

Part B Insider (Multispecialty) Coding Alert

How to Quickly Calculate Your Days in A/R

Collections can be hard enough to manage without mastering all the jargon as well. But when people talk about "days in accounts receivable (A/R)," they're referring to a tool that your practice should be using. Check out these FAQs to understand exactly what you need to know about A/R:

What is "days in A/R?" This is a single number that tells you on average how long it takes you to get paid after you provide a service.

Why should you bother to calculate your days in A/R? Because you can benchmark that length of time against other practices and against yourself during any given period.

When you talk to your doctor about the hundreds of thousands of dollars people owe your practice it's difficult for him to relate to that large, abstract number. But if you tell your doctor, "If you do a surgery today, it's going to take you 60 days before you get paid based on our average," that gives him a more tangible understanding.

How do you calculate days in A/R? First you need to figure out your Average Daily Charge (ADC). You get this number by dividing your gross charges by 365. Then you divide your total accounts receivable by your ADC to get the number of days A/R you have outstanding.

What's a good number of days in A/R? It depends on many factors, including your payer mix and your type of specialty, say experts. A surgical practice can expect to have more days in A/R than a primary care practice because the individual charges are bigger and surgeons often don't bill until the patient is discharged.