Part B Insider (Multispecialty) Coding Alert

Accounting: How to Cope With High A/R Without Going Nuts

6 tips for cleaning up accounts receivable disasters

It's like cleaning out the fridge. Sorting out aged accounts receivable may not be pleasant, but everyone will breathe easier afterward.

The first step in a cleanup is to look at your receivables by payer, experts say. Your managed-care receivables may be growing fur, but you shouldn't let them make your Medicare receivables look worse than they are. Separating out the receivables by payer type can make the picture much clearer, says consultant **Lee Cavanaugh** with Cavanaugh Michaels in Mechanicsburg, Pa.

You'll often find that 80 percent of your outstanding money is in 20 percent of your claims, and these are the ones it's most profitable to go after, says accountant **Jerry Bartram**.

If you can't find a particular payer or external situation that caused your A/R problem, then run your A/R report in as many different ways as possible, says **Elizabeth Woodcock**, director of knowledge management for Physicians Practice Inc. in Atlanta. Look at your claims over 120 days, by carrier and sorted by highest amount first.

Allocate the highest dollar amount to your existing staff to deal with, Woodcock says. Give each person a particular list of payers or carriers to tackle. Then call a former employee to come and do some contract work, or go to a staffing agency to hire someone to tackle the rest of your receivables. "Get them working on the accounts that your existing staff can't accommodate," Woodcock says.

Whatever you do, don't neglect your current accounts during the "clean-up phase," or you'll end up in a vicious spiral, Woodcock says.

Bitter medicine may be necessary also, says **Charles Wold** with Wold Consulting in Phoenix. Once a year, you should review your staff, "taking into consideration payments, turn-around time and administrative hassles." And you should fire "bottom feeders," Wold says.