Turn Your Billing Department into a Profit Center

8 Ways to Eliminate Inefficiency in Accounts Receivable
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Your Accounts Receivable Team Should Be Making Money

While your billing department isn’t responsible for obtaining new patients or bringing in top line revenue, it plays a critical role in the profitability of your company, especially your Accounts Receivable team. The purpose of the AR team is to make sure the money for invoices produced is actually collected at the appropriate reimbursement level, and ensure nothing falls through the cracks. This is whether funds are requested from private payers, Medicare, Medicaid or self-pay.

But, there is a lot of work effort that goes into following up, repealing denials, and collections efforts. Even if your team is salaried and not hourly, there is a cost associated with these efforts. And, if those expenses outpace the revenue received, your AR team becomes a cost center, dragging your margins down and endangering the viability of your business.

It’s not simple to ensure your billing department is a profit center. If you can’t see your AR pipeline as a whole and drill down into individual activities, it is almost impossible to track progress and monitor performance. How do you know how much has been done and how much is left or if someone is falling behind – or, better still, finished and could use more work? If an employee calls in sick or is lagging, how do you see that immediately and reassign the work before it falls further behind?

Here, we provide eight ways you can improve visibility and eliminate inefficiency in your Accounts Receivable processes.
1. Go Beyond Your Billing System

Most billing systems don’t provide the level of detail or control you need to properly manage Accounts Receivable. They can do the upfront invoicing well, but managing claims already submitted that have either not been processed or been processed and partially paid or denied can be a frustratingly opaque and manual process. Don’t let your billing software limit you – get the additional tools necessary for success.

Automation is at the heart of modern AR practices. The most successful teams use business process management (BPM) – sometimes referred to as workflow automation – to reduce waste and maximize productivity by eliminating the unnecessary, non-value-added activities of paper pushing and manual efforts. It allows you to preset the who, what, and when of each activity and auto-prioritize the work based on your objectives.

BPM allows you to move away from project-based work that is prioritized arbitrarily and manually. (Plus, no-one starts a new project at 4:45pm!) It elevates employees so they can move from claim to claim efficiently. The team can reduce time spent on tedious tasks and focus on maximizing revenue received.

With audit trails, centralized record keeping, and reporting, you not only have a complete view of your pipeline, you also increase accountability. Seeing the effect of your workflow in real time will give both employees and managers meaningful insight into what works and what doesn’t for an efficient department.
2. Set Priority at the Company Level

A large part of the success of an AR Team is the way you prioritize work. Prioritization should be a balance of effort, potential payoff/revenue, and the probability of actually collecting. That is complicated enough, but then you add complexity with different pay rates, skillsets, and varying deadlines.

Gone are the days that work can be handled as it comes in, by whatever is in the inbox. Or, it can be prioritized based on going through a stack of paper files in alphabetical order. Or, printing out a report and simply starting at the top. Employees have fuller plates than ever, and they need clear communication on how to balance their workload and what is most important to the company.

You have to take centralized control of your organization. Your challenge is to ensure that the work is done appropriately, in priority order, by the person best suited for the task.

Success is not just about output; it’s not just about how many lines you can cross off your to-do list. True productivity isn’t about volume, it also includes value. Productivity doesn’t mean accomplishing everything, necessarily. It means achieving as much revenue for as little cost as possible.

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\text{OUTPUT + VALUE = PRODUCTIVITY}
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Strategic prioritization is essential because it allows you to become a more agile company. You can pivot quickly when there are environmental changes such as regulatory updates or new competitive pressures or employee absence/turnover. When your priorities are set at the corporate level and systematically pushed to your team, the output and results will be aligned with your strategic objectives and not based on personal whims.
3. Smart Work Assignment

For a business in general, keeping all your departments as profitable as possible will ensure that the company as a whole is healthy and prospering. In AR it can be summarized as: Don’t spend $50 to collect a $40 balance. Your highly skilled, higher paid employees should not be doing the work that an entry-level employee can do.

Remember: Processes don’t have to be linear. If you separate the tasks at hand down to what skillset is required, you can assign the exact right level of expertise for each activity. Investigate the knowledge and skill required and group like-tasks together to assign them to the right person.

Take auths, for example. If a denied claim requires an auth to rebill (perhaps it was not obtained prior to the service or product provided because of an insurance change), you can have the person responsible for auths at patient intake handle it. It’s the same skillset. You should push clerical work to the less-skilled/lower-paid employees to ensure the most value for your labor expense.

Implementing automated work assignment can also be extremely beneficial. The right software will enable you to use complex logic to distribute work without human intervention. Manual work assignment is insufficient. Spreadsheets are out of date the minute they are generated and transfer of work tends to be sequential. When you use a process management tool, you can use multi-faceted data to inform how work is distributed and prioritized, routing the right data to the right person at the right time.

This also ensures you balance workloads appropriately – it’s done by an algorithm, not by best guess. It evens the distribution of work, not documents. (A-L is not necessarily half of the work effort!) And, it will free up managerial time and focus for more strategic activities.
4. Empower Employees

AR employees need the ability to move from one claim to the next without having to put too much thought or effort into deciding what is next. Everyone wants to feel productive and like they have done a good job supporting their company – you need to empower them to do this.

Having the department or company priorities defined by a system and everything is in one spot is the quickest and easiest way. It gives everyone clarity and ease to do their job efficiently. The team can get into a rhythm, know exactly where to go or what to do next, and maximize productivity.

General benefits of BPM for employees include:

- Understand their role in the success of the organization
- See the company vision translated into individual goals – understand alignment
- Plan and complete own work schedule
- Monitor own work performance
- Provide a framework for professional development
- Identify opportunities for additional training

Everyone wants to do a good job – and BPM will help you define exactly what a “good job” entails. When employees log into a central resource to get a list of activities, they know exactly where things left off and where to start. They know what needs to be done that day and can order things based on the priority that matters most. It enables self-service and supports a predictable workday.

It’s important to note: BPM’s goal is not about reducing staff. You are not necessarily replacing people with software. You are relieving them of the mundane or tedious aspects of their job, elevating their experience, and allowing greater productivity. When done right, it will actually help your employees feel empowered.
5. Foster Productive Collaboration

Not everything happens in a silo and not everything is black and white. Often people need a little direction, especially when dealing with partially paid or denied claims.

However, interruptions are a huge driver of wasted time and energy for both employees and managers. For the asker, in-person questions require storytelling and may require going back to dig into documentation. Email requires you to retype the backstory, and then it can get lost in an inbox with no automated way to follow up. For the responder, spending your days in a reactive position puts control over your day in someone else’s hands. It can be a struggle to find uninterrupted time for planning and catching up on your own work. You lose momentum.

Employees need the ability to easily collaborate with coworkers and management. The easiest way is to keep everything in a centralized system, including supporting documentation and notes. You should be able to get input by clicking a button within the system and simply adding the question to the pre-existing history. Having everything in one place with easy handoffs not only keeps an effective audit trail, it also ensures no one needs to remember to follow up. When the item is responded to it will automatically appear in your queue again. It saves a lot of time for everyone involved.

Escalations and reminders are critical to collaboration. All AR work is deadline driven, and it can take a lot of energy and mental overhead just to stay on top of your timelines. BPM software allows you to set timeframes for responses, and it will alert you if things go off track. You are freed up to focus on other things while you wait for a response. Having a built-in warning system can save a lot of stress and minimize opportunity for mistakes.
6. Establish Success Factors

Success is not random. It is a formula. You have to know what success looks like in order to strive to be there.

It's impossible eliminate denials completely. But what if you could reduce your write-offs by 1-2%? What would that mean for your bottom line? You have to keep in mind that also costs money to fight these denials – and you’re never going to win 100% of the time. You need to be smart about how you spend your time managing denials. Not all denials are created equal, and larger dollars shouldn’t always come first. There are cases where larger volumes of smaller claim amounts that are easy to recoup are the better way to go for your cash flow. Using a systematic approach based on evidence of what works, you can easily recognize these opportunities.

Understanding the elements that lead to success also provides insight into scalability. Management can clearly understand what resources are needed to grow. The ideal scenario is that growth in labor isn’t linear with revenue growth. With deeper understanding into the resources required to accomplish goals, you can make wise hiring decisions that assist in sustainable growth. It informs your ability to grow and stretch into new areas and adapt to changes in the market.

To establish success factors, start with comparing your wins to losses for insight. If you see failing appeals, compare them to the successful ones – are they being submitted differently? Did a successful one highlight the necessary data for the insurance adjuster or something that is making them work? Then, work to identify all contributing factors. You can’t judge performance in a vacuum. For example, if a person is working Aetna, you need to know how many claims should be able to be worked in a period of time versus Medicare or Medicaid. There are going to be differences.

Once you have that information you can establish best practices: when to highlight, when to call, when to get more documentation before you appeal, etc. Analysis of your AR pipeline over time will help you identify root causes and inform your upfront processes to help prevent future denials. It takes the guesswork out of success.
7. Rely on Real-Time Data

It's really important to take a look at your operations real-time, rather than just after the fact. When you are only reporting in hindsight, you miss part of the equation.

Managers need to stay on top of both the day-to-day and strategic work required of them. A manager needs a full picture of what is coming in – that includes new claims going out which may hit the AR department in 30 days and new denials or partial payments daily. They need the ability to assign the work appropriately to ensure performance and productivity. And they need to see what’s being done and how quickly it’s being done, as well as what isn’t being done.

Real-time data allows you to get ahead of issues before they become problems whether it’s through dashboards, scheduled reports, or ad-hoc reporting. Adding in the time component also assists with identifying trends so you can fix root causes. If you have two people coming to you with similar problems but they are hours or days apart, you might not put those together and see a trend. But if you are running off of a data-driven system, you can look at everything together and see a shift that needs to be addressed. Then you can watch progress unfold live, rather than have to wait and see.

So, in look at all these things that a manager needs – whether it’s the daily work or the longer term strategic work – it’s all about visibility and control to make the right decisions. And you can only get that with real-time data. “Gut feel” doesn’t cut it in business and especially in healthcare where there is a little room for error. The best decisions are informed by timely data.
8. Regularly Evaluate Employee Performance

Employee performance needs to be monitored and measured at various intervals, not just at annual reviews. For most organizations, the largest expense is labor costs. You need to make sure you’re getting the expected return on investment.

First, you need to understand what productivity looks like. This is an extension of knowing your success factors and using real-time data to track performance. Consistency and standardization are the underpinnings of understanding productivity.

Let’s say you have estimated your baseline is that an employee can perform 6 tasks in an hour. When reporting only in hindsight, if you see an employee complete those 6 tasks you’ll be satisfied and move on. You won’t see any opportunity or potential left on the table. You might not be able to identify that you have a demotivated, disengaged employee who is doing the bare minimum. Timely data will give you so much more information to judge performance. You might discover that this employee took only 45 minutes to complete those 6 tasks and could be performing 8 tasks per hour. Armed with this information, you will be able to adjust your standards and success metrics to ramp up productivity.

When you do discover than an employee is underperforming based on expectations, a thorough analysis will help you to determine the best way to handle it. Perhaps it’s simply a training issue. Or, perhaps it’s a skillset issue – but you are able to identify key strengths that warrant a transfer to a different role rather than dismissal. You have to have that data in place to truly know.

Process management and the data it delivers make it impossible to “hide” in an organization. Productivity can often be lost in busy-ness. When you have real data, you can quickly figure out which of your employees are actually contributing most to your success and who might be weighing it down. Your top performers will embrace it!
Making AR a Profit Center

Automation and technology can vastly improve Accounts Receivable management. Getting the right tools, the right metrics, and the right people in place will guarantee success.

Business process management enables AR managers to have the insight and guidance needed to hone your AR processes. It will ensure you can succeed in your mission of improving your billing department’s profitability.

BPM will help you:

- Minimize AR labor costs
- Get a better grasp on your real-time AR pipeline
- Enable better denial management
- Streamline processes
- Improve cash flow
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Medforce’s Accounts Receivable Management App

Automate your AR process and get a real-time view with Medforce’s Accounts Receivable Management App. Stop managing your outstanding claims and denials in disparate, messy and immediately out-of-date spreadsheets. Manual work creates opportunity for error, missed deadlines, suboptimal employee performance, and lost revenue.

Automatically import your AR from your billing system and gain unprecedented perspective. Reduce your denial rate and improve your cash flow through smarter work assignment, centralized record keeping, and improved collaboration. You can easily stay on top of what’s coming it, who is working what, know at a glance what’s been done and what is outstanding, and get alerts if a claim is in danger of falling through the cracks. Improve visibility, control, and your bottom line.

About Medforce Technologies

Medforce Technologies provides productivity-enhancing software and services to help healthcare organizations adapt quickly to change and do more with less. Our flexible and highly-customizable document and process management products work across all areas of your business from intake and claims to mailroom, AP and HR, and assist in daily decision making based on real time information and strategic priority.

Our product suite includes six core products:

- CommandCenter – Business process management
- ContentCenter – Document management
- RemitCenter – Claims management
- SignCenter – e-Signature
- FormsCenter – Electronic form creation
- ZipMit – esMD solution

We also offer product enhancements and additional services. Some examples include: our electronic Fax Service and Medforce Apps, a suite of turnkey workflow solutions that address the industry’s greatest pain points such as Referral Management and Overpayments Management. Everything we do is focused on improving the efficiency and productivity of healthcare businesses.

All of Medforce’s software conforms to your preferred way of operating and returns more time and money to fuel your mission. To learn more about the power of productivity, visit www.medforcetech.com.