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Billing: Don't Remain In The Dark On Billing Trends

A monthly report can make the difference between failure and success

Recently, **Phyllis Yingling** discovered a major billing problem, and many providers could learn from her story.

The Problem

Medicare had made a change to its claims processing program and was no longer compatible with the clearinghouse Yingling was using. Consequently, Medicare wasn't processing any claims from late July, notes Yingling, a management consultant with Hilton Head, SC-based **Apple a Day**.

Luckily, Yingling detected the problem in early August by examining payments and then tracing claims to discover that they weren't even in Medicare's system. But if she had taken weeks or months to discover the problem, then payment would have been drastically held up.

The Solution

To prevent this costly nightmare, Yingling and other experts advise having your billing staff prepare regular reports.

Successful administrators will read monthly - or possibly even weekly - reports on accounts receivable and other issues. "I don't know how you would run your business if you didn't do it," says **Elizabeth Woodcock**, director of knowledge management at **Physician Practice Inc.** in Glen Burnie, MD.

If doctors or office managers aren't aware of what's happening in the billing department, they're in the dark on their whole revenue stream, adds Woodcock. Sometimes doctors don't even know there's a problem until they discover they have 235 days' billings in A/R.

Prepare Regular Billing Reports

Woodcock and other experts suggest including the following items in your status reports.

1. The number of your receivables over a certain age, such as 90 days or 120 days. This number is also known as the aged trial balaance (ATB). Woodcock says no more than 10 percent of claims should be over 120 days, but it varies by specialty. Yingling looks at the number of claims that are more than 30 days old, both in terms of the date of service and the date billed.

2. The number of days' billings in A/R.

3. The number of claims written off or "non-contractual adjustments."

It's important to separate A/R between payors and patient responsibility, notes consultant **Lee Cavanau**gh with **Cavanaugh Michaels** in Mechanicsburg, PA.

Break down outstanding claims by payor and payor type, so you can identify which private payors are holding up claims, Yingling suggests. She compares A/R to last month but also the same month the previous year, to eliminate seasonal variations.

Examine Collections

Another strategy is to look at collections every week (if not every single day), because that's the crucial measure of how much money the doctor is putting on the books, Woodcock advises. Your billing manager should be "batching out" or closing out to see how much money the practice took in.

Denials of a particular procedure or code are hard to measure in an automated fashion, but you can measure write-offs, says Woodcock. And if your days in A/R and your aged receivables go up, then you should definitely be looking at your denials. The billing staff should be looking at the denials it sees every single day, she adds. "I like to think of denials as a treasure map for your A/R shop."

If a claim is more than 45 days old, phone the carrier and stay on top of them about it, adds Cavanaugh.

Most physicians won't have the patience to read a billing report, notes Yingling, but if your office has a manager or administrator, that person can gain from having a detailed rundown of billing stats every month.