ACCOUNTS RECEIVABLE: AT A GLANCE

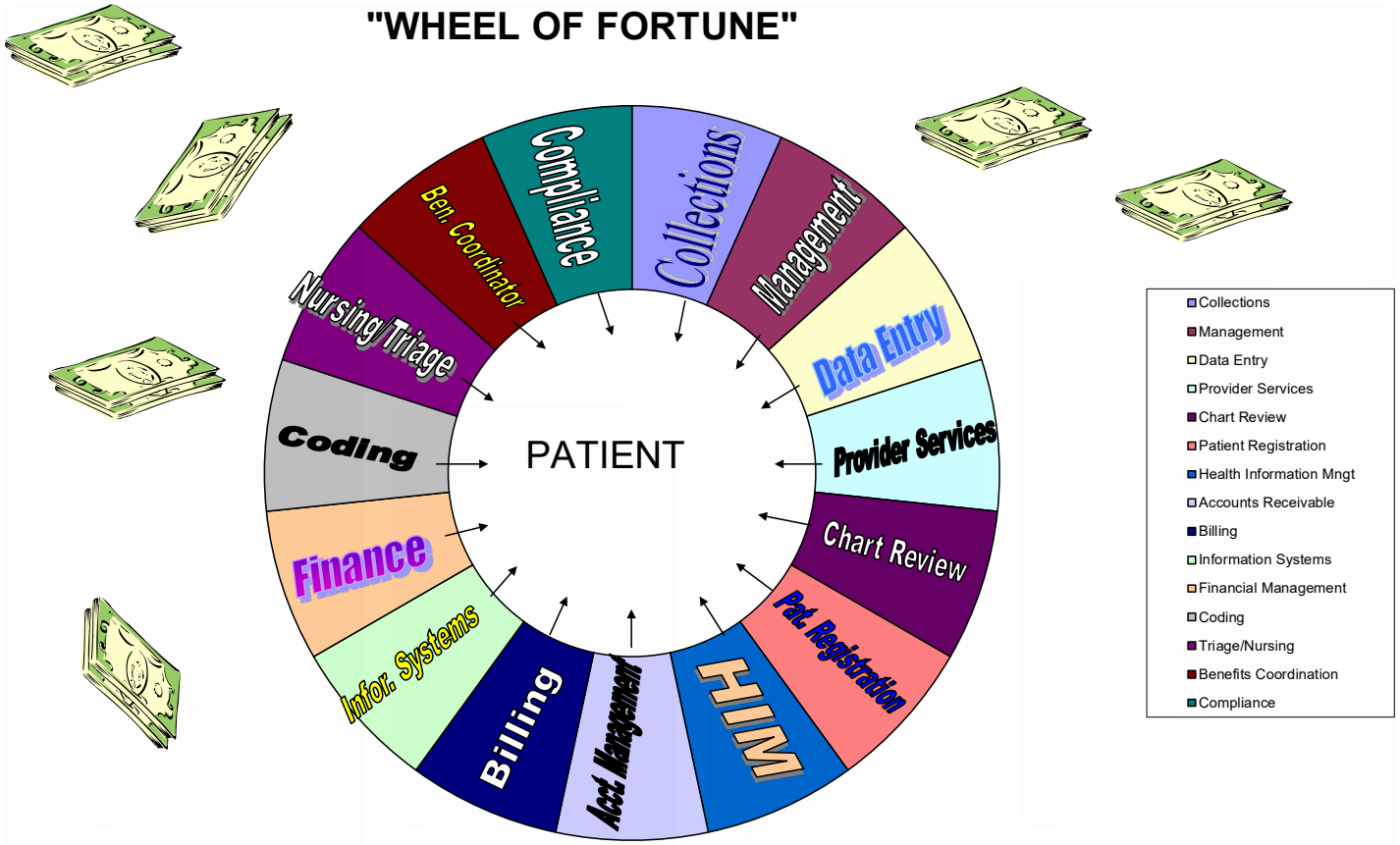
Where does Accounts Management fit in the Revenue Cycle?

Third Party Billing Accounts Management, Back to Basics
July 11, 2024

WELCOME & OVERVIEW & AGENDA

Part	Topic	Presenter
One	**Welcome**	Cynthia Larsen (ORAP/DBOE)
	Overview of the Revenue Cycle	
	Topics Covered:	
	Roles and Responsibilities	
	AR At a Glance	
	How to Treat Allowance Categories Differently	
	Steps In the A/R Process	
	Denial Management versus Debt Management	
Two	**Group Activity/Examples**	

REVENUE CYCLE



TEAM APPROACH

- At least 16 Individuals/Interactions/Functions to Generate $1 for your facility.
- All the "cogs/spokes" have to work together
- Establishing a Third Party Revenue Team
- *As the following slides will show, it takes a TEAM to RECORD, CONTROL, and ACCOUNT for Patient Related Resources.*
- *Separation Of Duties – To ensure Proper Internal Controls and Accountability are implemented, Separation of Duties must be considered.*

ROLES AND RESPONSIBILITIES OF ACCOUNT MANAGEMENT

- Responsible for the **completion (close out)** of all Patient Accounts Receivables.
- **Posting** of all receipts of Payments, Denials, and Adjustments to the RPMS Accounts Receivable System.
- **Analyzing the receipts** to determine when and if Third Party Payors need to be “questioned” on their decision of payment.
- **Analyze Denials and Adjustments**
- Perform **Follow Up** (phone calls, correspondence, etc.) on all Aged Receivables.
- Make the determination as to whether or not a **“secondary” payor** should be billed.
- Ensure **PROPER** Payment and/or Denial
- Controllable versus Uncontrollable
- Considered “Detectives/Investigators”
- You are NOT just a “POSTER”
- Make the DECISION as to what to do with this Account
  - Research Needed
  - Challenge the Payer
  - Post Proper Payment/Proper Denial (close the account)
  - Rebill
  - Additional billing (Secondary Payer) (Rollback function)
  - Write Off Debt (follow proper procedures)

A/R AT A GLANCE

Account Management versus Accounts Receivable

Aged Accounts versus Accounts Receivable

Patient Accounts (RPMS) versus Non-Patient Accounts (non-RPMS)

When do Accounts Start Aging?

You can't always look at A/R as a Total Picture.

We Bill using different payment methodologies (DRG, AIR, FFS, FQHC, CAH, Negotiated Rates) for different Allowance Categories (Payers)

Each Allowance Category has to be interpreted and handled differently.

Accounts Receivable is two fold:

- Accounts that are still open that need to apply **FOLLOW UP** processes,
- AND, Accounts that have been accounted for, but we may or may not have received the **PROPER Payment and/or Denial**

ACCOUNT MANAGEMENT VERSUS ACCOUNTS RECEIVABLE IN HEALTHCARE

ac·counts re·ceiv·a·ble man·age·ment
(ă-kownts rĕ-sēvă-bĕl manăj-mĕnt) Processes involving insurance verification, insurance reimbursement issues, counseling, preauthorization of services, monitoring billing and claims, and account follow-up.

ac·counts re·ceiv·a·ble
(AR, A/R) (ă-kownts' rĕ-sē'vă-bĕl) The aggregate of money owed to the health care practice by all patients and/or insurers.

ACCOUNTS RECEIVABLE VERSUS AGED RECEIVABLE?

Is there a Difference?

Accounts Receivable – Total amount Billed (invoiced) that has not been accounted for, regardless of when it was billed. 0-infinity days old. Still Outstanding

Aged Receivable – Total amount Billed that has not been accounted for that is in excess of 30 days old.

Accounts Start Aging as of the Bill APPROVAL date

Why is there a Difference?

Aged Summary Report

Accounts Receivable that is less than 30 days old:

- Not True A/R
- Wait and see

ACCOUNTS RECEIVABLE ASM

WARNING: Confidential Patient Information, Privacy Act Applies

Age Summary Report for ALL ALLOWANCE CATEGORY(S) JUL 28,2018@12:25 Page 1
at ALL Visit location(s) regardless of Billing Location

ALLOWANCE CATEGORY	CURRENT	31-60	61-90	91-120	120+	BALANCE
*** VISIT Location: HOSPITAL A						
MEDICAID	873428.60	18583.10	14780.62	10523.07	38994.36	956309.75
MEDICARE	582334.60	12457.58	283.59	719.72	504.12	596299.61
OTHER	13022.24	5733.08	3025.63	5839.91	22944.27	50565.13
PRIVATE INSURANCE	114696.72	24925.51	4941.25	11376.68	7080.21	163020.37
VETERANS	46763.57	2510.88	4283.79	621.24	2998.71	57178.19
*** VISIT Loc Total	1630245.73	64210.15	27314.88	29080.62	72521.67	1823373.05
	1630245.73	64210.15	27314.88	29080.62	72521.67	1823373.05

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AGED RECEIVABLE ASM

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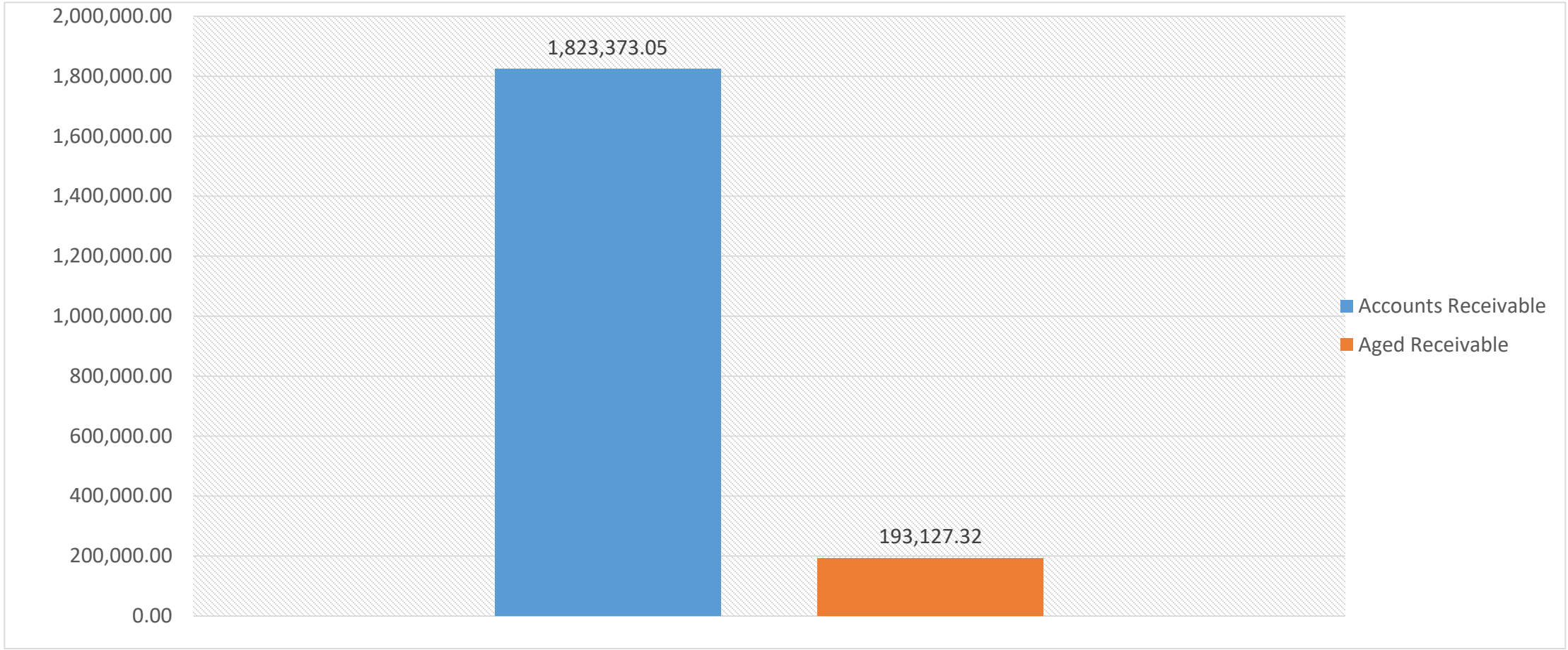
A/R VERSUS AGED RECEIVABLES



PATIENT ACCOUNTS – RPMS - 5 ALLOWANCE CATEGORIES – TREATING THEM DIFFERENTLY

Medicaid (Includes SCHIP)

Medicare

Private Insurance

Veterans Administration

Other:

- BMP
- Workman's Comp
- Non-Beneficiary

ALTERNATE RESOURCES TO CONSIDER (TRIBES HAVE THE SAME BASIC AUTHORITIES)

Medicare (Part A, B, C, and D) - Medicare

Medicaid (with or without Expansion) – Medicaid

Medicaid Managed Care - Medicaid

Private Insurance- PI

Beneficiary Medical Program (Commissioned Officers) - Other

CHAMPUS/Tricare - Other

Workmen's Compensation - Other

CHIP (Children's Health Insurance Program) – Medicaid or PI

Non-beneficiaries - Other

Health Exchanges - PI

Veterans Administration - VA

ETC.

MEDICAID – TREATMENT OF A/R

Medicaid Process –

Claims are Submitted Electronically by the Area Office/Service Unit

Remittance and Payment are received (hardcopy or Electronic) within 10 days of submission.

100% of all Medicaid Bills are Accounted for by the State

- Rejected (Rework at the time of rejection)
- Paid
- Denied
  - Eligibility Issues (not eligible or other alternate resource)
  - Non-Covered Services (dental and optometry)

NO REAL A/R TO WORK

Collection Ratio of 95% (Used to be)

SCHIP – TREATMENT OF A/R

- Not all Service Units are Tracking the State Children's Health Insurance Program separately.
- If you are, follow the rules of Medicaid or Private Insurance (depending on your State's Plan) for Accounts Receivable purposes.
- Considered Medicaid Allowance Category

AGED SUMMARY FOR MEDICAID OVER 120+

WARNING: Confidential Patient Information, Privacy Act Applies

Age Summary Report for ALL ALLOWANCE CATEGORY(S) JAN 20,2019@14:42 Page 1
at ALL Visit location(s) regardless of Billing Location

*** VISIT Location: HOSPITAL 0NE

ALLOWANCE CATEGORY	CURRENT	31-60	61-90	91-120	**120+**	BALANCE
MEDICAID	0.00	0.00	0.00	0.00	288400.00	288400.00
MEDICARE	29695.89	40588.09	21896.09	18185.94	56566.85	166932.86
OTHER	0.00	0.00	0.00	0.00	3327.81	3327.81
PRIVATE INSURANCE	174222.08	36560.94	62748.91	62159.59	216760.49	552452.01
Veterans Admin	5536.00	9542.36	0.00	720.00	15326.87	31125.23

MEDICARE – TREATMENT OF A/R

Medicare Part – Process

Claims are Submitted Electronically

- Entire Batch is Rejected due to format errors (Still Aging).
  - Whole Batch has to be resubmitted.
- Certain Bills are Rejected (RTP'd) (Still Aging)
  - Online Corrections with 30 Days
- Bills are Accepted. (Still Aging)
  - Will be PAID or DENIED within 14 days
  - Manual PAID or DENIED within 28 days
- Check/Denial is received within a couple of days
- Posting of all PAYMENTS and DENIALS completed within 5 days of receipt

MEDICARE CONT.

Entire Process completed within 30 days (billing, submission, correction, receipt, posting)

THERFORE: ***You should NEVER have Medicare Aged Receivables Over 30 days Old.***

If you do…..What does that mean, and what should you do……

MEDICARE PART B

Basically SAME as Medicare Part A

MEDICARE PART C AND PART D

Billing and Payment Methodology is Basically the same as Private Insurance

* Although sometimes is included in the Medicare Allowance Category on the ASM and sometimes as PI, or Part C, Medicare Managed Care, HMO, etc.

MEDICARE ASM

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WARNING: Confidential Patient Information, Privacy Act Applies
================================================================================
Age Summary Report for ALL ALLOWANCE CATEGORY(S)   JAN 20,2019@15:11   Page 1
at ALL Visit location(s) regardless of Billing Location
================================================================================
ALLOWANCE CATEGORY    CURRENT     31-60     61-90    91-120      120+    BALANCE
================================================================================

*** VISIT Location: HOSPITAL TWO

MEDICARE            295935.49  30562.46   6377.57   2647.00 181824.30  517346.82
OTHER                 2948.02  10087.13  29412.45  20114.34 218701.56  281263.50
PRIVATE INSURANCE    29564.41 309880.46  38798.86  39526.39 416502.67  834272.79
                    --------- --------- --------- --------- --------- ----------
*** VISIT Loc Total 328447.92 350530.05  74588.88  62287.73 817028.53 1632883.11
```

PRIVATE INS – TREATMENT OF A/R

- PI Claims are submitted electronically, hard copy, POS, Clearinghouse, etc daily.
- If there are transmission error, payers will not receive and the bill will keep aging.
- Bills are (hopefully) received by the Payer and Adjudicated
- If filing hardcopy, there is no record of receipt by the Payer
- Insurance Companies will take on an average of 30-45 days to "respond" to a bill
  - Pay the Bill in Full (not very often) (EOB)
  - Pay the Bill Partially, either adjusting the remainder or suspending the remainder for different reasons
  - Adjust/Deny the bill in full (pay nothing, but have a reason for it such as co-pay, deductible, non-pay, etc.) - We call these EOBs "Zero Pays" COULD BE CHALLENGED
  - Pay or Deny Nothing.

FOLLOWING UP ON PRIVATE INSURANCE CLAIMS PRIOR TO 30 DAYS, MAY BE A WASTE OF YOUR TIME/RESOURCES

Subject to Debt Management at 180 days (now 120 days)

PRIVATE INSURANCE ASM

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VA – TREATMENT OF A/R

- Bill VA Itemized Electronically or on Paper
- Submit to the Florida Address
- Have to include “THP” or “IHS” or “NNV”
- Claims are processed at VISN20, and “payment file” submitted to Austin for payment
- All payments “should” be coming in ACH. If not, we need to figure out why?
- Claims are to be processed by VA within 30 days
- There definitely could be real AR to work

OTHER – TREATMENT OF A/R

"Other" usually refers to Beneficiary Medical Program, CHAMPUS, Non-Beneficiary, Workman's Comp, etc.

BMP – Billed in various ways

- Accounts for 100% of the bills received
  - Pays or Denies due to eligibility
- New Process of receiving IPACs in place so the timing of payments should be reduced
- Should be no "real" A/R to work

Workman's Compensation

- Same as Private Insurance

OTHER CONTINUED

Non-Beneficiary – Processed like Private Insurance Bills

- Cover letter should go with, requesting payment (serves as first letter of request)
- Sent to Responsible Party
  - Patient Doesn't Pay or Partial Pays
- Second and Third Letter of Request goes to Responsible Party (Only One is Mandatory)
- SUBJECT TO DEBT COLLECTION ACT At 180 past due (now 120 days)
- **NON-BEN BILLS SHOULD NEVER BE WRITTEN OFF (unless deemed appropriate by AD or CEO)**

BUT, should be moved out of Open status to "sent to collection" status

REASONS FOR AGED RECEIVABLES

Claims were Approved/Billed, but not Printed/Exported/Sent

Claims were Approved/Billed, Printed/Exported/Sent, but never Received by the Payer

Claims were Approved /Billed, and Rejected by the Payer, and Rejections never corrected.

Claims were Approved/Billed in Error (never a valid receivable), but never “written off” in RPMS A/R

Claims were Paid and/or Denied, but not Posted in A/R (backlog in Posting) (not a valid receivable anymore)

Payment was made to the patient

Additional information was requested, and we did not follow up on the request, or the Patient was asked

WHY IS IT IMPORTANT TO CLEAN UP/WORK YOUR AR?

Why is it important to work your AR in a timely and proper manner?

- Proper Payment/Proper Denial
- Cash Flow
- Denial Management
- Secondary Billing
- Rework

STEPS IN THE A/M PROCESS

Account for the Receipt of Payment

- Work with Finance on the process of check deposits whether electronic or paper
- Create a batch in A/R as soon as possible after check is deposited

Review the Documentation that supports the Payment and/or Denial to ensure:

- the Payment/Denial does in fact belong to your facility
- the proper documentation is received to support the payers decision
- the Remittance Advice is clear enough for you to post accurately
- INVESTIGATE. BE A DETECTIVE – NOT EVERYTHING IS WHAT IS APPEARS TO BE

STEPS IN THE A/R PROCESS

Post the Payment/Adjustment transaction promptly and accurately:

- Promptness: Management is monitoring the Aging of the accounts
- Accuracy: RPMS is the Subsidiary Ledger to UFMS and all posting must reflect documentation
- Finance also has month end cutoff dates and reconcile monthly to the posted amounts
- *For UFMS users, Sites will not receive their revenue until posted and sent to UFMS*

STEPS IN THE A/R PROCESS

Denial Management - Review and Analyze Denials/Adjustments codes and meet with key staff to make process changes accordingly

Standardize the Use of Adjustment Codes

Follow Up on Aged Receivables - Accounts that have not been “Accounted For”.

- It is important to recognize the difference between “Aged Receivables” and “Accounts Receivables”.
- Follow Up may not be necessary on accounts less than 30 days old, but efforts should be applied to any accounts over 90 days old.

DEBT MANAGEMENT

- What is the difference between Denial Management and Debt Management and Debt Collection?
- **Debt Management - We are ALWAYS managing our DEBT (Account Management).**
- Denial Management – Monitoring, Analyzing, and “Working” the Adjustments and Denials we do receive. Proper Payment, Proper Denial.
- Debt Collection – Once the Debt has been established, and we find we have exhausted our Resources to collect on that Debt, we turn the Debt over to Treasury, or a collection agency, to Collect on our behalf.

DEBT MANAGEMENT MATRIX

Work in Progress.

Show the “DRAFT” Matrix

Still do not have this completed (who, when, and what) can be sent to PSC for Treasury Collection. Almost there. Waiting for clarification on Part C Plans.

AR UFMS/RPMS DASHBOARD

Show the latest Dashboard

What does this Dashboard Tell You? Just like the Aged Summary Reports, this Dashboard can show you where you may be having issues/gaps

MEDICAID EXAMPLE

Why is Medicaid such a concern at this time?

“should we really have Medicaid aging past 120 days?”

We do?

With the TROR (Treasury Report on Open Receivables), Medicaid appears to be “non-federal” and it looks like Medicaid owes us money.

THINGS TO COME

- AR Reconciliation Workgroup Meeting
- Establishment of SME Team
- Developing a “Workplan” to address ALL things AR
- Regional AR Workshops/Training in 2024 and 2025

THANK YOU FOR YOUR TIME! QUESTIONS?

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Indian Health Service

ORAP/DBOE