With each patient interaction, the actions of revenue cycle staff are critical to ensuring collection of monies owed, protecting the organization’s bottom line, and providing a good patient experience. Budget constraints, which can lead to downsized staffing and increased time pressures, can challenge revenue cycle staff. Effective revenue cycle management, therefore, requires the ability to leverage data and analytics, such as those shown in the exhibit on page 2 and exemplified by the results achieved by INTEGRIS Health in Oklahoma, as described in the exhibit on page 3.

**Successful Practices for Leveraging Data and Analytics**

Successful practices that help leverage revenue cycle data and analytics include starting the collections process early, segmenting accounts, holding agencies accountable for their performance, and using trend data to identify staff training needs.

*Start early.* Typically, organizations perceive the collections process as an activity that starts after a patient is discharged. For the first 120 to 180 days, collections activity is fairly passive as the organization awaits payment from commercial and government sources and generates bills to patients for their portions. All patient accounts are treated the same, regardless of a patient’s individual financial circumstances.

In comparison, organizations with highly effective collections practices begin their collections process as soon as a patient is referred for service. Obtaining eligibility and benefits information before registration enables staff to begin meaningful conversations about financial responsibility and ensure the collection of accurate data. Verification of benefits and demographic information not only produces
cleaner claims, but also helps identify patients who qualify for government aid, such as Medicaid, or charity care programs. By knowing up front who qualifies for assistance, an organization can more quickly and easily identify accounts at risk for becoming bad debt and get a jump on identifying other sources of revenue to cover those accounts.

**Segment accounts.** Once accounts age to a certain point, they are routed to internal or external collections groups to handle. In many cases, organizations assign accounts by splitting up lists alphabetically by patient name—regardless of a patient’s insurance status, ability to pay, or balance due. Ideally, accounts should be divided into segments defined by a combination of factors, such as balance, age of account, and a patient’s propensity to pay. Segmentation should be based on data and analytics that provide a perspective on a patient’s overall financial situation, not just the amount owed for one visit. This comprehensive overview enables the provider to accurately identify an account as highly likely to pay or less likely to pay—and multiple categories between the two extremes.

These segments will differ from one organization to the next. For example, they should be based on data that include:
- Age of the account
- Total balance owed for the current visit and for previous visits with open balances
- The patient’s financial situation, such as income, credit score, and other factors
- Previous payment history, going back as many years as the hospital can provide

This approach creates segment parameters that differentiate patients and drive the appropriate collections strategies. However, there is more to creating a segment than evaluating these factors alone. For example, a patient with a high balance but who is classified as having a high probability of payment would not be placed in the same segment as a patient with a moderate balance but low probability of payment. Defining segments requires a multitude of data points to guide collections strategies.

### DATA AND ANALYTICS NEEDED FOR EFFECTIVE REVENUE CYCLE MANAGEMENT

<table>
<thead>
<tr>
<th>Data Element</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real-time analysis of collection efforts (for internal and external groups)</td>
<td></td>
</tr>
</tbody>
</table>
- Facilitates resource allocation  
- Allows proper routing of accounts to manage workload  
- Provides data needed to negotiate contracts with external agencies |
| Correct classification of patient debt |  
- Facilitates identification of accounts that qualify for government assistance, such as Medicaid, or charity care, thereby reducing bad debt  
- Allows revenue cycle staff to focus on accounts for which payment is likely, improving staff productivity and efficiency |
| Accurate estimates of patient responsibility |  
- Provide staff and patients early opportunities to talk about payment options and tailor payment strategies to individual situations  
- Result in collection of a higher percentage of payments in a timely manner  
- Offer patients input into the payment process, creating a more positive impression of the provider |
| Valid prediction of propensity to pay |  
- Improves projections of patient account revenue and receivables  
- Monitors changes in a patient’s financial situation that affect ability to pay |
| Trends in performance metrics, such as up-front collection of copayments, collections after discharge, and errors in registration information |  
- Identify staff training needs  
- Identify potential changes in workflow processes |
Once accounts are segmented, they may be routed to the appropriate collections group, internal or external. Each group should work with a well-defined communications strategy for each segment based on the segment profile. This approach helps ensure that patients who are most likely to pay will not receive the same letters or phone calls as are received by patients who have a history of difficult collections. Before and after discharge, the way an account is handled affects not only the effectiveness of collections efforts, but also the patient’s perception of the provider.

**Hold agencies accountable.** External collection agencies’ contracts often stay in place for long periods because the provider lacks a mechanism to monitor and evaluate their performance. Without the ability to benchmark performance, revenue cycle managers have no way to influence performance quality or support a decision to change agencies. Providers should continually monitor accounts and collections groups’ results, including past history collection rates, comparison with performance of other regional agencies, and evaluation of performance for phone calls and letter attempts. Such monitoring allows providers to recall accounts when a patient’s financial situation changes and reroute accounts to staff who are better equipped to work with them, when necessary. The ability to manage and monitor collections activities in a real-time environment promotes more efficient, more productive use of staff resources.

**Use trend data to identify staff training needs.** The ability to review trends in revenue cycle workflows and identify areas in which staff consistently underperform is essential to an effective training program. For example, metrics used to measure productivity for employees who interact with patients early in the process are not always compatible with metrics used to measure efficiency and productivity in the collections process. Downsizing revenue cycle staff while maintaining high expectations for reduced patient wait times and improved satisfaction scores is an approach that can backfire. The resulting shortcuts may lead to inaccurate data entry and require additional staff time to correct patient information, review eligibility for financial assistance, or resubmit claims. Data gathered from an analysis of trends such as returned mail rates, denials as a percentage of overall admissions, and collections rates as compared with previous months can help identify activities for which staff need additional training.

**Quantify ROI and Take Control of Your Revenue Cycle**

Employees involved in revenue cycle management can work more effectively and efficiently by using IT tools that support verification of information, identify potential financial assistance qualifications, and accurately project a patient’s financial responsibility. Data and analytics that accurately assess patients’ financial situations and ability to pay enable a manager to allocate resources appropriately by creating segments.
of accounts. Rather than splitting a list of accounts alphabetically, or by amount owed or account age, staff can use data analytics to segment accounts by likelihood of payment, based on factors such as prior payment history, total balance owed, and patient financial situation. Collections groups can then focus their efforts on specific segments, becoming specialists in collecting those types of accounts. Tools that provide real-time performance analysis and information about each patient’s financial situation also enable managers to reroute accounts based on workload, performance, or a change in the patient’s financial situation, enabling managers to help staff increase their productivity.

In today’s healthcare environment, it is essential to weigh an investment in new revenue cycle processes against the revenue that could be collected from accounts that are not currently being worked effectively. A combination of data, analytics, staff training, and collections group evaluation represents an up-front investment—but it also enables a provider to take control of the collections process and efficiently monetize new revenue channels. The fiscally responsible approach to revenue cycle management is to quantify the costs and benefits of tools that provide the data and analytics needed to better manage the collections process. Revenue cycle managers should evaluate implementation of new processes with an eye toward overall ROI.

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