



SYNERGY BILLING

Eliminating the Noise: Outcome vs. Activity in Your Revenue Cycle Management



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Introduction

In the complex and highly regulated landscape of Federally Qualified Health Centers (FQHCs), effective revenue cycle management is crucial for maintaining financial health and ensuring that essential services remain available to underserved populations.

The intricacies involved in billing and collections often create a significant amount of "noise" — unnecessary activities and inefficiencies that distract from the ultimate goal: maximizing patient service revenue.

This whitepaper explores how effective revenue cycle management can streamline operations, reduce accounts receivable (A/R) and insurance denials, and increase cash-on-hand, providing FQHCs with clear and measurable outcomes.



Outsourcing billing operations to a trusted Revenue Cycle Management (RCM) company like Synergy Billing can eliminate this noise, enabling FQHCs to focus on their core mission.

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The Challenge of Revenue Cycle Management for FQHCs

FQHCs face unique challenges in managing their revenue cycles due to the complex billing environment, including:

- Multiple Payer Sources: FQHCs deal with a mix of Medicaid, Medicare, private insurance, and sliding fee scales, each with different billing requirements.
- Complex Credentialing: FQHCs must credential and re-validate each location with CMS as compared to other primary care clinics that credential a primary location and attach other care delivery sites. This can result in multiple CMS intermediaries and more destinations for claims to be submitted.
- Variation in Reimbursement (FFS and PPS Billing): Certain Medicare Advantage contracts reimburse at the Medicare FQHC PPS rate as compared to fee-for-service. Understanding how each payer is contracted and their reimbursement methodology is complex.
- Bundled Services: FQHCs reimbursed on an alternative payment method, such as PPS or capitation, may provide services that are bundled into the primary visit. If these transactions are not posted and adjusted correctly they can add to the accounts receivable (even though they are not reimbursable).
- Inflated Charges: Certain payers require a T1015 code or a G code for reimbursement. If these codes are combined with other CPT codes they can add to the patient account balance and inflate accounts receivable balances.

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- Coverage Issues: Medicaid recipients may have 3 different payers (dental, medical, and behavioral health) depending on the service provided. Selecting the incorrect payer can create coverage-related rejections and denials.
- Expertise: Limited staffing and financial resources make it difficult to maintain an in-house billing team with the expertise needed to navigate these challenges effectively.

These factors contribute to high rates of insurance denials, prolonged A/R cycles, and cash flow issues. In this environment, it becomes evident that the activity of billing can overshadow the desired outcomes if not managed correctly.



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Noise in Your Accounts Receivable (A/R): Can you count on receiving and collecting the A/R balances reported in your EHR or billing software?

The short answer is NO.

It is not uncommon for an FQHC to have a stated A/R balance in their financial reporting that is different than their billing systems. Why is this? Most billing systems list the A/R based on gross charges which are largely inflated by fee schedules and inflated charges. Many FQHCs record an allowance for bad debt on their financial statements, reducing the accounts receivable balance. If the adjustments or write-offs have not been recorded within the billing system, it can lead to variances in the reported balances.

Non-Covered and Bundled Services Not Adjusted During Transaction Posting

Another common challenge that artificially inflates an FQHCs A/R is bundled services and non-covered charges that are left as open balances instead of being adjusted at the time payment is received for the primary service. This happens when the FQHC billing personnel cannot distinguish the difference between a true contractual adjustment and a service that could have been paid separately. They leave the balance open and this artificially inflates the A/R creating “noise.” This is a very common problem and creates partially paid claims that appear to be open to insurance however, they simply require an adjustment to the transaction.

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A “Healthy” Accounts Receivable

A healthy A/R looks like one in which cash is turning over quickly and the total Days-in-AR is less than 40. The majority of balances (60%+) should be no more than 60-days old. The industry standard benchmark is no more than 20% of insurance A/R should be older than 90 days old.

High A/R days can severely impact the cash flow of FQHCs, making it difficult to sustain operations. Synergy Billing recommends a proactive approach, which includes:

- Timely and Accurate Claims Submission: Scrubbing claims accurately during claim processing ensures that the right data elements are there to obtain payment, the first time. This reduces the likelihood of denials and delays.
- Effective Follow-Up Processes: Claims should process and be paid in 30-days. If a claim hasn't been remitted and paid in 30 days it is getting stale. We suggest rigorous follow-up procedures to ensure outstanding claims are addressed promptly, reducing A/R days.

“FQHCs that utilize a professional RCM service typically see a reduction in A/R days by 30% within the first year of outsourcing”

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Insurance Denials = Noise

When an insurance company denies a claim, they are giving you an excuse for why they won't pay. Most denials are erroneous and they are caused by front-end errors. When a claim is denied the cost, complexity, and time for getting paid increases. Insurance denials can drain resources and delay payments. Synergy Billing recommends a strategic approach, which includes:

- Advanced Denial Management: Utilizing the power of AI and analytics, you can identify common causes of denials and implement corrective measures before claims are submitted.
- Staff Training and Education: We continually train our staff on the latest billing codes and insurance requirements to minimize errors.

“30% of FQHC claims are denied during initial processing. On average, FQHCs experience a 50% reduction in insurance denials when outsourcing to a specialized RCM provider.”

You Can Measure Many Things but You Can Only Deposit Cash

To make informed business decisions, FQHC leaders must know how much cash to expect from their patient services. If you cannot forecast or plan for cash flow you cannot operate effectively. Improved cash flow is the ultimate goal of an effective RCM strategy. With reduced A/R days and fewer denials, payments are received more quickly.

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Activity vs. Outcomes

Effective revenue cycle management can be a complex and labor-intensive process. Although more people don't always lead to more outcomes, when the healthcare revenue cycle is poorly managed, the symptoms are typically increased accounts receivable balances and excuses from the personnel charged with managing the revenue cycle. Typically, the problems manifest from breakdowns in your people, business processes, or the technology you are using. Hiring additional staff tends to compound the problem instead of leading to resolution. In a challenging and complex billing environment, partnering with a specialized RCM provider is not just a strategic decision; it's often a crucial step toward financial stability and growth.



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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 or visit www.synergybilling.com.



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