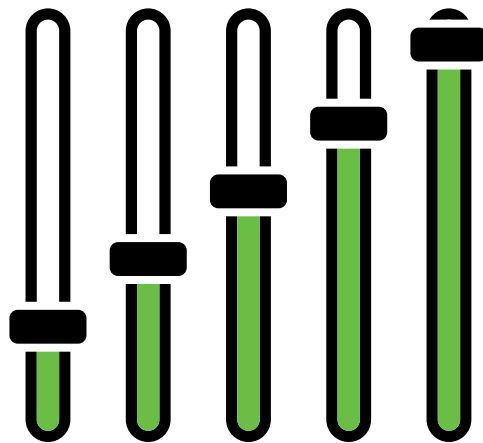


John W. McDaniel, MHA  
Michael W. (Bill) Carbrey, MHA  
Rob T. Hardy, MHA, FACHE, CMPE  
Chance W. McDaniel, CPC

# The Five Levers

*for*

# Medical Practice Improvement



## TESTIMONIALS

“For the seasoned executive or the student of health care management *The Five Levers for Medical Practice Improvement* is a “must have” reference. Having spent a career in healthcare management I have yet to find a resource that in one place presents such a fine and premier set of reference materials. John and his associates have hit the mark; this is a true “bull’s eye”—one source publication. I can’t overstate the practical regular use the healthcare manager, student or physician will make of this publication. It will prove invaluable as a “go to” manual for anyone truly committed to understanding the complex environment of practice management. I highly recommend this for the executive’s reading and reference library.”

Mark F. Keiser, MBA, MHA, MPH, FACHE  
President/CEO  
Access Health Louisiana  
Kenner, LA

“I’ve known John W. McDaniel, MHA, Founder and Chairman of Peak Performance Physicians, LLC, for 30 years and have worked with him on behalf of numerous of our hospital association members of both the Texas Hospital Association (THA) and the Texas Organization of Rural & Community Hospitals (TORCH). He and his company are one of the most knowledgeable organizations around today when it comes to Physician Practice Improvement. They offer an extensive range of physician advisory services with a client base of major hospital companies, health care systems, rural and community hospitals and medical practices. Healthcare providers who have used Peak Performance Physicians, LLC have reported to me only the *highest praise* for the work done.”

Vicki A. Pascasio, FACHE  
President/CEO  
TORCH Management Services, Inc. (TMSI)  
Austin, TX

“Let the truth be told, that doctors, including myself, are not very competent business-people. This is not because of lack of skill (or desire) to become more knowledgeable about the business aspects of a medical practice. It’s merely because the medical school training is solely focused on doctors learning clinical skills. I have written several books on marketing and the business of medicine and have read dozens of books on controlling the business component of a medical practice, but none is a comprehensive and thorough as John McDaniel’s resource, *Five Levers for Medical Practice Improvement*. I believe every doctor and every office manager will consider this compendium as the bible for their practice.”

Neil Baum, M.D.  
Author of *Three Stages of a Physician’s Career*, Greenbranch Publishing, 2017  
Professor of Clinical Urology  
Tulane University Medical School  
New Orleans, LA

“The *Five Levers* provides hospitals and practices with one-stop shopping for access to essential materials for developing and operating a successful physician practice. The reader will find that the forms, checklists, spreadsheets and other resource materials provide essential user-friendly practical guidance that are extremely useful to ensuring the successful operation and financial performance of a practice.

The experienced team at Peak Performance Physicians have compiled, in one location, a compendium of years of practical guidance that you will find invaluable.”

Jack M. Stoller  
Attorney  
Sullivan, Stoller, Schulze & Grubb, LLC  
New Orleans, LA

“Harrison wrote the “go to” textbook on Medicine, Sabiston on Surgery. If there was ever an authority I would choose to write the definitive treatise on Medical Practice Management, it would be John McDaniel and his expert team at Peak Performance Physicians. Fortunately you, the reader, hold their wisdom in your hands!

Princeton Brain and Spine physicians have relied on the guidance, mentorship, and strategies of PPP for nearly two decades. We began as a one physician, two employee practice. Over the years we have transformed into a 13 healthcare provider, 70 employee multispecialty group in a highly competitive environment. A big reason for our successful growth, development, and unity is that, from inception of the practice to present day, we invested in a long-term consulting relationship with PPP. That investment yields great dividends.

This resource is a compendium of PPP’s extensive experience and battle-tested comprehensive methodology in the mercurial and challenging world of medical practice management. I highly recommend this book and their consulting expertise. Every great team needs a great coach. Working with PPP, we feel like we’ve had John Wooden!”

Mark R. McLaughlin, MD, FACS, FAANS  
Founder, Princeton Brain and Spine Care  
Princeton, NJ

“I have had the distinct pleasure of not only being part of John’s team early in my healthcare journey, but also working closely with him on numerous high profile and successful initiatives throughout my career. John has created a physician-focused approach to enhance the operations of medical practices for both independent and hospital owned entities thus leading to many successful outcomes. In addition, the value created by John’s work and vision goes far beyond the day-to-day operations; it is carried out for years to come. This publication is a testament to John’s dedication to the physician practice arena and sheds light on a different way of thinking about the future of care delivery. Well done.”

Ben Frank, MBA  
Past CEO and current senior healthcare leader  
Cleveland, OH

“I have worked with John W. McDaniel, Michael W. (Bill) Carbrey, and Rob T. Hardy, of Peak Performance Physicians on several medical staff, physician, and hospital compliance and operational issues. In my experience, Peak Performance Physicians have proven to be very knowledgeable and have helped me and my clients navigate through some very difficult and complex compliance and operational issues. In an ever-changing environment, it is important to have trusted consultants that you can use when needed.”

Robert L. Spurck  
Attorney  
Reed, Claymon, Meeker & Hargett, PLLC  
Austin, Texas

“Peak Performance has been a real asset to our organization. We utilized their services to evaluate our hospital-owned physician practice and found them to be very thorough in their approach and analysis. The product of their work was a wealth of data which will aid us in improving the practice and performance. I strongly recommend their services to anyone struggling with the challenges of growing or improving practice performance in today’s increasingly complex provider environment.”

Dennis Medley  
CEO  
Physicians Medical Center  
New Albany, IN

“I have known John McDaniel and Peak Performance Physicians for over 5 years, and after fully engaging him and his company our practice has, “turned around.” Reading the *Five Levers for Medical Practice Improvement*, I can see how his team was able to improve our medical practice. If you *really* want a DIY (Do-it-Yourself) project for your practice, *The Five Levers* is a great place to start.”

Lawrence Allen, MD  
Diagnostic Center of Medicine, LLP  
Las Vegas, NV

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# The Five Levers *for* Medical Practice Improvement

John W. McDaniel, MHA  
Michael W. (Bill) Carbrey, MHA  
Rob T. Hardy, MHA, FACHE, CMPE  
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This book is not intended as a substitute for the medical advice of physicians. The reader should regularly consult a physician in matters relating to his/her health and particularly with respect to any symptoms that may require diagnosis or medical attention.

The strategies contained herein may not be suitable for every situation. This publication is designed to provide general medical practice management information and is sold with the understanding that neither the author nor the publisher is engaged in rendering legal, accounting, ethical, or clinical advice. If legal or other expert advice is required, the services of a competent professional person should be sought.

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## DEDICATION

Aside from the loving support of our families, this book is dedicated to Kristen Muller, Executive Assistant and Financial Analyst with Peak Performance Physicians, LLC. While Kristen was responsible for the initial development and continued refinement of most of the resource content and intellectual property contained within this book, her loyalty, diligence and incredible stamina through the years are immeasurable. Her work has resulted in this outstanding compilation of information necessary for the operational and financial performance of both hospital-affiliated and private medical practices.

## ACKNOWLEDGMENTS

It is difficult to thank everyone responsible for our success over the course of our careers. Certainly, we have been privileged to work with hundreds of hospitals and thousands of physicians with respect to providing our physician practice management and consulting services. Indeed, we have learned as much from them as they have learned from us.

We greatly appreciate the assistance and guidance from Nancy Collins, President and Publisher with Greenbranch Publishing. Nancy and her staff have been invaluable in navigating us through this endeavor and making this program a reality.



## ABOUT THE AUTHORS

### **John W. McDaniel, MHA — Founder and Chairman**



John W. McDaniel is Founder & Chairman of Peak Performance Physicians, LLC. From its New Orleans, Louisiana base, the firm has exhibited impressive growth as evidenced by its nationwide clientele and a strong reputation in the physician practice management industry.

In addition to its work with hospitals and physicians across the United States, Peak Performance Physicians, LLC presents educational workshops, publishes a healthcare newsletter and offers an Administrative Residency in Medical Practice Management for Tulane University School of Health Systems Management for future health care executives, offers an internship in Medical Coding through the University of New Orleans and offers an Administrative Residency through the Health care Management Program of the University of Alabama. Mr. McDaniel is a contributing author and a member of the Editorial Board to *Physician Practice Options*, a monthly physician practice newsletter with a distribution of 200,000 physicians and also serves as Editor-in-Chief of *The Physician's Compliance Alert*.

Furthermore, Peak Performance Physicians, LLC is the only physician practice management organization fully endorsed by several state hospital associations and other various medical organizations throughout the United States. Peak Performance Physicians, LLC is also an endorsed company by the American Academy of Family Medicine.

In addition to overseeing the development and growth of Peak Performance Physicians, LLC since 1989, Mr. McDaniel also has fifteen years experience in hospital administration, having served as President and Chief Executive Officer of health care systems in North Carolina, Alabama and Louisiana. He earned a Masters Degree in Health Care Administration from George Washington University and was selected as their 1985 Alumni of The Year In Health Services Administration. Mr. McDaniel has been published in *The Wall Street Journal*, *The Harvard Business Review* and has made numerous presentations to industry and professional associations affiliated with the health care industry. He is also co-author of the book, *Disaster Planning for the Clinical Practice*. Contact him at: [peakjwm@gmail.com](mailto:peakjwm@gmail.com). LinkedIn: John W. McDaniel

### **Rob T. Hardy, MHA, FACHE, CMPE — President & Chief Executive Officer**



Rob Hardy is President and Chief Executive Officer of Peak Performance Physicians, LLC. Rob has been involved in Central Texas healthcare since becoming an Austin EMS paramedic in 1977 and completing a BS degree at the University of Texas in Health Education. After 11 years in EMS, he went into the public health field at the (then) Texas Department of Health. After completing a Master's degree in Healthcare Administration in 1992, he embarked upon a long and

varied career in physician practice management. Having held various executive level positions at Austin Diagnostic Clinic, Murfreesboro Medical Clinic and Surgicenter, Scott and White, Austin Pathology Associates, King's Daughters Clinic, and Advanced Pain Care. He has also served as a consultant and interim administrator in such varied settings as a critical access hospital and rural health care clinics. Board Certified by both the American College of Healthcare Executives and the American College of Medical Practice Executives, Rob is currently working in the physician practice management industry, helping physicians and administrators make sense of the ever-changing world of modern health care. A PhD candidate (ABD) at the University of Texas, he is a believer in lifelong learning. He is married to Carol, another UT grad, and they are the proud parents of Helen, a Master's candidate at Middle Tennessee State University and a Texas A&M graduate, and Jonna, an sophomore at Baylor. Contact him at: [rob.hardy@peak-phys.com](mailto:rob.hardy@peak-phys.com)

**Michael W. (Bill) Carbrey, MHA, ACHE, CMC —  
Executive-Vice President & Chief Operating Officer**



Michael W. Carbrey is Executive Vice President and Chief Operating Officer of Peak Performance Physicians, LLC. Mr. Carbrey has over 30 years health care experience in a variety of roles including Hospital Administration, Contract Management, Health care Consulting, Practice Management and Acquisitions. His experience in Physician Management extends back to 1984 when the hospital that he was running purchased seven physician practices.

He has developed web sites for physician groups and started the first physician practice management portal [VPMcom.com](http://VPMcom.com). Established in the infancy of the internet it boasted the largest physician usage in 1996 and 1997. It was during this time period that Mr. Carbrey established a physician practice management consulting company, Carbrey & Associates, Inc., and established a national referral base for management consulting.

Mr. Carbrey joined the Administrative Team at South Texas Health System, wherein he oversaw the Physician Management and Development portions of the system. In this role he also oversaw physician recruitment for the five facility system. The system established a Physician Practice Organization (501a) and purchased and managed a 13 person, \$52 million dollar cardiology practice; Mr. Carbrey was the president of that organization.

Recently, Mr. Carbrey rejoined Peak Performance Physicians, LLC, a national physician practice and hospital consulting company. Peak Performance Physicians consults with Hospitals on Physician Integration, and Physicians on Medical Practice Improvement.

Mr. Carbrey has been published in healthcare journals, and has been a guest lecturer at the Family Practice Residency Program in McAllen, TX, teaching practice management tools to the residents and faculty. Additionally, he is listed as a guest lecturer and consultant for the Texas Medical Association. Mr. Carbrey served as a Hospital Corpsman in the U.S. Navy, and was honorably discharged. Contact him at: [bill@carbrey.com](mailto:bill@carbrey.com)

### **Chance W. McDaniel, CPC — Vice President, Coding and Compliance**



Chance W. McDaniel, CPC, is the Vice President of Coding and Compliance for Peak Performance Physicians, LLC. Mr. McDaniel is responsible for overseeing the Coding and Compliance Programs and Medical Practice Compliance and Integrity Programs for hospital affiliated and private practice physicians clients. He also serves as Managing Partner of RepMD, which represents physicians looking for practice opportunities with both hospitals and private medical practices within specific geographic areas.

Mr. McDaniel received his B.A. degree in Telecommunication from the University of Alabama. Contact him at: [chance.mcdaniel@gmail.com](mailto:chance.mcdaniel@gmail.com)

### **Kristen Muller — Financial Analyst**

Ms. Muller's duties at Peak Performance Physicians, LLC include financial analyses involving financial data and interpretation of operational statistics for the medical profession as well as handling internal accounting and day- to- day operations. In addition, she trains clients in regard to their accounting software system including payroll/bank reconciliations/payables and implementing internal controls and personnel policies and procedures. She has extensive experience in reviewing analyses of financial information along with coding data and methods of improving income to boost profits and prevent audits. She strives to provide superior value by providing personal attention and insightful advice to enable clients to make informed decisions to improve practice operations. Through her 15 years with Peak Performance Physicians, LLC, Ms. Muller has shown consistent and proven ethical behavior driven solely by what is best for Peak clients while safeguarding all sensitive information of both the clients and company. Contact her at: [info@peakphys.com](mailto:info@peakphys.com)

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# Introduction

In any healthcare enterprise, whether a hospital, medical practice, nursing home, home healthcare entity, etc., there are five (5) key areas for financial and operational performance improvement, those being Reimbursement Systems, Billing and Collection Processes, Accounts Receivable Management, Operations Improvement and Practice Growth. These five (5) areas allow the organization to leverage its profitability potential for the benefit of patients, owners and employees.

This compendium of resources, *The Five Levers for Medical Practice Improvement*, focuses on these five (5) levers targeted toward all healthcare practices, since the same principles apply. The mission of the authors is to provide hospital CEO's, physician network executives, medical practice administrators and physicians with a collection of resources necessary to monitor, manage and inspire change for medical practice improvement.

*The Five Levers for Medical Practice Improvement* is an exhaustive collection of 200+ resources (in Word and in PDF format) for the healthcare practice, including a chapter overview for each section—to put the forms/checklists/spreadsheets in context for performance improvement in your practice.

Whether you are a physician, practice manager, hospital CEO/COO/CFO or Director of Physician Services, you will find that the “Five Levers” is cost-effective and easy-to-use, up-to-date, and user-friendly for all your operational needs. *The Five Levers for Medical Practice Improvement* includes everything you need—customizable office procedures and worksheets and templates and excel spreadsheets and checklists—all designed for busy practice leaders and managers.

In addition to the “Five (5) Levers” content, we have also included a wealth of information in the form of “Additional Resources.” These resources include the following: A Compliance and Integrity Program, a Disaster Plan, an Employee Handbook, a HIPAA Manual, a Medical Practice Staff Development Plan, an OSHA Compliance Plan, a section on Physician Compensation Issues, a Physician Practice Start-Up System, and resources regarding Physician Compensation Issues including Sample Forms and Checklists dealing with every aspect of medical practice management.

It is our sincere hope you will be able to utilize the templates and tools contained within this resource to improve both the operational and financial performance of your healthcare practice.

John W. McDaniel, MHA

Rob T. Hardy, MHA, FACHE, CMPE

Michael W. (Bill) Carbrey, MHA, ACHE, CMC

Chance W. McDaniel, CPC

## CHAPTER SUMMARY: CHAPTER II

# Billing And Collection Processes

**B**illing and Collection Processes are the second part of Revenue Cycle Management, and many of the concepts introduced in Chapter I, will have particular and specific causal relationships with the Billing Process. Knowing what to bill, where to bill, when to bill and how to bill, is the lifeblood of the healthcare practice revenue stream. This facet of the Revenue Cycle has multiple components and we have identified key areas, each with multiple elements.

### BILLING ISSUES

---

Many of the Billing Errors and Mistakes can be resolved by having knowledge of the Billing Rules and Forms. Although we submit claims electronically, the format for all bills, remains for the most part the same. Reading and understanding both the “Part B” regulations and the CMS 1500 form will result in more “clean claims” and fewer claims rejections for Clerical Errors.

**HINT:** The line by line guidance on how to complete the CMS 1500 form is found in the following Medicare Manual:

*Medicare Claims Processing Manual Chapter 26 — Completing and Processing Form CMS-1500 Data Set, Table of Contents (Rev. 3547, 06-22-16)*

The second major area for claims rejections is incorrect patient data. Knowing your patient and checking for correct demographic and insurance information on each patient visit will further reduce claims rejections.

**HINT:** When collecting patient information and completing forms, always remember:

*It's speed **and** accuracy,*

*Not speed **or** accuracy.*

The final aspect of knowing the regulations, is to be aware of your MAC's LCD's and other payors' rules for billing services; e.g. specific diagnoses for specific testing.

Reviewing each of these contracts, rules and LCD's is tedious, but will pay off in fewer claims rejections, denials and resubmissions. Equally, by knowing the rules, the ability to appeal or contest a denial will work in favor of the healthcare practice. Other rules to know are the following: When to have Advanced Beneficiary Notices completed, How to bill for Non-Physician Practitioners (Incident to), Use of Place of Service Codes, and Modifiers. Equally, as stated above, knowing and controlling the "Claims Denial Process" will allow Physicians to collect all they are owed and strengthen the financial viability of the medical practice.

## ADVANCED BENEFICIARY NOTICE

The ABN is a written notice you must issue to a Fee-For-Service beneficiary before furnishing items or services that are usually covered by Medicare (but are not expected to be paid in a specific instance for certain reasons) such as lack of medical necessity.<sup>1</sup> The ABN is required to be on the CMS form: **Advance Beneficiary Notice of Noncoverage (ABN), Form CMS-R-131**.

The ABN has certain restrictions on when and how frequently the ABN can be used, as well as what to do if the patient refuses to sign. Additionally, ABN's must be filled out correctly. The table below has references that you can use. Please make sure that you remember to refresh your copies to ensure the latest information.

### ABN Forms and Instructions, Rules, and Financial Liability Protections

- ABN Questions Revised [ABN\\_ODF@cms.hhs.gov](mailto:ABN_ODF@cms.hhs.gov)
- General Information <https://www.cms.gov/Medicare/Medicare-General-Information/BNI/ABN.html> on the CMS website
- "Medicare Claims Processing Manual" (Publication 100-04), Chapter 1, Section 60.4.1, located at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c01.pdf> and
- Chapter 30, located at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c30.pdf> on the CMS website

## NON-PHYSICIAN PRACTITIONERS (INCIDENT TO BILLING)

One of the more complex set of rules is those involving the use of Non-Physician Practitioners (NPP) or midlevel providers. The complexity is driven by three factors, the State in which the NPP lives and works, the location of the services provided, and the provider or facility guidelines. In determining the full "scope of practice," we generally use following hierarchy in answering questions about NPPs:

- Level I Hierarchy: State Regulations
- Level II Hierarchy: Provider or Facility Guidelines

1. CMS, ABN Booklet, ICN00626, October 2016

- Level III Hierarchy: CMS Billing (and documentation) requirements
- Level IV Hierarchy: Non-Medicare CMS billing requirements (Commercial)

Additionally, the collaborating physician has certain documentation requirements, when using an NPP, and the documentation requirements change based on the location of services. Finally, compounding the complexity is the fact that the NPP rules are found in different parts of the CMS, State, and Commercial regulations, and no “official” single document exists.

## PLACE OF SERVICE

Place of Service has become more difficult for the physician office staff, as the location and definition of a patient are now important differentiations. Patients in a hospital bed may now be considered Outpatients (Observation) and frequently the classification changes. Equally, the different facilities, LTAC, Rehabilitation, Skilled Nursing, Nursing Home, and Home Health in a facility, all lead to confusion on the part of billing staff. The importance of knowing the “place of service” cannot be overemphasized.

### Modifiers

Coding Modifiers have always been important. However, the changes proposed and implemented have made even the simplest modifier placement questionable. When to use modifier 25, or 59 have long been topics of discussion, and the recent removal of the L1 modifier has caused many claims to be rejected. Annually, the Code Sets and the Modifiers may be adjusted either in the CPT® Codes, the Medicare Manual, NCD’s or LCD’s. Annual education or documentation reviews by the billing staff are increasingly more important and becoming almost mandatory to ensure a smoothly run Claims Processing.

**HINT:** AT the Hospital does not mean IN the Hospital;

**And**

In the Hospital does not always mean an **Inpatient**

### Tools, Assessments, Reviews and Analyses

Over the past years we have developed many checklists, which allows the Practice to do a self-review of the billing and collection system. The Tools, Assessments, Reviews and Analyses allow the medical practice to identify elements of concern, and develop corrective actions to optimize the Billing Cycle. Some of the Tools contained in this resource are:

- Sample Revenue Cycle Management Assessment
- Sample Practice Trending Reports
- Key Performance Indicators

# The Five Levers for Medical Practice Improvement

By John W. McDaniel, MHA, Michael W. (Bill) Carbrey, MHA,  
Rob T. Hardy, MHA, FACHE, CMPE, and Chance W. McDaniel, CPC

As a healthcare practice executive or manager, you likely handle all the operational issues in the practice. Don't waste another moment of valuable time searching for (or developing) a worksheet or spreadsheet or job description or checklist for your healthcare practice. The new all-in-one resource, *The Five Levers for Medical Practice Improvement* is here to assist you.

Greenbranch Publishing has partnered with the authors from *Peak Performance Physicians*, who have organized and produced a comprehensive compendium of resources necessary for improvement of financial and operational performance in hospital affiliated and private healthcare practices.

According to the Expert Authors, in any healthcare enterprise, there are five (5) critical areas for financial and operational performance improvement:

1. Reimbursement Systems
2. Billing and Collection Processes
3. Accounts Receivable Management
4. Operations Improvement
5. Practice Growth

These 5 areas allow organizations to leverage its profitability potential for the benefit of patients, owners, and employees. *The Five Levers for Medical Practice Improvement* is an exhaustive collection of 200+ resources (in Word and in PDF format) for the healthcare practice, including a chapter overview for each section—to put the forms/checklists/spreadsheets in context for performance improvement in your practice.

Whether you are a physician, practice manager, hospital CEO/COO/CFO or Director of Physician Services, you will find that the cost-effective and easy-to-use, up-to-date, and user-friendly for all your operational needs. Review the detailed Table of Contents below. *The Five Levers for Medical Practice Improvement* includes everything you need—customizable office procedures and worksheets and templates and excel spreadsheets and checklists—all designed for busy practice leaders and managers.



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**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

ISSUE	RECOMMENDATIONS	STATUS	RESP. PARTY	DUE DATE
I. Reimbursement Systems	1. Conduct ongoing in-service training with respect to consistent application of patient financial policies and procedures.			
	2. Develop quarterly performance monitoring benchmarks for business office operations.			
	3. Consider addition of Managed Care Module to information system in order to improve managed care contracting reporting capabilities.			
	4. Investigate electronic posting capabilities.			
	5. Conduct Annual Professional Fee Schedule Review.			
	6. Consideration should be given to creating a central reference/resource library. This library would include patient financial policies and procedures, information system resources, provider/payor manuals and should also include a centralized master file, by physician, for all managed care contracts and provider numbers. Furthermore, we would recommend that each employee be in-serviced as to the content of this library and given a master list of all resources.			
	7. Increased surveillance as to the charge/collection/adjustment ratios by payor should occur in order to detect areas of low reimbursement and/or delayed payments from major managed care companies.			
	8. Develop performance benchmarks for clinic personnel with respect to claim rejection and denial rates.			
	9. Implement Coding Compliance Program.			
	10. Monitor coding utilization for appropriateness and reimbursement impact on a quarterly basis.			
	11. Conduct Quarterly Chart Audits to ensure appropriateness of coding.			
	12. Develop Coding Policy & Procedure Manual.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

ISSUE	RECOMMENDATIONS	STATUS	RESP. PARTY	DUE DATE
I. Reimbursement Systems	13. Conduct Charge Validation Studies.			
	14. Implement Managed Care Contract Fee Schedule Review.			
	15. Conduct Managed Care Contract Analysis/Evaluation.			
	16. Conduct CPT-4 Frequency Review.			
	17. Conduct ICD-10-CM Frequency Review.			
	18. Validation of Superbill/Encounter Form for additions/deletions.			
	19. Implement Patient Waivers.			
	20. Implement Advance Beneficiary Notice (Medicare).			
	21. Place Patient Payment Notices in Reception Area.			
	22. Develop written guidelines for determining co-payments, deductibles and standard coverage for insurance companies.			
	23. Perform spot audits with respect to the preparation of day sheets reconciled against daily deposits and daily patient activity (superbills). To verify collections of copayments, deductibles, non-covered services and outstanding balances.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

ISSUE	RECOMMENDATIONS	STATUS	RESP. PARTY	DUE DATE
II. Billing and Collections Processes	1. Develop Tracking Program for claim rejections/denials follow-up on a monthly basis.			
	2. Monitor the duration for refiling of outstanding rejected claims and denied claims in order to facilitate cash flow.			
	3. Develop system for tracking compliance with patient payment plans.			
	4. Establish performance benchmarks for improved Over the Counter Collections.			
	5. Review/revise current secondary billing processes.			
	6. Review/revise Small Balance Policies for write-off processes.			
	7. Implement system to ensure timely collection of information regarding hospital charges.			
	8. Develop policies and procedures with respect to patient payment plans.			
	9. Ensure consistent performance by front-end personnel with respect to insurance verification and pre-authorization processes.			
	10. Schedule quarterly meetings with major payors to discuss payment and administrative issues.			
	11. Develop summary format for Top 25 Insurance Companies utilizing the following information: -Charges/collections/adjustments -Aged Trial Balance			
	12. Consideration should be given to the reasons for write-offs on a monthly basis since there might be occasions when non-covered services are written-off instead of billing the patient. This further necessitates the need to obtain the Advanced Beneficiary Notice (waiver) at patient registration.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

ISSUE	RECOMMENDATIONS	STATUS	RESP. PARTY	DUE DATE
II. Billing and Collections Processes	13. Maximize Electronic Claim submission and Electronic Posting capabilities for all participating payors.			
	14. Develop Policies, Procedures and Monitoring Reports for bad debt and write-off processes.			
	15. Conduct Payor Mix Analysis.			
	16. Develop/Implement Medical Practice Financial Policies and Procedures.			
	17. Review/Develop Business Office Forms.			
	18. Implement acceptance of credit cards for over the counter payments.			
	19. Effectiveness should be evaluated monthly against key financial and operating indicators.			
	20. Ensure billing occurs within 2 days of patient visit.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

ISSUE	RECOMMENDATIONS	STATUS	RESP. PARTY	DUE DATE
III. Accounts Receivable Management	1. The Practice should conduct a monthly audit of Accounts Receivables and claim denial follow up and review the notes on each particular account in order to ensure each account is being properly worked on a monthly basis.			
	2. Develop quarterly monitoring benchmarks for collection agency performance.			
	3. Develop performance benchmarks to improve accounts receivable management performance to MGMA Median.			
	4. Consideration should be given to developing a system for tracking compliance with patient payment plans and the development of specific policies/procedures/criteria for the establishment of patient payment plans.			
	5. Conduct Analysis of all outstanding accounts in excess of sixty (60) days to determine status of insurance follow up, secondary payor status and make determinations to change any accounts to self pay.			
	6. Review Aged Trial Balance by Insurance Company.			
	7. Ensure timely write-offs and turnover of accounts to collection agencies.			
	8. Consider Cycle Billing of patient statements.			
	9. Target Collection Agency recoveries from 6% - 10%.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

ISSUE	RECOMMENDATIONS	STATUS	RESP. PARTY	DUE DATE
IV. Practice Compliance & Integrity Program	1. Determine that patient credit balances (patient refunds) are processed on a timely basis.			
	2. Consideration should be given to developing a Medical Practice Compliance Program, particularly focusing on coding and reimbursement issues.			
	3. Implement Coding Compliance Program.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

**OVERVIEW OF LEADING FINANCIAL INDICATORS**

<b>Billing Function</b>	<b>Service Expectation</b>	<b>Actual Performance</b>	<b>Target</b>
Registration	Obtain demographic and insurance information		98% accuracy
Prior authorization	Determine prior authorization for services		98% accuracy
Time-of-service collections	Collect copayments, patient accounts balances, deductibles, co-insurance		Copay: 98% Others: document Attempt
Coding	Physician coding  Certified coders for		Chart audits for coding accuracy Rejections for incorrect coding 0 to 1% of visits  All certified by (date)
Claims/ Statements	Supporting documentation for claims  Edits completed  Claim denial/rejection rate		100% same day 100% same day <5%
Charge entry	Days lag  (date of service to date of entry)		24 hours outpatient 48 hours inpatient

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

**OVERVIEW OF LEADING FINANCIAL INDICATORS**

<b>Billing Function</b>	<b>Service Expectation</b>	<b>Actual Performance</b>	<b>Target</b>
Account follow-up	Every 30 to 45 days Percent A/R >120days Net collection rate		100% accuracy 15 to 18% 95% or greater
Payment posting	Cash posted and balanced Credit balance report		100% same day Fully researched and resolved within 60 days
Collections	Patient account to collections		100 days
Denials	Percent denials due to referrals Percent denials due to past filing limits		2% 0%
Management reporting	Reports available within 10 days after month end		100%

SAMPLE



**REVENUE CYCLE MANAGEMENT ASSESSMENT**

**Action Plan**

**FRONT DESK AUDIT TOOL**

Level: 1 = Needs improvement; 2 = Meets expectations		
	<b><u>PREVISIT</u></b>	<b><u>LEVEL</u></b>
	1. Does the practice prepare prior to visit and flag information to update forms as needed?	
	2. Does practice have current list of insurance plans and critical plan elements to ensure compliance?	
	3. Does practice communication electronically with payers for eligibility and authorization?	
	4. Does practice verify eligibility prior to every visit/procedure?	
	5. Does practice verify insurance for new patients and those with procedures?	
	6. Does practice verify insurance at least annually for all patients?	
	7. Does practice obtain pre-authorization and referrals as needed for all services?	
	8. Does practice capture the referring physician for each service?	
	9. Do charge tickets reflect updated procedure and diagnosis codes?	

**FRONT DESK AUDIT TOOL**

	<b><u>PATIENT CHECKIN/RECEPTION</u></b>	<b><u>LEVEL</u></b>
	1. Does practice review all scheduled patient accounts for prior balances prior to appointments and issue reminders?	
	2. Does practice attempt to collect all prior balances at time of service?	
	3. Does practice collect copayments required at time of service?	

SAMPLE

REVENUE CYCLE MANAGEMENT ASSESSMENT

Action Plan

PAYMENT POSTING CHECKLIST

	YES	NO
1. Are payment posters familiar with A/R follow-up and/or are payment posters assigned to payer-specific account follow-up teams?		
2. Have staff been given tools and resources so they can identify low reimbursement?		
3. Are the maximum number of payer fee schedules loaded on the practice management system?		
4. Are exception reports by payer produced daily so they can be worked?		
5. Are payments posted within 24 hours of receipt?		
6. Is there a streamlined hand-off from payment posting to billing of secondary claims?		
7. Are EOBs appropriately flagged for appeal?		
8. Are there sufficient adjustment codes for non-contractual adjustments?		
9. Do payment posters understand the use of contractual adjustment, non-contractual adjustment and bad debt codes?		
10. Is there an appropriate separation of duties between individuals who receive the mail, open the mail, post the payment, deposit the payment and reconcile bank ledgers?		
11. Are \$0 payments posted and worked the day of receipt or no later than 24 hours after receipt?		
12. Is the small balance write-off set at an appropriate level (for example, lower than typical copayment levels and/or cost of claim)?		
13. When credit balances are generated are they worked the same day or no later than 60 days from the date of discovery of the problem?		

SAMPLE

REVENUE CYCLE MANAGEMENT ASSESSMENT

Action Plan

PRACTICE SURVEY: IS YOUR PRACTICE LEAVING MONEY UNCOLLECTED?

	<u>YES</u>	<u>NO</u>	<u>UN-KNOWN</u>
1. Our practice collects cash equal to or greater than 95% of the collectible (net) charges.			
2. Our practice verifies insurance eligibility prior to every ambulatory care service and all inpatient services.			
3. Our practice knows when copayments are due and collects them at the time of service from all patients.			
4. Our practice knows when to collect deductibles, co-insurance and other patient responsibility balances.			
5. Our practice has management reports which enable us to review the quality of our staff's registration activity.			
6. Our practice's registration data is accurate and of high quality.			
7. Our claims are rejected by payers less than 5% of the time.			
8. Our practice offers credit cards as a payment option at all sites and on patient statements.			
9. Our practice physicians and staff know what contracts we have and what the critical elements of those contracts are to ensure compliance on appropriate reimbursement.			
10. Our patient statements are understandable and informative to our patients.			

SAMPLE

**REVENUE CYCLE MANAGEMENT ASSESSMENT**

Action Plan

**PRACTICE SURVEY: IS YOUR PRACTICE LEAVING MONEY UNCOLLECTED?**

	<u><b>YES</b></u>	<u><b>NO</b></u>	<u><b>UN- KNOWN</b></u>
11. Our practice has cash controls in place to ensure all money is accounted for each day.			
12. Our practice captures information needed to ensure prior authorization for services.			
13. Our practice reviews each patient's account for previous balances due prior to his/her appointment and informs the patient that this amount is due.			
Total your responses			

Use the guide below to assess your medical group.

Number of No's:

- 10 – 14 No's = Dramatic improvement in revenue in your practice is possible
- 4 – 9 No's = Possibility of significant improvement
- 1 – 3 No's = Some improvement is possible

SAMPLE