

Part B Insider (Multispecialty) Coding Alert

MANAGEMENT: Make Sure You're Not Holding Too Long To Your Claims

You can't manage what you don't measure, experts caution

So you've got a handle on your accounts receivable (A/R) and you know roughly how long it takes to get paid once you submit a bill. (See PBI, Vol. 8, No. 1.) Congratulations--now you're ready to get started.

Getting a handle on your days in A/R is only half the battle, says accountant **Reed Tinsley** in Houston. You can't have any A/R unless you actually bill something. So you need to get a handle on how long it takes your practice to bill for services after you provide them. You also need to measure whether you're billing all the services you provide.

That's why you need to measure your -gross charges,- which are the total amount of money you bill every month. You should be figuring out that number every month and comparing it against the previous year's number for the same month. -If the doctor looks busy, but the charges are going down or are stagnant,- you may have a problem, says Tinsley.

Sometimes this means you're not billing all the services your doctor provides because of a coding problem.

But also, -I've seen situations where the biller just isn't getting out the charges adequately,- Tinsley says. This happens most often in specialty practices. -I've seen people three weeks behind in posting surgery charges and hospital charges.- A healthy standard is to post all outpatient visits or charges within 24 hours after the date of service and all inpatient visits within 72 hours.

The goal is for your gross charges to be higher than the year before, Tinsley explains. You also need to monitor your days in service, which is how long it takes to bill a service.

-You can't manage what you don't measure,- Tinsley points out. Many practices either don't measure things like days in A/R or gross charges, or else they don't know what to do with those numbers once they have them.

Then the next thing to track is collections. -If your charges are going up but your collections are going down,- you need to investigate why, Tinsley explains.

You should also monitor your financial statements, including income and overhead, against the same month last year, Tinsley adds. You should be looking at your operating costs as a percentage of your medical revenue and comparing this ratio with the figures in the **Medical Group Management Association-s** surveys. -If there are problems, you want to spot them early.-

Bottom line: If your practice has declining profitability, don't succumb to the temptation to cut staff, Tinsley urges. If anything, this may be a signal that you need to hire an extra person to speed up billing or work on collections.