Optimizing Performance with a Business Office Assessment

Problem

Ambulatory Surgery Centers (ASCs) often leave money on the table because their business office is not performing at an optimal level. If an ASC is not achieving its expected level of financial success based on the volume of services provided, a comprehensive Business Office Assessment can offer the analysis, insight and information ASCs need to optimize performance, improve efficiency and maximize revenues.

Business Office Assessment

A Business Office Assessment is a detailed examination of your business operations. It involves an examination of your records, assessment of information systems, interviews of business office personnel, and a report on findings, including detailed recommendations on how to optimize your business office performance.

A Business Office Assessment is best accomplished by having an outside party perform the assessment, make recommendations, and communicate changes to employees. The outside party should be well acquainted with the healthcare industry in general and ASCs in particular, with expert knowledge of the day-to-day operations of an ASC and experience in ASC billing, collections and information systems. With this broad base of expertise, a consultant brings wisdom built on personal experience in the industry, as well as offering an outsider’s fresh perspective and unbiased opinions on processes and performance.

Scope of the Assessment

The following business office functions should be reviewed and analyzed during an assessment:

- Scheduling
- Registration
- Medical records and transcription
- Coding
- Billing and collections
- Cash receipts and payment posting
- Contractual and non-contractual adjustments
- Resolution of credit balances in accounts receivable
- Fee schedule and methodology used in determining fees
- Benchmark key revenue cycle performance metrics
- Cash disbursements and purchasing
- Payroll
- Cash management
- Preparation of financial statements
- Payer contracting and contracts
- Payer reimbursements
- Business office processes and internal accounting controls
- Business office staffing level and skill-set
- Use of Health Information System ("HIS")
- Compliance with ASC compliance program and with Health Insurance Portability and Accountability Act of 1996 ("HIPAA")
Description of the Assessment

During a typical ASC Business Office Assessment, the consultant will spend two days on-site at the ASC, followed by three weeks of data analysis and report writing. The consultant will provide the ASC with a list of required materials – possibly including month-end reports, payer contracts, financial statements, bank reconciliations, staffing data, copies of policies and procedures, and other information – all of which will need to be provided prior to the consultant’s visit. While on-site, the consultant will need to interview key personnel and have access to medical, billing, scheduling, and accounting records, as well as cash receipts and contractual adjustment records. An experienced consultant will have the project well organized and will not be disruptive to daily business operations.

The fees for a comprehensive Business Office Assessment by a reputable consulting firm may range from $20,000 to $30,000. While this represents a significant expenditure for an ASC, a comprehensive assessment will typically pay for itself within six months. An assessment often reveals revenue enhancement opportunities that can result in capture of unbilled services or implants, and will make recommendations for processes and controls changes to prevent under-billing going forward. In addition, the consultant will seek to identify opportunities to reduce expenses and shorten the revenue cycle, resulting in improved cash flows and higher profits. These improved efficiencies and opportunities for revenue enhancement more than offset the cost of the assessment.

ASC Benefits Derived From Business Office Assessment

Even a well-run ASC can benefit from a comprehensive Business Office Assessment. An effective assessment can contribute to an ASC’s success by providing the following benefits:

- Ensure surgery scheduling is efficient and effective. Identify or recommend a process to fill unused block times and ensure unused blocks are released in a timely manner.
- Strengthen internal accounting controls by enforcing a clear separation of accounting duties, ensuring that vital checks and balances in place are performed by different personnel.
- Evaluate billing personnel knowledge of payer contracts, and whether the ASC is consistently receiving accurate payments for services performed.
- Evaluate whether all billable items (e.g., implants) are consistently captured and billed.
- Ensure procedures are correctly coded on claim forms and that coders are using the operative report for coding and following Correct Coding Initiative (CCI) edits for bundling and unbundling of charges.
- Make sure claims that have been denied or put on hold by payers are corrected and resolved in a reasonable timeframe.
- Ensure the ASC is in compliance with federal and state billing regulations.
- Provide learning opportunities for ASC staff, and the everyday benefits that come from having an educated and well trained staff.
- Provide a comparison of ASC key performance metrics against industry standards/benchmarks.
- Ensure staffing model is consistent with business activity.
- Ensure system hardware and software are effective for business activity level.

Conclusion

Given the complexity associated with healthcare regulations and the revenue cycle, as well as the limited resources of most ASCs, there is a high probability that inefficiencies and oversights are negatively affecting your ASC’s bottom line. A comprehensive Business Office Assessment will reveal many opportunities to improve business office performance – leading to a significant positive impact on cash flow and earnings.