Identify and Fill Revenue Cycle Gaps

Do not leave money on the table **BY ROBERT KURTZ**

KEY LEARNINGS

- Revenue cycle gaps lead to financial and operational challenges
- Detecting the gaps requires monitoring, teamwork and attention to detail
- Fix gaps by understanding their cause and learning from the experience

Revenue cycle gaps are like leaks in a bucket, says Vicky Lasota, chief analytics officer and director of reimbursement for Magna Health Systems in Bedford Park, Illinois. They might start small, but if left unchecked, they can lead to significant problems.

"Revenue cycle gaps in an ASC are not just an inconvenience; they are a financial drain and a customer service headache," Lasota says. "Gaps can lead to revenue loss, delayed reimbursements and inefficiencies that frustrate physicians, erode patient trust and strain payer relationships."

Given the revenue cycle's many interconnected components, identifying gaps within it requires constant monitoring, says Rebecca Simpkins, business office supervisor at Baptist-Physicians' Surgery Center in Lexington, Kentucky. "We are trying our best to catch when issues develop on the front end and then get them fixed quickly so that they are not as impactful for our center."

Detecting Holes

Do not wait for problems to arise to spot revenue cycle gaps, Lasota says. "Be as proactive as possible, leverage your data effectively and listen to those who engage with the revenue cycle daily," she says. "Think of finding gaps like detective work: the clues are in the numbers, workflows and stakeholder feedback. The trick is knowing where to look."

Tracking accounts receivable (AR) every month gives Jennifer Burgel, business office manager for Advanced Surgical Institute in Sewell, New Jersey, insight into whether her ASC's revenue cycle is performing as intended. "I compare our data to national industry standards to help shine a light on whether we are heading in the wrong direction."

Internal benchmarking helps find trends that point to inefficiencies, Lasota says. Key areas she recommends ASCs monitor and benchmark include charge capture, denial rates, days in AR, patient cost-sharing collections and projected versus actual collected amounts. "The goal here is to get a clear picture of what is and is not working for your center."

Ongoing review of your revenue cycle data can turn numbers into insights, Lasota says. If you have access to data analytics tools, learn how to use these solutions so you can access real-time financial tracking and customizable dashboards. "If you do not have fancy analytics software, a well-structured Excel spreadsheet can be just as revealing," she says.

Your clearinghouse could also be a gold mine of data, Lasota says. "It should be tracking claim processing and explanation of benefits details.

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Engage with your clearinghouse vendor to receive information and reports in a format you can use to identify opportunities for improvement."

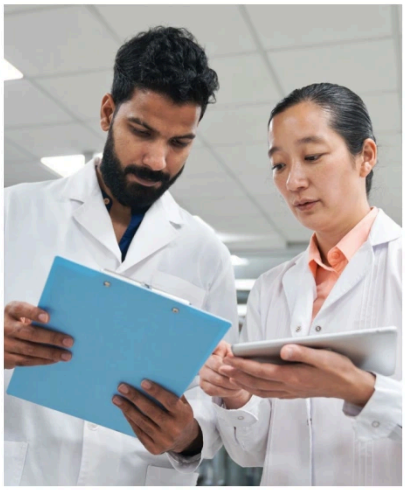
Routine scrutiny of claim status enables Baptist-Physicians' Surgery Center to flag problems with insurance companies, Simpkins says. "Thanks to our good grasp of claim status, we recently noticed one of our insurance companies was processing claims incorrectly for a large group of physicians."

Staff education has played a crucial role in helping Advanced Surgical Institute detect and address issues before they escalate, Burgel says. "From our schedulers and insurance verifiers to those handling the back end of the billing cycle, like payment posters, we ensure that everyone has access to and understands our payer contracts. If anyone notices something unusual or incorrect, it is flagged immediately for review."

The people interacting with your revenue cycle daily should be empowered to share concerns about potential revenue cycle gaps, Lasota says. "The key here is to listen to what your people tell you. When stakeholders feel heard, they are more likely to flag small issues before they turn into big problems."

Internal and external audits should also help uncover the root causes of problems like claim denials, reimbursement fluctuations and documentation errors, Lasota says. For example, Baptist-Physicians' Surgery Center outsources its coding to a third-party provider. To reduce the chance of new or growing revenue cycle gaps, the center contracts with a separate company to audit the coding provider's work by reviewing a batch of cases.

"If there are any issues with our coding company's performance, the audit should flag them," Simpkins says. "Then we will know what the coding company needs to work on and what we need to work on for them to be successful."



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>
> *—Vicky Lasota*
> *Magna Health Systems*

Sealing the Cracks

Filling revenue cycle gaps is not about finding a single magic fix, Lasota says. "It is about consistent, strategic improvements that add up over time. Create a culture where efficiency, data-driven decision-making and continuous refinement become second nature."

Contractual gaps, like discrepancies between expected and actual payments, are a common challenge for Advanced Surgical Institute, Burgel says. "Even if the gap is only a few cents, if you submit enough claims with the gap, that small difference will add up. When we find a contractual gap, I update contract details in our system. Claims are sent with correct pricing, and we do not need to make adjustments during posting."

Faced with the ongoing issue of insurance companies failing to provide enough reimbursement to cover procedure costs, Baptist-Physicians' Surgery Center has implemented a strict vetting process for all its orthopedic cases. The process assesses the estimated cost of the procedure, its expected reimbursement and projected payment timeline.

"When numbers do not align favorably, we ask the physician if there is an alternative implant system that would be more compatible with reimbursement," Simpkins says. "That gives the physician a chance to help us research alternatives. If the alternatives are still unfavorable, we have to make the difficult decision to cancel."

As with identifying revenue cycle gaps, education and training can help with filling gaps, Lasota says. She recommends keeping staff informed on industry updates, regulatory changes and revenue cycle best practices through regular training. "Develop checklists and quality control steps to minimize errors, particularly in areas where mistakes are common. Sometimes, adding an extra checkpoint—like a second review before finalizing a claim—can prevent costly errors that would otherwise slip through the cracks."

The use of an extra review has served Advanced Surgical Institute well. If a physician at the ASC books a case under a procedure code that differs from how it is coded based upon the physician's dictation, the surgery center's biller reviews whether the new code requires authorization before submitting the claim. "If it does, we will seek that authorization since sending a claim without proper authorization can result in unpaid claims and bad debt," Burgel says.

Simpkins says Baptist-Physicians' Surgery Center has found success by assigning team members to specific areas of focus. "We have one per-

Tips to Stay On Track

Watch out for these revenue cycle gaps, says Vicky Lasota, chief analytics officer and director of reimbursement for Magna Health Systems in Bedford Park, Illinois.

Scheduling errors and oversights. Incorrect patient demographics or insurance details captured during scheduling can trigger denials. Think of your schedulers and insurance verifiers as the "gatekeepers" of clean claims. Tasking them with double-checking information up front can prevent reimbursement delays and the need for appeals.

Poor charge capture process. If your charge capture process is inconsistent, you could be missing charges and leaving money on the table. Standardized and updated charge capture templates can ensure all procedures and variations in surgeons' techniques are accurately documented.

Lack of medical necessity. Just because a payer does not require prior authorization does not mean the payer cannot penalize you for lack of medical necessity. Performing a thorough review of medical necessity guidelines before a procedure can avoid problems.

Use of new items. The use of new implants, surgical tools and medications can prove costly for an ASC if they are not covered or properly coded and billed. Keep your revenue cycle team in the loop on the use of new items and build processes to check coverage and reimbursement.

Delayed patient collections. Failing to collect from patients in advance of their procedure increases the risk of nonpayment and balance write-offs.

Scheduling inconsistencies. Discrepancies between scheduled and performed procedures often lead to claim denials. Ensure authorization aligns with the procedure(s) performed.

Varying payer rules. Different payers have different coding and billing requirements. Ignoring or not understanding these details can lead to avoidable denials. In addition, issues like missing timely filing deadlines can result in revenue loss.

Poor denial tracking. Without a structured denial tracking system, identifying and correcting recurring causes of denials will be difficult at best. Implement a proactive approach to monitoring, analyzing and properly responding to denials.

son who works just our over 91-day claims. We have one person dedicated to working newer claims. Dividing responsibilities this way has helped quite a bit."

When gaps are discovered, give them increased attention, Simpkins says. As an example, she notes that one of Baptist-Physicians' Surgery Center's most significant revenue cycle gaps involves patient balances.

"With rising deductibles and increased patient financial responsibility, it has become more difficult to collect the full amounts that patients owe us," Simpkins says. "We offer payment plans based on patients' remaining balances after insurance payments and do our best to work with them on their financial obligations." Additionally, the ASC's financial assistance program may provide a full balance write-off or a 50 percent discount for eligible patients.

Burgel prioritizes transparency around revenue cycle performance. "Each month, I share our denials and bad debt with my staff as part of our ongoing education. I emphasize that mistakes happen, but the goal is to always learn from them and be more diligent."

Staying On Guard

With countless moving parts and many factors beyond her control, Simpkins understands that staying ahead of revenue cycle gaps will require continuous effort. "The revenue cycle is like a ball of craziness. You just have to find ways to keep things as steady as possible and keep working through it."

Avoiding new revenue cycle gaps is about staying sharp and keeping an open line of communication across your team, Lasota says. "Keep an eye on your data, respond to issues quickly and never let complacency set in. When continuous improvement becomes part of your ASC's DNA, you will not only prevent revenue leaks, you will build a stronger, more efficient operation." «