THE PLAYBOOK FOR
AMBULATORY PRACTICES

Plug Revenue Leaks

A practical guide to capture missed revenue
and improve cash flow

Azalea™ HEALTH

Ambulatory and rural health clinics (RHCs) face constant pressure to balance patient care with often tight financial realities. In its *State of Rural Healthcare report*, Wipfli surveyed RHC ambulatory leaders — 41% said financial concerns and reimbursements were significant challenges.

You and your team know how to bill insurance, collect coinsurance and copays, and manage revenue cycle management (RCM) workflows like clockwork. There are still areas though where revenue can slip away. Revenue can leak out directly or indirectly at any point in your revenue cycle management (RCM) process — points that are sometimes forgotten.

The good news is that there are things you can do to plug revenue leaks and maximize your revenue cycle at every and any point in the RCM process.

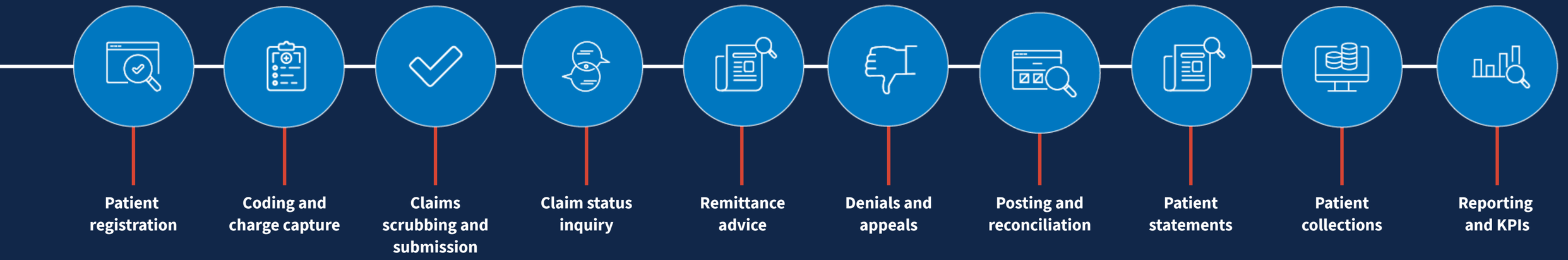
This playbook covers where revenue leaks are most likely to happen and steps you can take to plug them from the time before the patient walks through the door to after the visit is over and every touchpoint in between.

Incorporate one or all and start plugging revenue gaps today. And for an expert assessment of your RCM process, contact Azalea Health at (866) 504-2669.

41% of survey respondents said financial concerns and reimbursements were significant challenges

Inside

Revenue Cycle Management Components



Your RCM process runs from patient registration to payment collection. And revenue leaks **can happen anywhere in the cycle and result in your losing money.**

3 Steps to Take Before You Start Plugging Revenue Leaks

Before you start plugging holes, implement three key steps.

Map Out Your RCM Process

Start by mapping out your current RCM process. You can use the components outlined on page 2 to document what you're doing at each phase. Examine and document how you currently process patients at registration and how you scrub claims.

Once your current process is documented, you spot areas where you can apply the steps on the following pages or redesign all or part of your process to help plug leaks.

Tip: Formalize your process as a shared resource stored in the cloud that any one can access at any time and that's part of your onboarding process for new hires.

Maximize Technology and Automation

Plugging leaks doesn't mean you have to add more staff. It means making sure you maximize the resources — human and technological — available to you today.

If you have an electronic health records (EHR) platform, make sure you take full advantage of its abilities. Same for the clearinghouses you use. And what about AI? If you're using it, use it to its fullest. If you're not, look into it.

In Wipfli's *State of Rural Healthcare* report, 32% of respondents reported using AI tools.

Track KPIs and Trends

The last key strategy — and maybe the most important — is to determine and start tracking KPIs and trends. If you don't have visibility into what's happening, you won't know what's working and where you still need to plug gaps.

If you need a place to start see Figure 1, which shares industry averages you can use as a baseline for your own clinic. Note though, you may not be hitting industry averages today. The goal is to create your own baseline that you can compare against over time.

Industry Averages for KPIs to Track

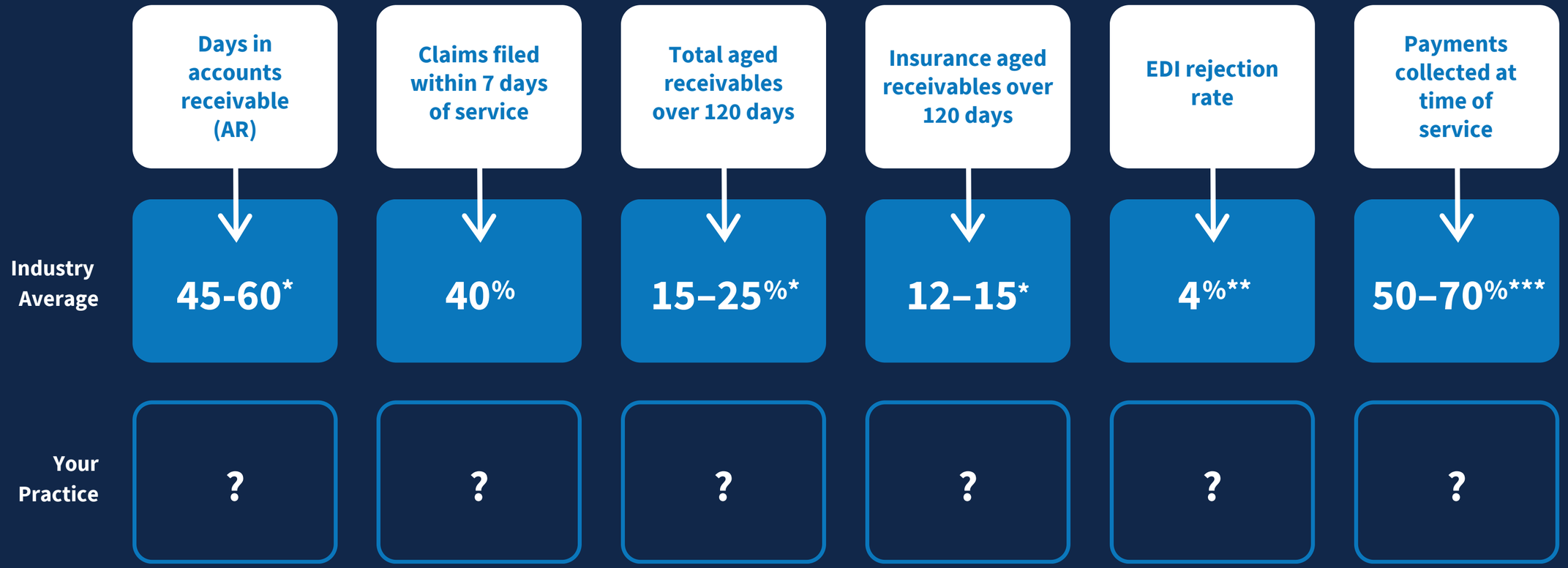


Figure 1: Sample KPIs and industry averages your ambulatory practice can use to track progress toward plugging revenue leaks as you track your own KPIs.

*Source: MGMA **Source: Trizetto EDI ***Estimated expectation

Now that you have your process documents and have a baseline of KPIs and trends to track, here's a look at each RCM component and where you can find and take steps to fix revenue looks.

Plug Leaks at Patient Scheduling

Patient scheduling is your front desk workflow and starts before the patient enters the lobby.

Ways to plug revenue leaks in this part of the RCM process are to:

- **Activate patient self-scheduling** when you can, such as through an online patient portal
- **Take advantage of automated reminders** by text and/or email; preferably multiple reminders
- **Create a waitlist** to make sure to fill — and bill for — cancellation slots
- **Charge a no-show fee** to recoup at least part of your lost revenue
- **Look into double-booking** based on your no-show rates
- **Consider telehealth** for eligible visits

Tip: Have your team flag no-shows, cancellations, and other information in your EHR so you can learn from your insights.

Up to **40%** average no-show rate for outpatient clinics[1]

The Potential Impact on Revenue Leaks

When you let patients self-serve and automate reminders, you save front office staff time. Time they can spend on other things. You also reduce no-shows, so providers aren't sitting idle, and you bill for the time.

What to Track to Monitor Progress

- No-show %
- Cancellation %
- Appointment utilization trends

$35 estimated cost in staff time, paper, and postage needed to send a paper bill

Plug Leaks at Patient Registration and Intake

Patient registration and intake offer similar opportunities to save your front office staff time. And inconsistency at this step of your RCM drives downstream denials and leakage.

Ways you can plug leaks here include:

- **Use technology**, such as an iPad or app, to let patients do self check-in
- **Create a standard set of data to collect** and items to check:
  - Patient demographics
  - Insurance verification
  - Needed prior authorizations when possible
  - Eligibility and benefits
- Whenever possible, **collect any needed copay**
- For times you can't collect a copay, ensure you **have a documentented exception handling proces**s and policy including for missing information and refusals to pay

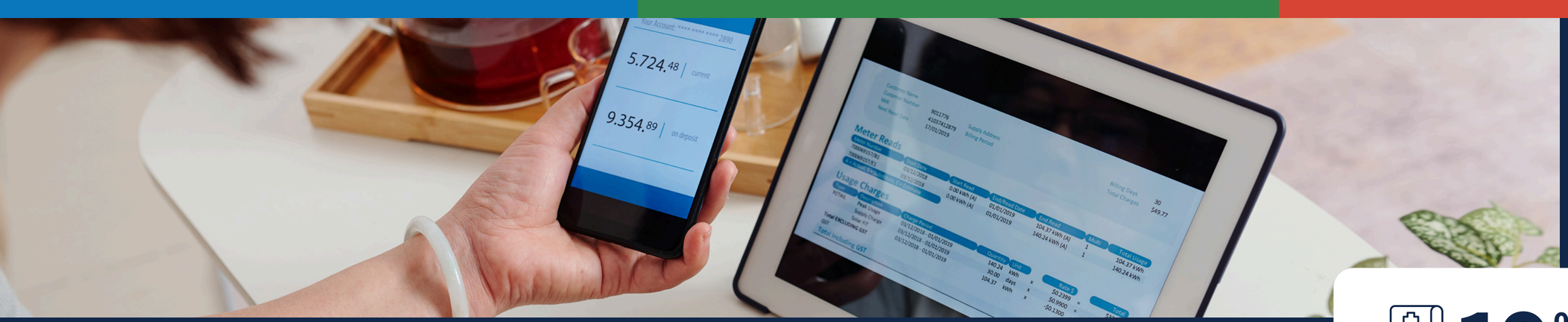
Tip: Make sure your entire check-in process is documented and available to all staff in a central location, such as a cloud drive.

The Potential Impact on Revenue Leaks

Your front office staff are your revenue gatekeepers. When they verify insurance upfront, you can reduce claim denials and revenue leaks. And when they collect co-pays during patient intake, they save a lot of time on trying to collect later on and have a greater chance of collecting.

What to Track to Monitor Progress

- Registration error rates
- Invalid patient, insurance denial rates
- Pre-service patient collection rates



19% of patient responsibility goes uncollected[2]

A Game Changer: Automate Preservice Payment Collection

Unpaid cost sharing can put a hole in your revenue bucket. But when you automate preservice patient payment collection, you help ensure you collect more of the patients' responsibility. When you move collecting the patient's share — at least the copay — to the start of a visit, you shift the burden upstream and reduce unpaid cost sharing.

Tips: Many patient responsibility estimators query clearinghouse data to find allowed amounts based on CPT code and cross-reference eligibility and benefits.

Ways to automate payment preservice collection include:

- **Having credit card terminals that integrate with your EHR** at your front desk to eliminate manual data entry and make it fast and easy for patients to pay
- **Offer to keep the patient's card on file** and bill once you know the patient's responsibility rather than sending a bill
- **Use a patient responsibility estimator** to understand the copay, coinsurance, and whether the patient has or hasn't met their deductible
- **Offer flexible payment options**, including prepayments, deposits, and payment plans
- **Offer online/mobile payments**

If you don't ask for payment, you won't get it. Make sure your staff has scripts to use to ask for copays and other needed collections. This makes the process formal and can ease their discomfort.

Plug Leaks at Charge Capture and Claim Submission

$25-30 average cost to correct and resubmit a single claim

Charge capture and claim submission is often the biggest source of revenue leakage.
Why? Because services provided aren't assigned the right charges.

To plug revenue leaks here:

- **Make sure you have complete documentation** by making sure your templates and documentation are set up right
- **Make sure charts are signed** on time
- **Use defined, standard protocols** for documentation, procedure templates, checklists, and picklists
- **Ensure coding accuracy**, and that:
  - Codes you need are uploaded by you or your EHR vendor
  - You can flag expired codes
  - Codes get checked for medical necessity, such as for labs, ABNs, etc.
- **Make sure you use a a fully integrated EHR** that has both clinical and billing in one system, so you can stop using paper superbills
- **Have a documented, automated charge reconciliation process** and tool if you have providers visiting multiple locations
- **Consider A**I charge capture tools
- **Do routine process audits** to make sure your processes continue working overtime

The Potential Impact on Revenue Leaks
Missed or delayed charges can equal lost revenue, revenue you never recover, or revenue that costs more to recover than it brings in. And paper superbills are a serious failure point in your RCM. Billers naturally tend to not take coding as seriously in the system when they can simply circle a code on a superbill. They can get lost or go unchecked.

What to Track to Monitor Progress

- EDI rejection rate
- Average days to bill
- Point of service (preservice) collection rate

Tip: Perform mini audits of your templates and documentation to make sure they're set up correctly now and as needs change.

Plug Leaks at Payment Posting

Payment posting can be an easily overlooked source of revenue leaks. But if it's not done right, it can be a serious source of revenue issues. The key to ensure the payment posting portion of your revenue cycle doesn't lead to lost revenue is to:

- **Post frequently** — not just monthly or every few weeks; post daily if possible and weekly at least — and use auto posting
- **Make sure denials are flagged** right and that you use a standard process that's not a stack of papers
- **Practice deposit reconciliation** as a rule so you can find discrepancies early
- **Regularly close period**s and make sure charges are in your system
- **Create a formal process** to track underpayments or do regular audits
- O**pt for electronic funds transfer (EFT)** over paper checks
- **Regularly monitor your credit balances** to avoid owing refunds
- **Opt out of virtual credit card payments**, which have high transaction fees compared to EFT or ACH payments
- Use your integrated merchant service's robotic process automation to automatically apply payments and reduce work

Tip: To audit underpayments, spot check your top five highest paying CPT codes to make sure you're getting paid according to your contract.

23% of healthcare claim payments are paper checks which can be lost, stolen, or delayed[4]

The Potential Impact on Revenue Leaks

Following the practices here lets you spot and address issues sooner than later. Delays in posting payments and having to repost slow your cash flow and AR performance These best practices can also reduce the risk of items getting lost or overlooked.

What to Track to Monitor Progress

- EFT adoption rate
- Average days to post payment
- Payments posted per FTE
- Autoposting rate (%)
- Variance/underpayment identification rate

60% of denials never resubmitted (estimated industry average)

Plug Leaks from Denials

Denials leak revenue by preventing or delaying reimbursements. And they can start at any point in the revenue cycle, including at the front desk. Denials also leak revenue by taking your team's time to manage them. And 90% of denials can be prevented.

Ways to prevent denials include to:

- Determine your denial rate and track it to find trends and areas for improvement
- Create a denials management worklist that includes common denials and how to work them for staff to follow; store it in a central online location and keep it updated
  - For example, if a certain modifier is regularly missed, you can create a process to catch that before the next claim goes out
  - Consider an AI and/or analytics tool that can automate this for you
- Use payer portals to see claim status, manage denials, resubmissions, and appeals instantly instead of relying on phone calls
- Create and maintain library of effective denial responses and make it accessible online to the entire team

Tip: One of the most effective ways to reduce denials is to verify patient eligibility and insurance details before each visit.

Leading Causes of Denials

- Missing authorizations
- Lack of eligibility
- Inaccurate coding and/or modifiers
- Lack of timely filing
- Inaccurate patient demographics
- Insurance coverage issues
- Lack of medical necessity

The Potential Impact on Revenue Leaks

When staff spend time identifying, correcting, and resubmitting denied claims, your administrative costs go up and your cash flow goes down. And over time, denials can lead to lost revenue, strained resources, and reduced financial stability for your practice.

What to Track to Monitor Progress

- Denial rate (gross charges denied/gross charged filed)
- Clean claims rate (denied claims/total claims filed)
- Average payer turnaround times

Plug Leaks with AR Follow-Up

Aging claims are the flip side of denials. The longer they go unpaid, especially if they're never paid, revenue is bleeding out of your practice. A solid process for spotting and following up on aging claims is as critical as working to reduce denied claims.

To best deal with aging claims and AR follow-up:

- **Track aging dollars monthly**; group them into days in AR buckets and track dollars and percentages; use your findings to isolate problem areas by payer and insurance class and address the worst areas first to maximize revenue
- **Don't rely solely on aging reports**, instead use your EHR or an AI add-on to create autoreminders to follow up with payers based on their average turnrounds
- **Set up real-time payment status inquiry** through your clearinghouse, which automatically pings the payer for a status for you
- **Set up a process for how you work aging claims**, including how they're worked, when they're worked, who works them, and who works which payer and how often if **applicable (based your frequency on how often different payers tend to pay)**
- **Track contractual vs noncontractual adjustments** to determine if claims are being adjusted that shouldn't be
- **Track 100% adjustments** to spot areas where you're flat out losing money and where things are written off that shouldn't be and why
- **Look into an AI billing assistant** that lets you automate visibility into what needs addressed, so you can put your focus there and not audit everything manually
- **Set benchmarks** for where you are today and where you want to stay; see Figure 2
- **Compensate your team** for meeting or exceeding your target benchmarks with a bonus

Tip: Don't try and fix everything at once. Start with the easiest fixes and leaks that have the highest dollar value first and work up to more complicated fixes, so you feel like you're making progress and are motivated to continue.

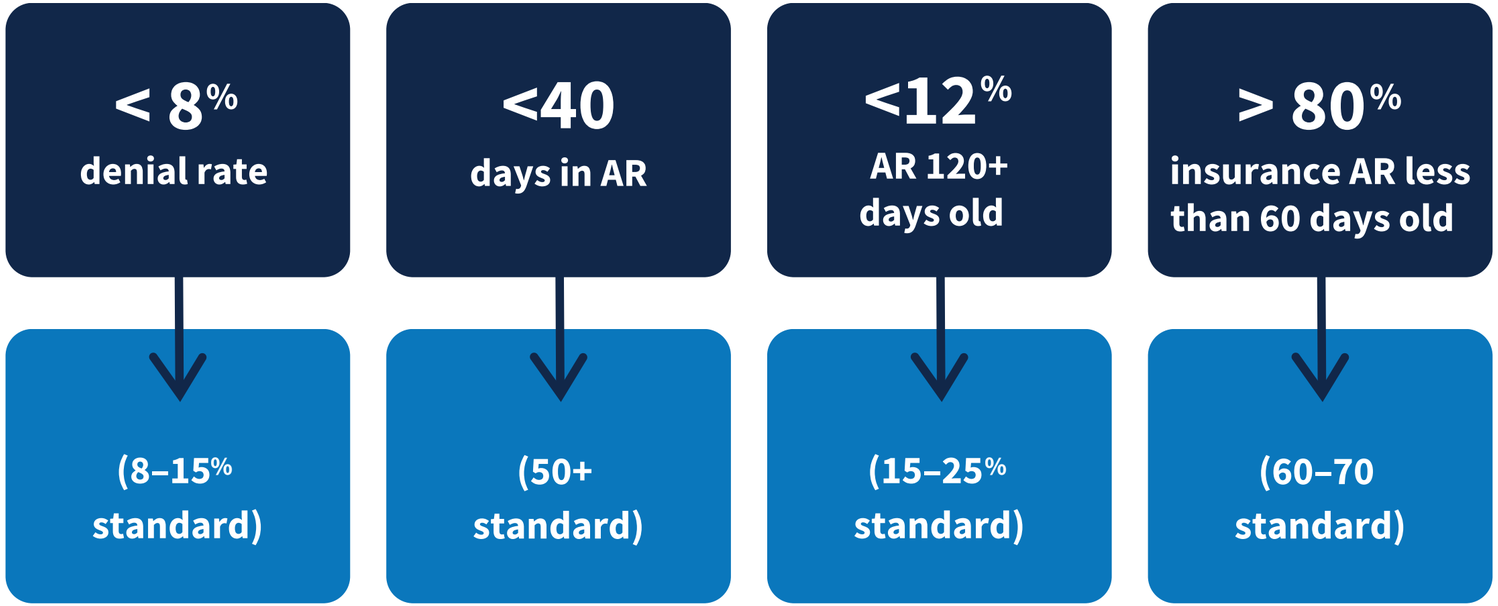
The Potential Impact on Revenue Leaks

The likelihood that you'll collect on a claim goes down with age. A claim that's 90 days past due is harder to collect than one that's 30 days past. Unpaid claims can cut into your operating costs and cost more to recoup in the form of staff time and bad debt.

What to Track to Monitor Progress

- Aging dollars — percentages and dollars by payer and insurance class
- Contractual vs noncontractual adjustments
- 100% adjustments
- Days in AR
- AR days 120+ days old
- Insurance AR less than 60 days old

Sample Denial and AR Benchmarks



Plug Leaks In Patient Collections

Gaps in your patient collections workflow — like inconsistent follow-up or unclear billing communication — lead to missed payments and lower collection rates. Gaps can leave collectible dollars in someone else's pocket.

Steps to plug leaks in patient collections include to:

- **Make it easy for patients to pay** when you:
  - Add a QR code to paper statements if you still use them
  - Use eStatements and/or text-to-pay
  - Use the online billing options in your patient portal
  - Set up payment plans that let patients pay a certain amount each month and communicate that plan to staff and patients
- **Consider discounts for preservice payments** and communicate the policy to staff and patients
- **Set up payment plans** that let patients pay a certain amount each month and communicate that plan to staff and patients
- **Do automated batch adjustments** to adjust balance and trigger collections or write-offs rather than handling them manually
- **Use collection agencies** only as a last line of defense
-

Tip: When following up with patients about amounts due, target those with the largest balances first to maximize dollars retrieved.

72% of patients want eStatements[5]

The Potential Impact on Revenue Leaks

Uncollected patient payments directly reduce revenue by leaving earned income unpaid.

What to Track to Monitor Progress

- Patient collection rate (%)
- Net collection rate (patient portion)
- % of patient AR > 90 and 120 days
- Bad debt rate

1-5% net patient revenue is lost annually due to preventable revenue leakage, often tied to underpayments, contract misalignment, and gaps in financial monitoring[6]

Plug Leaks In Account Maintenance

Gaps in account maintenance, such as outdated balances or unworked accounts, lets revenue slip through the cracks over time. Revenue your practice needs to operate.

Steps to plug leaks in account maintenance include to:

- **Create a standard, regular process** for validating and closing your periods at least monthly
- **Monitor trends** with credits, balance transfers, and refunds and do weekly or monthly reviews
- **Make sure your fee schedule matches** current market rates and insurance company allowed fees; do a chargemaster review at least annually
- **Manage contracts proactively** to ensure you're getting maximum reimbursements

Tip: The general rule for fees is to charge two times Medicare for E/M, three times Medicare for procedures, or two and a half across the board.

The Potential Impact on Revenue Leaks

Gaps in account maintenance can make it harder to recover uncollected dollars over time or leave them invisible altogether.

What to Track to Monitor Progress

- Average days to close
- Monthly and quarterly credits, balance transfers, and refund trending
- Monthly/quarterly/annual compliance audits

Revenue leaks can — and do — happen anywhere in the revenue cycle process. But by mapping your current processes, using technology, adjusting workflows,and tracking performance, you can find where you're leaking revenue and take steps to stem the flow.

Get a Free Analysis of Your RCM Process

Contact Azalea Health at (866) 504-2669 or azaleahealth.com/free-rcm-analysis for a free analysis of your RCM process and help plugging revenue leaks.

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