



SYNERGY BILLING

Understanding the Real Value of Revenue and Accounts Receivable (A/R) for FQHCs



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Introduction

For Federally Qualified Health Centers (FQHCs), success depends on more than just delivering quality care—it hinges on achieving and maintaining financial stability. In today's healthcare landscape, understanding the true value of revenue and accounts receivable (A/R) is essential for sustaining operations, funding growth, and meeting the needs of the communities served.

However, many FQHC leaders face challenges in accurately calculating these financial metrics. Misunderstandings or inefficiencies in managing revenue and A/R can lead to inaccurate forecasting, delayed reimbursements, and missed opportunities for operational improvement.

This whitepaper sheds light on the core financial principles every FQHC should master. It walks through practical steps to properly assess revenue and A/R, introduces real-world examples, and explains the benefits of outsourcing Revenue Cycle Management (RCM) to improve financial clarity and performance. Whether you're leading a small rural clinic or a large multi-site organization, these insights can help you unlock hidden value and strengthen your financial foundation.



Understanding the Real Value of Revenue and Accounts Receivable (A/R) for FQHCs

Defining Revenue and A/R in the Context of FQHCs

Revenue refers to the total income generated from patient services, grants, and other funding sources. For FQHCs, it often includes:

- PPS (Prospective Payment System) reimbursements
- Sliding fee scale income
- Medicaid/Medicare/Commercial insurance payments
- Grants and federal program funds

Accounts Receivable (A/R) represents the outstanding payments owed to the health center for services already rendered. High A/R balances or excessive aging often signal billing inefficiencies or payer issues.

Key Metrics to Track:

- Days in A/R
- A/R aging (0–30, 31–60, 61–90, 91–120, 120+ days)
- Net collection rate
- Denial rate

How to Accurately Calculate Revenue and A/R

1. Revenue Calculations

Begin with total charges for a period and subtract contractual adjustments and write-offs.

Example: Total Charges (Monthly) = \$1,200,000

Contractual Adjustments = \$400,000

Write-offs (bad debt, charity) = \$100,000

Net Revenue = \$700,000

2. A/R Valuation

To determine how much of your A/R is collectible, analyze each aging bucket and apply a percentage likelihood of collection based on historical performance.

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Example A/R Aging Report:

- 0–30 Days: \$300,000 (90% collectible)
- 31–60 Days: \$200,000 (75%)
- 61–90 Days: \$150,000 (60%)
- 91–120 Days: \$100,000 (40%)
- 120+ Days: \$250,000 (10%)

Estimated Collectible A/R = \$270,000 + \$150,000 + \$90,000 + \$40,000 + \$25,000 = \$575,000

Knowing your actual collectible value prevents inflated revenue projections and supports better budgeting.



Benchmarking

The Cost of Inaccuracy

Failing to understand your true revenue and A/R position can result in:

- Missed revenue due to aged-out claims
- Inaccurate forecasting and budgeting
- Poor decision-making on staffing and services
- Compliance risks

Many FQHCs underestimate the cost of unresolved denials or unbilled encounters, which directly impact the bottom line. Regular audits and performance benchmarking are essential.

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How Outsourcing RCM Improves Financial Visibility

Outsourcing RCM to an experienced partner like Synergy Billing offers several advantages:

1. Expertise in FQHC-Specific Billing

Navigating PPS, UDS reporting, sliding fee scales, and grant compliance requires specialized knowledge that general billing teams often lack.

2. Real-Time Analytics and Transparency

Advanced RCM platforms provide dashboards and custom reporting to track KPIs, denial trends, and A/R aging in real time.

3. Reduced Days in A/R and Denials

With a dedicated team focused solely on revenue cycle activities, most FQHCs experience faster claim turnaround and improved collection rates.

4. Lower Operational Costs

Outsourcing reduces the overhead cost of in-house billing staff, training, and software, freeing up resources for patient care.



Synergy Stats:

- 95%+ Collection - Synergy Billing recovers over 95% of viable claims
- 30-Day Resolution - 90% of claim issues resolved within thirty days
- 20-40% ROI - Clients gain 20-40% net return after all fees



Best Practices for Sustaining Financial Health

- **Establish Clear A/R Policies:** Define when to follow up, escalate, or write off.
- **Regularly Review Aging Reports:** Don't let receivables fall into uncollectible categories.
- **Train Front-End Staff:** Ensure accurate insurance capture and authorization at registration.
- **Monitor Denials:** Identify root causes and implement corrective workflows.
- **Engage a Strategic Partner:** Work with a dedicated RCM firm that understands your mission.

Conclusion



Final Considerations

FQHCs must treat financial management with the same care they give to clinical operations. By understanding the real value of revenue and A/R—and leveraging the right tools and partners—health centers can build long-term sustainability, expand services, and better serve their communities.

Synergy Billing is here to help. With deep experience in FQHC billing and a commitment to transparency and results, we empower health centers to take control of their financial future.

However, it's not enough to simply serve more patients—you must also get paid for those services. Your mission depends on financial sustainability, and that requires converting billed encounters into reimbursed revenue. Too often, FQHCs do the work but face delays or denials from insurance payers for visits that should be covered. Holding insurers accountable and navigating complex reimbursement processes is critical. This is where a partner like Synergy Billing becomes indispensable—bringing not only operational expertise but also actionable insights like those presented in this white paper. Our focus is to help ensure that every visit results in timely and accurate payment, maximizing revenue and reinforcing your ability to serve your mission.

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The Synergy Billing Solution

Synergy Billing specializes in serving FQHCs, providing tailored RCM solutions that transform billing activities into clear, positive outcomes. By leveraging our expertise, technology, and dedicated focus, we help FQHCs overcome their billing challenges.

Synergy Billing's expertise and dedicated focus on FQHCs ensure that the noise of billing activities is eliminated, allowing for clear, measurable, and positive outcomes.

Outsourcing billing operations to a trusted RCM company like Synergy Billing can transform the financial landscape of your community health center, allowing you focus on their core mission of providing high-quality healthcare to underserved communities.

For more information on how Synergy Billing can help your FQHC achieve these outcomes, contact us today [386.679.4709](tel:386.679.4709) or visit www.synergybilling.com.

Additional resources are available here:

- Blogs and Insights: <https://synergybilling.com/news/insights>
- Ask the Expert the Synergy Billing FQHC Help Desk is a dedicated site where FQHC leaders can get answers from trusted experts. Each question asked and answer provided by The Synergy Billing Help Desk serves to enrich the collective knowledge base and empower other FQHC leaders. Please note this FREE Service is reserved for the FQHC Community. <https://go.synergybilling.com/expert-advice>



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