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### What coffee and radiology billing have in common

By Jill Briggs, AuntMinnie.com contributing writer

November 1, 2018 -- "Good 'til the last drop" is a familiar slogan to many. Maxwell House coffee coined this phrase in a successful marketing campaign during the 1950s and has carried on with its brand for years. Many find peace in that first cup of coffee each morning, starting the day off on a positive note. How can you have that same peace in your practice performance?

Measure the details. Just as a good cup of coffee needs to have the proper ratio of water to coffee, a successful practice needs to keep a mindful eye on the metrics of its business.

Most groups are aware of monthly cash flow, but there are other key indicators to review on a routine basis to ensure your practice is on track. Below are a just few areas to measure to support a strong practice and peace of mind each morning.

#### Days in accounts receivable (AR)

This is a common metric in revenue cycle management. The purpose of tracking AR is to determine, on average, how long it takes to collect on charges. The basic formula for this measurement is as follows:  $\text{days in AR} = \frac{\text{ending accounts receivable balance}}{\text{daily average}}$ . Determine your daily average by calculating the gross charges posted in the last three months divided by the number of days in the last three months. An acceptable range should be 30 to 35 days. A billing process with the proper ratio of coffee to water should average about a month to resolve claims. If your results are higher, your process might be watered down.

#### AR over 120 days

This metric is beneficial to review at the practice level as well as at the payor level to identify issues. Increases in the ratio of claims that have aged over 120 days indicate a breakdown in the revenue cycle management (RCM) process. There are several areas to explore if you suspect a problem. Evaluate denied claims and the appeal process, consider patient balances and outstanding installment plans, and review any claims that have no response on file. A well-balanced billing cycle should see AR over 120 days between 7% and 10%.

#### Claim denials

This can be a daunting metric to review. There are many intricate details that can go into making the pot strong. Evaluate your denial process from several angles to measure its effectiveness. The first step is to simply know the ratio. What is the current denial rate for your claims? Denied claims should not make up more than 10% of your practice. Knowing the rate is a great first step; to take it a bit



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further, measure the effectiveness of the denial workflow. Are the denials being followed up on effectively? To measure this, consider the receipts associated with those denied claims. The ratio should be very close to the ratio you are collecting on clean claims.

### Receipt per relative value unit (RVU)

Many choose to evaluate their billing results based on a collection ratio. While this is valuable, there are as many definitions to calculate the metric as there are unique blends of coffee. Each barista will define the blend a bit differently, making a true comparison difficult. Should the adjustments be taken into consideration when making the calculation? Which adjustments are counted? Are the calculations being made in accordance with a reputable organization's definitions, such as those published by the Radiology Business Management Association (RBMA), or are a different set of rules being utilized?

An alternative metric to employ is receipt per RVU. An RVU is a basic unit of measure defined by the U.S. Centers for Medicare and Medicaid Services (CMS), and new RVUs are released annually in the *Federal Register*. They help to weight the value of a more basic imaging procedure, such as a one-view chest x-ray, against a more complex CT or MRI. Just as the procedures are different and require different levels of expertise to perform, the reimbursement should vary as well. Simply comparing \$25 for one chest film to \$250 for one CT scan isn't a fair blend. It is advisable to review these as a calculation to determine the true, average receipt received per RVU.

The table below offers a demonstration using 2018 facility RVUs for a few common global procedures.

2018 RVUs for common medical imaging procedures				
CPT code	Receipt	2018 RVU	Receipt per procedure calculation	Receipt per RVU calculation
Chest x-ray, 1 view	\$25	0.56	\$25	\$44.64
CT abdomen and pelvis	\$250	5.68	\$250	\$44.01

Notice the discrepancy when comparing the receipts in this example to procedures instead of RVUs. RVUs are a great tool to measure the blend of a practice's results to ensure a good balance and smooth practice performance. Consider the various ways to view the practice to monitor the performance of receipt per RVU. A few popular options are by payor and by modality. These possibilities offer the chance to equally compare the practice results even if it means comparing a venti iced coffee to a short french press to a pumpkin spice latte.

Whether you take your coffee black, take it with cream and sugar, or prefer a strong espresso, a great cup of coffee must have a precise balance. Great billing results are no different. A precise balance of detailed analysis, knowledgeable follow-through, and expert handling can help make sure your practice experiences results that are "good 'til the last drop."

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*The comments and observations expressed are those of the author and do not necessarily reflect the opinions of AuntMinnie.com.*

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