



# MASTERING REVENUE CYCLE MANAGEMENT:

A Comprehensive Guide from MedSys Group Healthcare IT Consulting.

## INTRODUCTION

Revenue cycle management (RCM) efficiency is pivotal in a healthcare organization's operational fluidity and directly impacts medical institutions' financial health. MedSys Group understands the nuances and complexities involved. This guide will navigate the intricate phases of revenue cycle management, shedding light on how each step can be optimized for maximum efficiency.



### 1) Registration & Scheduling

The journey of effective revenue cycle management begins with registration and scheduling. This phase ensures that patient information is accurately captured and that all financial and medical eligibilities are verified beforehand.

#### Why is this phase important in the Revenue Cycle process?

This phase is crucial because every step after this is affected by how accurate the data put into the system is. This is also where patients get the first impression of your organization, so it is important to remain aware of the patient's experience.

#### The most common challenges encountered during this phase include:

- o **Authorization and eligibility checks are not integrated:** Without real-time verification, administrative staff must manually confirm patient insurance details and authorization requirements, leading to delays and higher chances of errors.
- o **Incorrect registrations:** Errors in capturing patient information, such as misspelled names or incorrect insurance details, can cause delays in billing and lead to claim rejections.
- o **Outdated registration EMR conversations built:** Older systems may not communicate effectively with newer technologies, leading to data silos and inefficient information sharing.
- o **Ease of scheduling:** Complicated and rigid scheduling systems can cause frustration for both patients and staff, leading to missed appointments and extended wait times.
- o **Staffing Retention:** Frequent turnover among administrative staff can disrupt workflow.

## How can these challenges be avoided or addressed?

Understanding the importance of patient access is usually understated in the revenue cycle. If registration and scheduling are on top of their game, it makes the rest of the revenue cycle exponentially better.



## 2) Charge Capture

Charge capture is crucial, as it directly influences healthcare providers' revenue integrity. This stage involves documenting all services provided to a patient and ensuring that charges are accurately posted to patient accounts. Effective management here prevents revenue leakage.

### Why is this phase important in the process?

This is where revenue is captured. Protecting the top line revenue is of high priority in all organizations. Correctly charging and having a revenue reconciliation plan is critical.

### The most common challenges encountered during this phase include:

- o **Automated charging:** It's important to make sure that the charging is done correctly by clinical documentation and not manual charge sheets, which can lead to charges not properly captured.
- o **Up to date charge master:** An outdated charge master can cause incorrect billing codes to be used, leading to denied claims and delayed reimbursements.
- o **Understanding the charge capture process for each department:** A lack of standardized charge capture processes across different departments can cause inconsistencies and errors in billing.



- o **Charge Reconciliation:** Inefficient charge reconciliation processes can lead to discrepancies between services provided and charges billed, impacting overall revenue integrity.
- o **Staffing:** Insufficient staffing or lack of trained personnel in charge capture roles can lead to delays and errors in the billing process.

### How can these challenges be avoided or addressed?

Automation of most areas of charge capture, getting charge master up to date, and defining a charge reconciliation process will ensure proper charge capture throughout the organization.



## 3) Coding

Post-discharge, the patient encounter is sent to the Health Information Management (HIM) department for coding—a critical and specialized skill in the revenue cycle. Coders verify that diagnoses and services rendered are accurate and that no essential details are omitted. The efficiency of coding directly affects the billing process; any delays can hinder the claim submission. The importance of this phase cannot be overstressed, as improper coding can result in denials and re-submissions, leading to a bottleneck in cash flow.

### Why is this phase important in the process?

If claims are not properly coded, it will cause denials and the claims will need to be resent to the payors.

### The most common challenges encountered during this phase include:

- o **Automation of outpatient coding:** Automated systems for outpatient coding are extremely helpful in preventing the overlooking of specific clinical details, which may lead to coding errors and claim rejections.
- o **Auto-coding:** Automated coding tools can struggle with the complexity of certain medical scenarios, potentially producing incorrect or incomplete codes.
- o **Third-party Integration:** Managing integrations with numerous third-party systems can result in compatibility challenges, causing data inconsistencies and coding mistakes.

- o **Staffing:** The shortage of experienced coders can create bottlenecks in the coding process, slowing down claim submissions and affecting cash flow.

### How can these challenges be avoided or addressed?

Understanding the importance of getting claims out the door as fast as possible, having a high efficiency coding department, decreasing cost to collect in order to speed up the cash flow, and helping clinical areas understand the impact they have when they are documenting to lessen the need to redo documentation are all vital at this stage.



## 4) Billing

Billing is the direct follow-up to claims management, where claims are compiled and submitted to payors. Claims are ready to bill once they have passed all edits, have been fixed, or are clean claims. If the claim hits an edit, it will queue up for someone to work on the claim edit so that it may be released and sent out.

### Why is this phase important in the process?

Having a clean claim rate is one of the most important parts of this process. Claims hitting edits will only slow down the process of getting the claim out the door, greatly reducing efficiency across the board. Consider that it takes on average 25 dollars per time a claim hits an edit and has to be fixed. Clean claim rates are a great indicator of how well you have your system setup.

### The most common challenges encountered during this phase include:

- o **Claim Edits:** These are checks against claim submissions to identify errors that could lead to denials or rejections. While they are essential for ensuring accuracy, they can also introduce delays if not managed efficiently.
- o **Claim Holds:** At times, claims may be held up due to missing information or pending verification, which stalls the billing process.
- o **Unnecessary Delays in Billing:** Delays can be introduced due to various factors, including manual processing, lack of verification, or workflow inefficiencies.
- o **Lack of Automation:** Without automation, the billing process is less efficient and prone to human error. Automated systems can pre-emptively catch errors, thus streamlining claim submission.
- o **Staffing:** Adequate and well-trained staff are crucial to managing billing effectively. Staffing challenges can lead to backlogs and delayed billing.

### How can these challenges be avoided or addressed?

Overcoming these challenges requires a nuanced approach to the billing process, incorporating robust checks and balances at every step of the way. We understand how to set up your claims edits and use automation to fix those claim edits so they no longer get held in the scrubber.





## 5) Cash Posting

Once payments are received, the cash posting phase involves recording and reconciling them against their respective claims. Payors, patients and other third parties send hundreds of transactions, bank files, credit card transactions to the billing system. These transactions all need to be posted promptly and accurately. Once they are posted, the billing system needs to balance out to the financial system.

### Why is this phase important in the process?

Posting transactions is how you lower the AR and move claims to the next phase of the revenue cycle. It ensures timely revenue recognition and accurate financial records, which are critical for managing cash flow and operational efficiency.

### The most common challenges encountered during this phase include:

- o **Incorrect mapping of codes:** Misalignment of payment codes such as CARC OR RARC\* with their respective services can lead to discrepancies, requiring additional time and resources to identify and correct, thus delaying revenue recognition.  
*\*CARC: Claim Adjustment Reason Code/RARC: Remittance Advice Remark Code*
- o **Posting transactions to incorrect encounters:** Assigning payments to the wrong patient encounters causes confusion and errors in billing records, necessitating labor-intensive corrections to ensure accuracy.
- o **Balancing EMR to financial systems:** Discrepancies between the EMR and financial systems can result in incomplete or incorrect financial data, requiring extensive audits and reconciliations to resolve.

### How can these challenges be avoided or addressed?

Several key strategies include: implementing automated systems with accurate mapping capabilities, ensuring seamless integration between Electronic Medical Records (EMR) and financial systems, and investing in comprehensive training programs for staff.



## 6) Patient Billing

The final phase of revenue cycle management involves billing patients for services rendered and managing the collections process. Accuracy and transparency in patient billing foster trust and improve the payment collection rate. Correct statements sent to patients are a significant matter for healthcare organizations. One of the biggest quality metrics in terms of the revenue cycle can be driven up by correctness, or deeply affected when a patient gets an incorrect bill.

### Why is this phase important in the process?

The patient billing phase is vital because it directly influences the financial health of the healthcare organization and the patient experience. Accurate, transparent billing helps build trust, making patients more likely to pay their bills on time, while incorrect statements can cause confusion and frustration, leading to delayed payments and harming the organization's revenue and reputation.

### The most common challenges encountered during this phase include:

- o **Incorrect statements:** Sending out inaccurate statements to patients can lead to confusion, disputes, and delays in payment processing, negatively impacting revenue collection and patient satisfaction.
- o **Payment portal:** A poorly designed or malfunctioning payment portal can frustrate patients and deter them from completing their payments online, leading to lower collection rates and increased administrative burden.
- o **Ease of payment:** Complex payment processes or limited payment options can make it difficult for patients to settle their bills promptly, resulting in overdue accounts and decreased cash flow for healthcare organizations.
- o **Posting and balancing patient payments:** Inaccuracies in posting and reconciling patient payments against outstanding balances can lead to discrepancies in financial records, making it challenging to track payments accurately and reconcile accounts receivable.





### How can these challenges be avoided or addressed?

Understanding this is the last part of the revenue cycle process that will leave the last impression to the community served is vital. There are a lot of automation capabilities to free up resources to chase other opportunities. Making this process easy and understandable for patients will increase satisfaction and how the organization is viewed.



## 7) Claims Management

Claims management is the backbone of revenue cycle management, encompassing everything from claim creation to submission to payors. This step is critical for ensuring that payments are received without delay. Efficient claims management requires meticulous attention to detail to avoid errors and denials.

### Why is this phase important in the process?

This phase is the overarching umbrella of the revenues cycle and brings all the teams together for the big picture.

### The most common challenges encountered during this phase include:

- o **Increasing DNFB rates:** Discharged Not Final Billed (DNFB) occurs when patients are discharged, but their claims have not been fully processed and submitted for billing. Higher DNFB rates leave revenue in limbo, and the organization experiences delays in cash flow and increased risk of claim denials.
- o **AR growing:** An increase in Accounts Receivable (AR) indicates that payments are not being collected efficiently, straining the revenue cycle and reducing available working capital.



- o **Increased denials:** A higher rate of claim denials necessitates additional time and resources for re-submissions and appeals, prolonging the payment process.
- o **Higher Cost to collect:** The cost of collecting payments is rising due to more complex billing processes and increased administrative efforts required to resolve issues and pursue unpaid claims.
- o **Staffing Turnaround:** High staff turnover in the claims management team can disrupt operations, leading to inconsistencies, errors, and delays in processing claims.

### How can these challenges be avoided or addressed?

To ensure this vital stage of revenue cycle management avoids common challenges, it's important to have a clear understanding of the metrics for each area and where the choke points are for your specific organization. Increasing efficiency in all these areas will affect every key metric.

## CONCLUSION

Efficient management of each phase in the revenue cycle is imperative for the sustainability and profitability of healthcare providers. With the support of expert Revenue Cycle Consultants and robust Healthcare IT Consulting solutions like MedSys, healthcare providers can enhance their financial operations and focus more on delivering quality patient care.

Are you ready to optimize your revenue cycle processes? Consult with our expert Revenue Cycle Consultants at MedSys Group and discover how our Healthcare IT Consulting solutions can transform your financial operations. Contact us today to learn more!

