also, he works closely with the Sales and Marketing team to strategize content for lead generation.



**BillingParadise**

Revenue Cycle Masters



**BillingParadise**  
Revenue Cycle Masters



## CONTACT US



**+1 470-285-8986**



**info@billingparadise.com**



**www.billingparadise.com**