

Is Working with an Outsourcing Firm Worth the Investment?

By Jennifer Richter, CPA
President/CEO



Richter

HEALTHCARE CONSULTANTS

Your Partners in Management

Outsourcing of receivables may still be a fairly new concept, particularly in the Long Term Post-Acute Care (LTPAC) environment. As a C-suite executive, don't be fearful of the process.



Outsourcing is not only becoming more acceptable, it is one of those toolkit solutions that providers can and should utilize. All successful businesses have to generate revenue. For LTPAC providers, that means providing good care and achieving census goals. But it is not enough to just generate revenue, you must also collect the revenue. That makes sense, right?

Why Would Revenue NOT Be Collected?

Take a look at the 5 most common reasons revenue goes uncollected, and how this could happen at any organization:

1. Proper billing processes and solutions are not in place or are not working.

- Is there a policy and procedure manual?
- Do you have an internal audit process to help determine if and when processes are broken?
- Is your billing software integrated into an Electronic Health Record (EHR) that supports the entire Revenue Cycle and also offers analytics that provide real time data to the leadership of the organization?

Richter Healthcare Consultants

8948 Canyon Falls Blvd, Twinsburg, OH 44087

866-806-0799 richterhc.com

2. The number of staff involved in the billing and collection process is insufficient.

- There should be one FTE in the business office for each 100 beds in a SNF.

3. The staff involved in the billing and collection process lack training and oversight.

- Has staff had any formal “training” or are they following shortcuts shown to them by past or current staff?
- Do you receive support from your EHR and software vendors for initial configuration, implementation, training and continued optimization?
- Does staff have resources to help them stay current? Trade association newsletters, webinar or seminar participation, tutorials from state or federal sources as well as your software vendor can all be great resources.

4. The right people are not in the right place.

- Does every employee have a job description?
- Have you rewarded tenure with promotion, but neglected to require the skill set for success in new positions?
- Does your staff involved in the Revenue Cycle Management (RCM) process understand who, what, when, where and how to bill charges to payers?

5. The staff in the billing and collection process are overwhelmed.

- Does management know when the A/R is getting into the DANGER ZONE?
- Is A/R being reviewed by management on a regular basis with actions in place to escalate problems to solutions that will quickly address the issues?
- Can overwhelmed staff come forward to ask for help without fearing for their job?



Richter Healthcare Consultants

8948 Canyon Falls Blvd, Twinsburg, OH 44087

866-806-0799 richterhc.com

Signs of Inefficiencies You Don't Want to Miss

What are the signals that it may be time to consider outsourcing the business office functions of your SNF or LTPAC community?

- Your DSO (Days Sales Outstanding) is greater than 45 days.
- Bad Debt is greater than 1% of net revenue.
- The amount of A/R in the 90-120-day buckets exceeds 15% of total A/R.
- There has been a resignation or termination of the business office manager.
- You are concerned that your business office staff may be struggling to keep up with the latest regulatory and billing updates, impacting your collection of revenue.
- There has been or will be a Change of Ownership (CHOW).

How to Select an Outsourcing Firm

How do you know which firm may offer you the best ROI? Do your due diligence. Just as if you were seeking a contractor for your home, think of those same steps in the process.

- Get “word of mouth” referrals.
- Check out LinkedIn.
- Use your search engine. Who are the thought leaders?
- Reach out to the professional and trade associations.
- Network with colleagues. Find out who is in the know about the latest issues in the industry.



Richter Healthcare Consultants

8948 Canyon Falls Blvd, Twinsburg, OH 44087

866-806-0799 richterhc.com

From Quandary to Peace of Mind, An Administrator's Story



Main Street Health Care Center is a 100-bed Skilled Nursing Facility. After 15 years of employment, Susie, the business office manager, resigned to relocate to another state.

The remaining staff in the business office were dedicated, but lacked any formal training. It was Susie who had managed the day-to-day operations. It was Susie who had the processes, procedures and “how-to’s” in her head. They were not written.

The administrator had relied on Susie’s tenure and knowledge, not truly giving the functions of the business office much thought. His focus was primarily on quality care, recruitment and retention – “administrator issues.” Now he was in a true quandary.

Should he try to replace Susie? Adding to his concern was that he knew other staff members were not up to speed on regulatory updates or best practices for billing and collection of revenue.

The administrator decided to do some outreach and investigate other alternatives. He searched the Internet; he reached out to other administrators to ask about their experiences; he recalled a presentation on Revenue Cycle Management presented by a firm at a conference he attended; he checked out that firm and their associates on LinkedIn.

After validating the firm’s credibility and experience, he made the call.

He talked to a team member about his needs and received a detailed proposal for services, including references from other administrators. Revenue is now not only captured, it is collected. The ROI was even better than expected. The rest is history.

Richter Healthcare Consultants

8948 Canyon Falls Blvd, Twinsburg, OH 44087

866-806-0799 richterhc.com

Determining Your ROI with an Outsourcing Firm

Use some of the same reasons you sought outsourcing for your Revenue Cycle Management to help evaluate your ROI.

After six months of outsourcing, ask:

- Are your DSO (Days Sales Outstanding) less than 45 days?
- Is your Bad Debt less than 1 % of net revenue?
- Is the amount of A/R in the 90-120-day buckets below 15% of total A/R?

Next, determine the amount of revenue collected as a result of outsourcing. Subtract the expense to see the value of your investment.

The Added Benefits

With a good outsourcing firm, you should also gain added benefits, such as peace of mind that receivables have been addressed and all collectible revenue has been collected. The right people and processes in place helps ensure future Revenue Cycle Management (RCM) will also be efficient and timely.

Partnering with a solution-oriented consulting firm that you can trust will allow you to focus on providing quality care. Isn't that what makes you feel good about what you do?

I can't think of a better ROI than that.



Richter Healthcare Consultants

8948 Canyon Falls Blvd, Twinsburg, OH 44087

866-806-0799 richterhc.com

Richter

HEALTHCARE CONSULTANTS

Your Partners in Management

The time is right. Are you ready to help lead your organization to a higher level of operational efficiency with measurable clinical and financial outcomes?

Richter Healthcare Consultants are experts in consulting, accounting, revenue cycle management and more. Our team of trusted professionals is ready to help you find solutions that produce results! **Call us today, 866-806-0799.**



Jennifer Richter, CPA, is the founder and president of Richter Healthcare Consultants. After a career that spanned both acute and continuing care, Ms. Richter launched her own accounting and consulting firm to provide consulting, healthcare accounting and revenue cycle management services to healthcare providers nationwide. She leads a team of trusted professionals with a client roster representing some of the most respected senior living and LTPAC providers across the county. Jennifer is a frequent highly rated speaker and presenter at conventions, webinars and professional and trade association educational events across the country.

Richter Healthcare Consultants

8948 Canyon Falls Blvd, Twinsburg, OH 44087

866-806-0799 richterhc.com