Revenue Cycle Integrity - Key To Operational Performance

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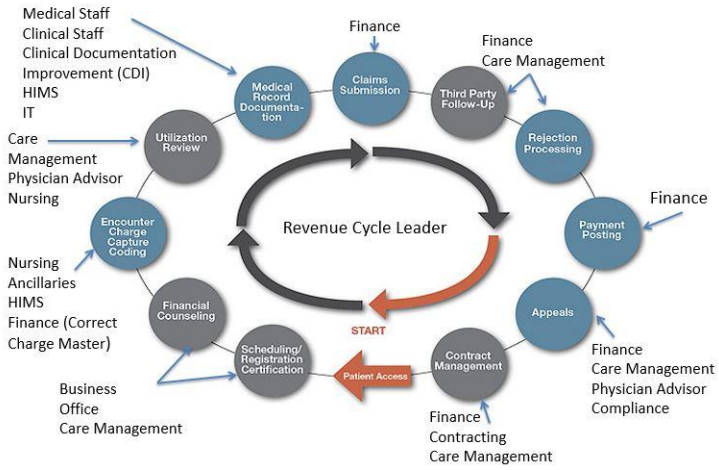
In our industry, buzzwords show up that are just new jargon. But in this case, revenue cycle integrity is not just another buzz phrase, but descriptive of how we need to think about and manage revenue cycle.

Hospitals report falling margins for a variety of reasons but one culprit, denials, we can do something about. According to CMS the RACs recouped $2.8 B from October 2009 through June 2012. No matter how we feel about the RACs, we have to admit there are vulnerabilities in our systems that need to be identified and corrected. By ensuring the integrity of your process you will reduce denials from all audits types.

Revenue cycle might be the largest system in the hospital, touching all departments, functions and medical staff. To think of revenue cycle integrity as a financial function is grossly underestimating the impact of each step in the cycle. We can no longer think in terms of separate departments and functions but as a continuum of connected activities. The diagram above illustrates the complexity of revenue cycle and all the disciplines that affect revenue cycle. If any of these players do not understand their role or do not have the proper tools to do their job, the facility and providers are at risk for denials that often add up to big dollars as evidenced by the $2.8 B recouped by the RAC program. We suggest you start by identifying all the players and functions such as charge master updates in your revenue cycle and begin to assess the integrity of each step.

Components for Revenue Cycle Integrity



Once you decide to tackle revenue cycle as a holistic system, a cross-functional leader is essential. The leader should have the power to champion the team and gain support and resources from administration. If you have a Physician Advisor leader, consider having that role lead the team with hospital support as they can bridge the hospital stakeholders to the medical staff stakeholders. Care Management is also key as they marry finance to clinical operations. And let's face it, without proper documentation you are sunk before you begin to drop a bill.

The assessment and plan for improvement can be undertaken like any performance improvement project with goals and measurable results. The key performance indicators (KPI) are then developed by each revenue cycle stakeholder group but approved by the larger working group to ensure each KPI supports the team goal. Once the cross functional revenue cycle team matures it should be added to the Utilization Management Committee as a permanent sub-committee and report on the integrity of the revenue cycle and denials. The ultimate key performance indicator is the percent reduction in denials and margin improvement. We hope the diagram above will help you get started and please look for our upcoming article where we dive into more detail on how to manage revenue cycle integrity.

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