



# Costly Sins in Revenue Cycle Management

BY DON RODDEN, CHBME

## EXECUTIVE SUMMARY

Due to the continuously evolving complexity, Revenue Cycle Management (RCM) is becoming the normative term in the healthcare industry for what was formerly referred to as medical billing. (For purposes of simplicity in this article we will refer to RCM aka medical billing as “billing”.) Billing is an integral part of the modern healthcare industry; so much so that it has become an industry in and of itself. And while the importance of billing is widely known, it is still the source of substantial revenue losses for healthcare service providers in every sector of the industry. Let’s explore the seven most common causes for these preventable losses, especially as related to radiology practices.

### The Heavy Price of Bad Billing

It may surprise some readers to know that mismanaged billing processes can cost radiology practices as much as 20% in lost revenues. In fact, per prior data released by the Radiology Business Management Association (RBMA) in 2018, hospital-based radiology practices across the country only collect an average of 84% of the money they’ve earned, with many falling below that average. This means that radiologists, no matter how hard they work or how many patients they help, are missing out on a substantial chunk of incoming funds. Funds that in addition to adding to the physicians’ personal incomes, could be used to



support patient care improvements, capital investments, and other types of positive growth. In short: working harder doesn't help move things forward if billing issues are holding back progress.

The lesson here is that even though securing truly effective billing services may require a greater investment on the part of a practice, the returns on that investment are quite significant. At its best, billing can actually increase revenues as opposed to simply keeping a record of them. Understanding and avoiding the billing pitfalls can help radiology providers and practice managers make sure that their billing process is really working for them and advancing them toward their goals.

### **Sin #1—Inaccurate Provider Enrollment**

Provider enrollment filings are critical to ensuring that payments for services are received as they should be. Without complete and accurate information, private insurers and government payors like Medicare will simply deny claims out of hand. Proper enrollment, continual follow up, and routine updates opens the door to proper payment—it's that simple. Any billing company that provides these services should be knowledgeable, experienced, and up-to-date on evolving trends and best practices. The enrollment process should be well organized and include the timely performance of all applications, as well as PECOS (Provider Enrollment, Chain, and Ownership System) and CAQH (Council for Affordable Quality Healthcare) validations. Radiology providers that don't pay close attention to enrollment do so at their own peril.

### **Sin #2—Ineffectual Coding and Tracking Practices**

Current Procedural Terminology (CPT) and International Statistical Classifications of Diseases (ICD) codes are the language of medical billing. They provide a framework for documenting what procedures (CPT) and diagnoses (ICD-10) are provided to patients, and why particular services were rendered, respectively. CPT codes are assigned by the American Medical Association (AMA) and ICD codes are created and monitored by the World Health Organization (WHO).

Failure to capture all applicable CPT codes or to assign the appropriate ICD-10 codes results in denied claims, which inevitably result in lower reimbursement. This means that coding should be performed by well-trained, experienced, and certified coding professionals; professionals who stay current with changing codes and procedural changes made by the Centers for Medicare

& Medicaid Services (CMS) and private health insurance carriers. In addition to the risks of forfeiting revenues, ineffectual coding practices can lead to compliance issues that may result in unwanted audits, fines, and penalties—even jail time.

Tracking interpretation reports goes hand-in-hand with effective coding. It's essential to have fail-safe checks and balances in place to make sure that every procedure performed becomes a claim in the billing process. When a billing company doesn't audit and validate the receipt of interpretation reports, radiology providers stand to lose 10% or more of their revenues; no matter how effective the rest of their billing process is. To combat this, radiologists and practice managers must be vigilant and demand consistency from their billing vendor.

### **Sin #3—Untimely Claims**

To be certain that claims are processed as promptly as possible, payors have claim-filing time limits in place that providers must abide by to receive appropriate reimbursements. These time constraints vary from payor to payor and are dependent on your contracts. Therefore, it is always important to know how long each one allows. Filing late claims gives payors ready-made opportunities to issue denials, and denials lead to lost revenues.

While simple tardiness—missing deadlines—is a primary cause for late claims, there are other reasons claims can become late. Sometimes filing limits are reached because an initial claim was not filed promptly, which forces the delay of a secondary claim that may be denied because the secondary payor's time limits are exceeded; it's all connected. There are also cases where patient information on claims is incomplete or inaccurate. If it takes too long to correct the errant information, it is not uncommon for filing deadlines to pass. These issues are easily avoided with claim filing processes that stress promptness, accuracy, and a commitment to keeping up with changing payor filing constraints.

### **Sin #4—Lack of Payor Validation & Reimbursement Tracking**

It may sound simplistic, but holding payors to their commitments is critical if radiologists want to receive all the money they've earned. Payors must be made to adhere to the terms of their contracts, and it is the responsibility of those managing the billing process to do so. By not paying attention to how payors honor their reimbursement agreements, healthcare providers stand to lose untold thousands of dollars. Radiology providers



need to continually verify that the amounts they receive from payors are what they're contracted to receive. And, if underpayments are found, they must be challenged.

On a related note, if your payor contracts have low reimbursement rates, it is essential to negotiate rates that are more reasonable and fair. Billing companies should be able to provide their clients all of the knowledge and information needed to secure strong reimbursement rates. Accepting substandard reimbursement from payors can lead to substantial financial losses on an annual basis.

### Sin #5—Slow Inquiry Response

Patients and payors submit inquiries and communicate important information to radiologists in many different ways. Letters, faxes, emails, texts, patient portals and phone calls are all common throughout the industry. Like most things with billing, when it comes to responding to inquiries, timing is everything. If a billing process isn't set up to respond to inquiries timely and efficiently, claim denials and missed revenue opportunities can occur. Many times, inquiries contain corrections and changes to patient and payor data that's germane to getting claims processed effectively and efficiently. Furthermore, asking patients to address issues that they consider settled because they already submitted updated information can make the physician practice appear unprofessional and lead to unhappy patients.

### Sin #6—Passive Denial Management

Sound billing processes usually generate a small percentage (3-6%) of claims that are denied for legitimate reasons other than eligibility—it's a fact of the business. But, when billing processes are sloppy and claim filing isn't done per best practices, denial rates can run as high as 15-20% or even higher. That is a lot of potential revenue to leave on the table, and much of it can be recovered through active and rigorous denial follow up. Responding to and, when appropriate, challenging denied claims can bring in significant amounts of previously lost revenues. At the same time, promptly addressing denials can expose problems within the billing cycle and provide the opportunity for improvements that will pay off down the line.

Unfortunately, some billing companies or internal billing departments work only 80% of claims. They go after the low-hanging fruit and leave the rest behind. That can translate to an automatic loss of 20% of potential revenue for their clients. Radiologists should demand that their billing service work 100% of their claims, including denials and ignored claims. Remember, the dollar yield


on working denied claims is essentially equivalent to the denial rate. So, if the denial rate for a practice is 10%, that practice is losing 10% of its revenue from the start. In addition to being 10% of your total revenue, your other practice expenses have already been paid so the revenue net of billing fees goes directly to you, the physician

### Sin #7—Incomplete or Nonexistent Auditing & Validation

Medical billing is an extremely lengthy and complicated process. And because there are so many potential failure points in the process, it is critical to validate every part of it. For the best results, internal and external audits and validation are recommended. Billing companies should frequently validate their processes and make the results available to their clients.

A good way for physicians and practice managers to stay engaged with their billing company's validation efforts is to, on a periodic basis, produce a list of 50 random patient encounters and request the company provide a comprehensive explanation of the account history, every action taken with the account, and any communication that took place with it. This exercise will either reinforce the peace of mind the practice has with its billing company or signal that the company isn't on top of its game and that it's time to look for a new partner who is thorough in their processes. Whatever the outcome, it's worth it.

### Conclusions

It's not uncommon for radiology groups to have unwittingly succumbed to one or more of the seven costly sins of medical billing, aka radiology Revenue Cycle Management. The important thing to know is that there is hope for redemption. By understanding what to look for and what to expect from medical billing companies, health care providers can free themselves from worrying about lost revenues and focus their attention on taking care of their patients. 



#### DON RODDEN, CHBME, CPA (INACTIVE)

is a principal at HealthPro Medical Billing. He has more than 30 years of experience in the Revenue Cycle Management industry and served as the president of the Healthcare Business Management Association (HBMA) in 2012. He is also a member of the HBMA Government Relations Committee.