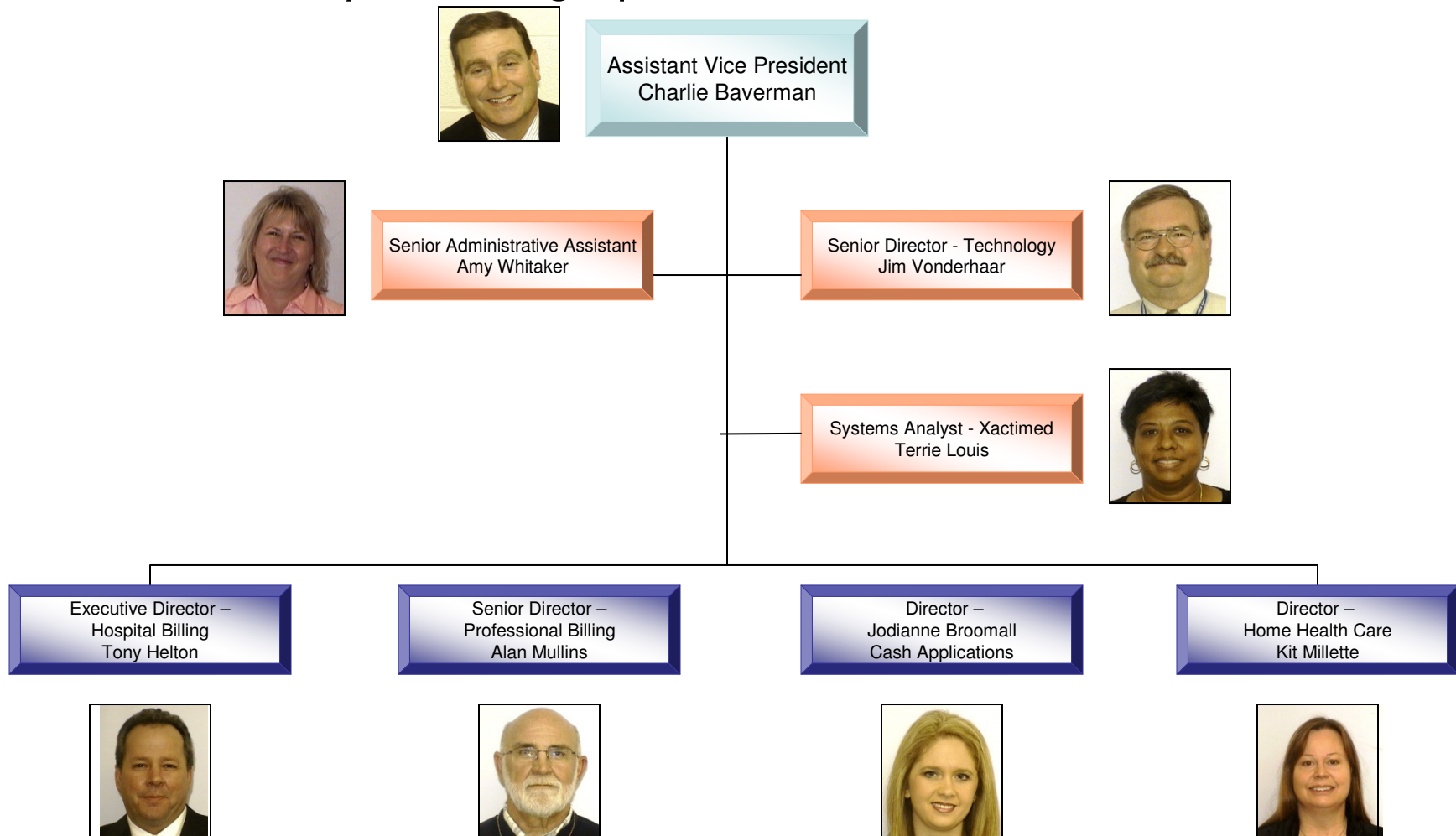


# Professional Billing Business Model for Success

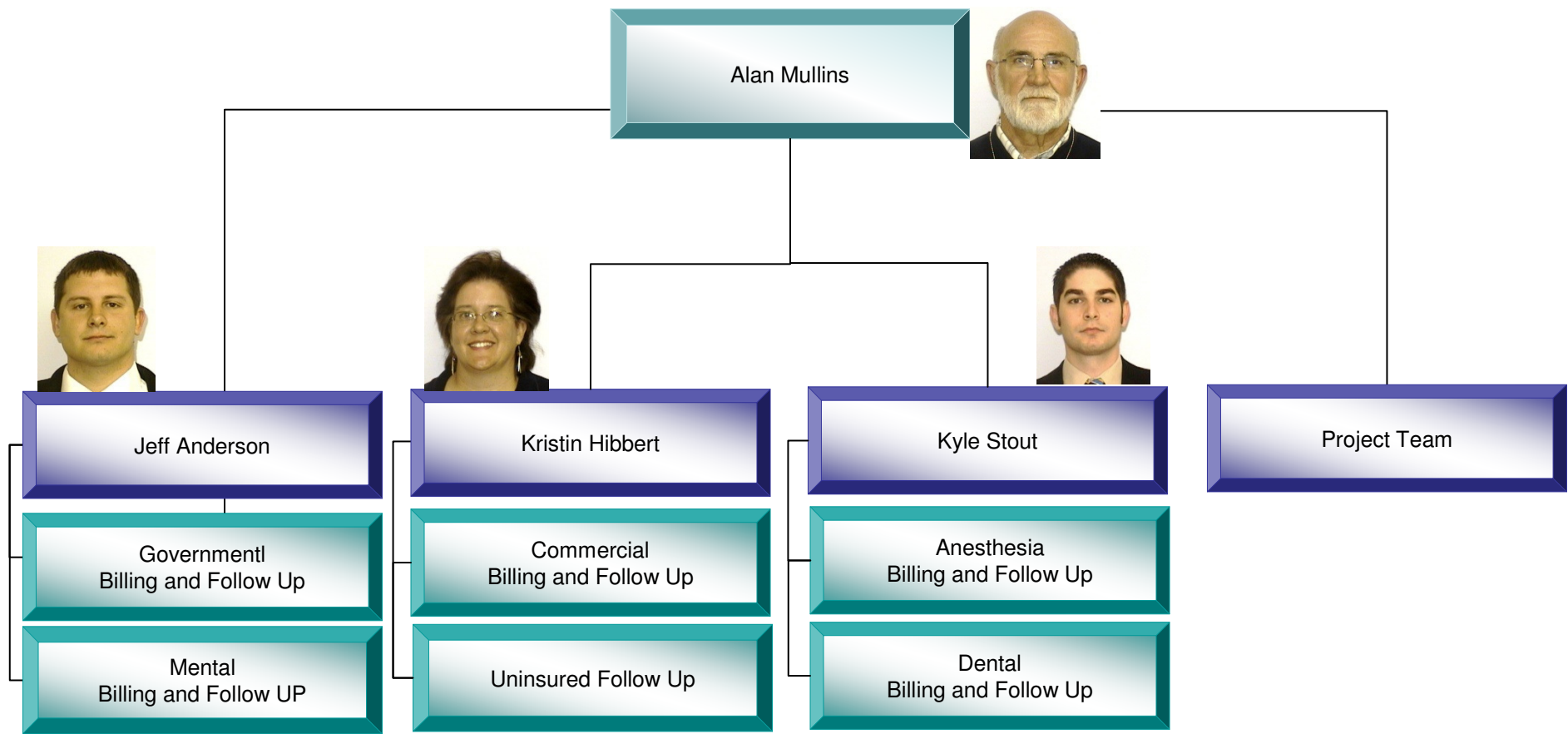
Charlie Baverman  
AVP, Revenue Cycle  
9/17/2010

- **Cincinnati Children's Hospital Medical Center – FY 2009**
  - 490 Beds
  - 31,217 Admissions
  - 114,985 ED Visits
  - 925,804 Outpatient visits
  - 30,336 Surgical procedures
  
  - 662 Employed Physicians
  - 11,666 Employees
  
  - Total Operating Revenue: \$1,487,857,000

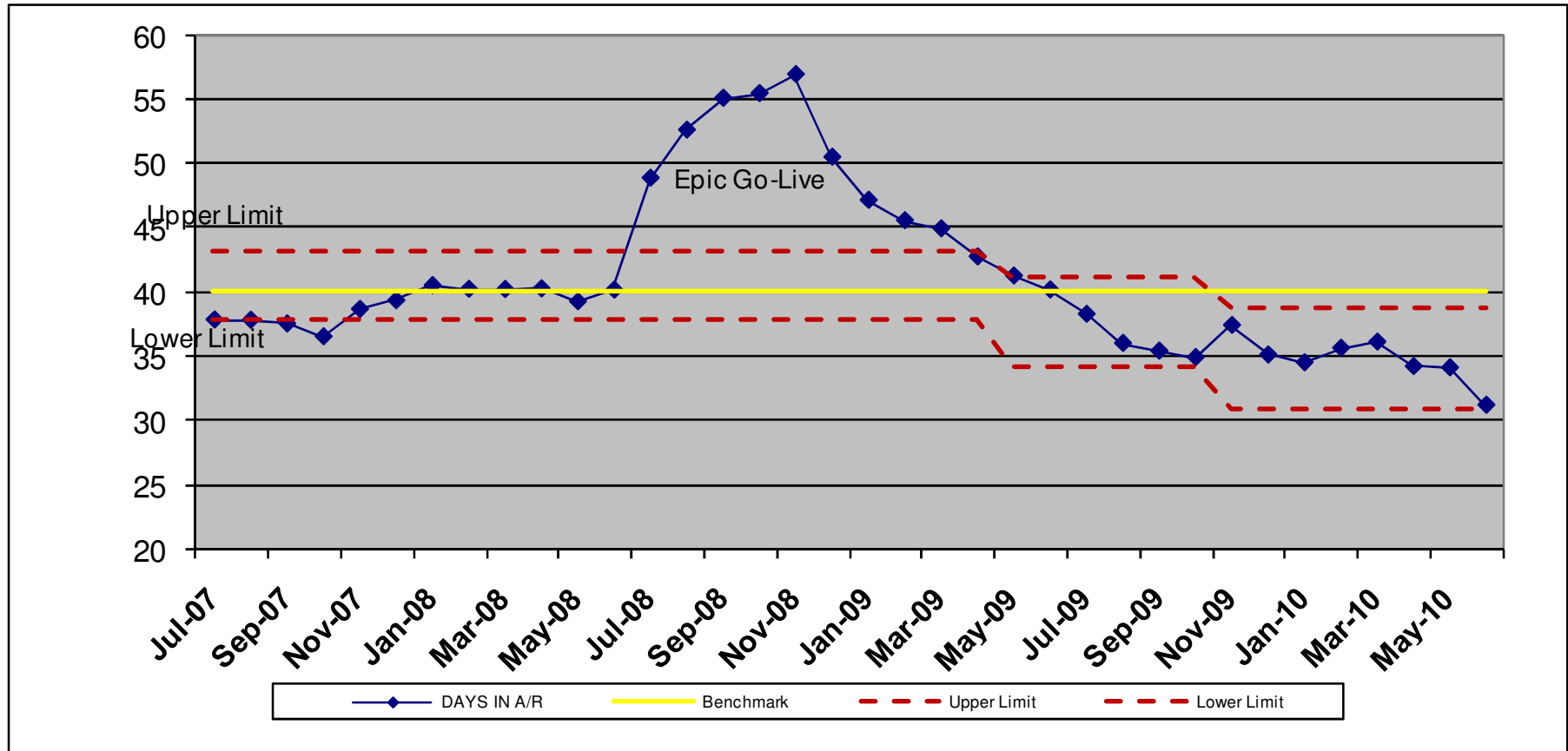
- Revenue Cycle – Billing Operations



- Professional Billing Operations



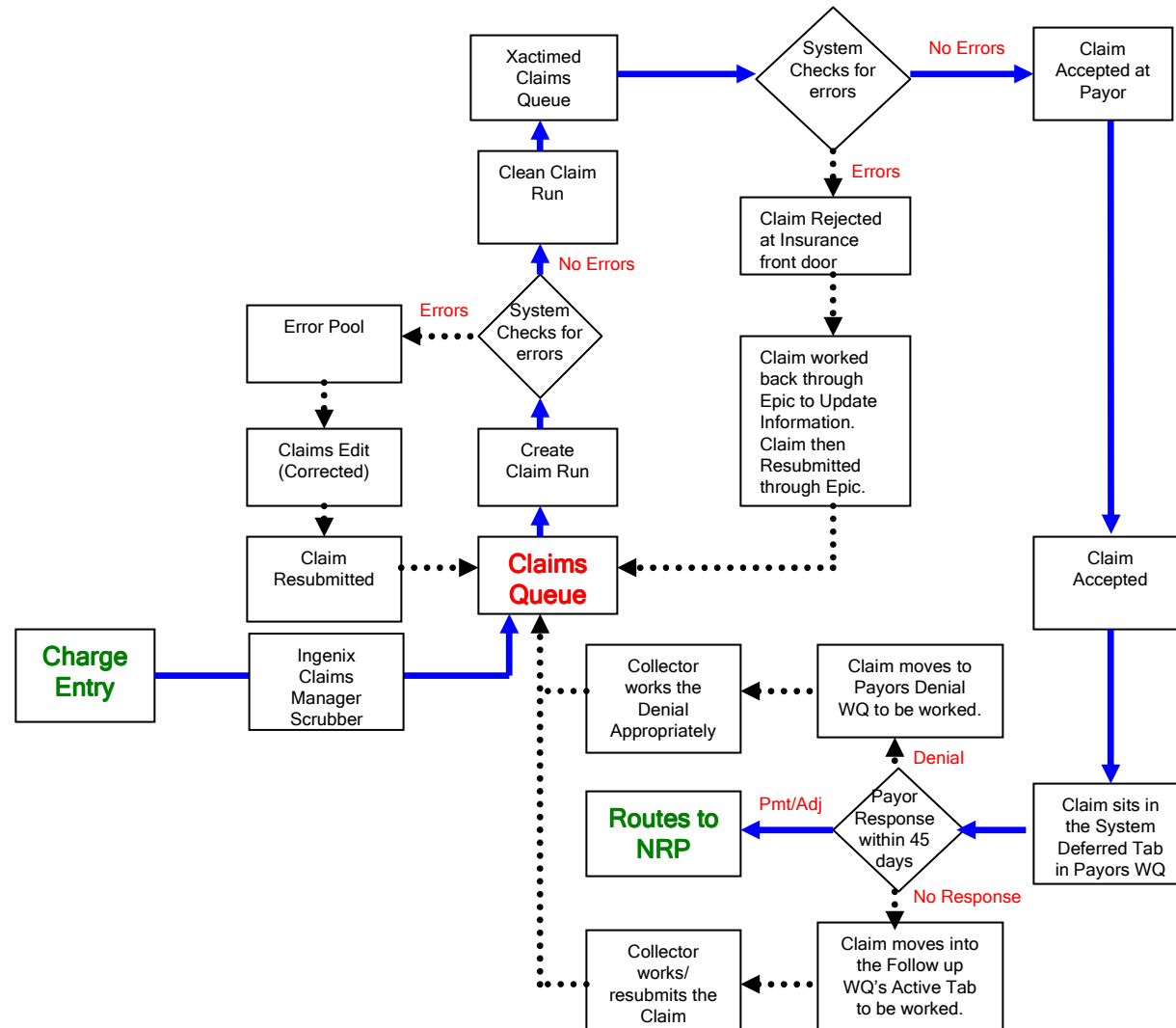
- Professional Billing Operations
  - Gross Days in AR



- **Systems**
- **Staffing**
- **Reporting**
- **Philosophy**

- **Systems**
  - Epic
    - Clinical and financial system
  - Bolt-on vendors
    - Only best of breed

- Work Flow



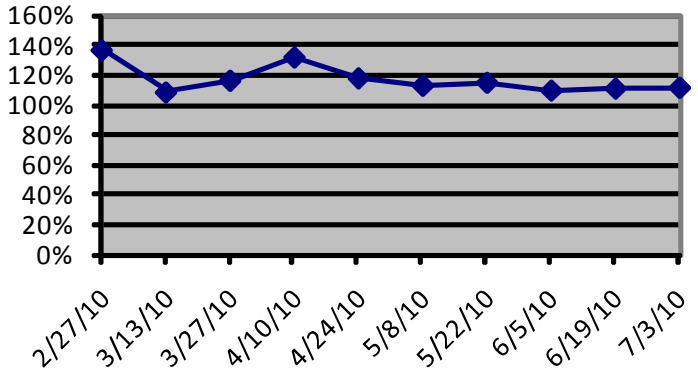
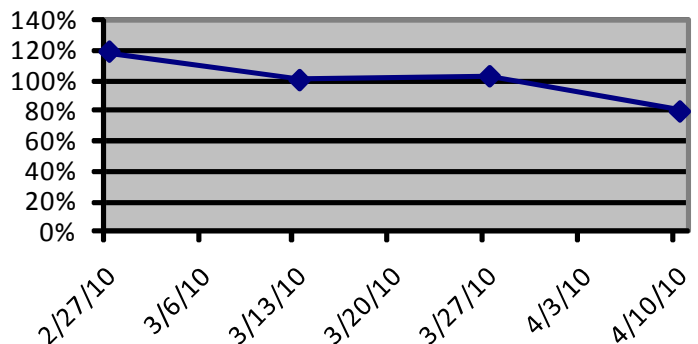
- EPIC
  - Live on 7/1/2008
    - Scheduling
    - Registration
    - Hospital Billing
    - Professional Billing
    - Enterprise Billing Statements
    - Combined Billing Customer Service
    - Combined Cash Posting
    - Began Migration on Clinical Systems (Estimated Completion 2012)



- Bolt-on Vendors
  - Passport Eligibility
  - Ingenix Claims Manager
  - Med Assets / Xactimed – Electronic Billing Intermediary
  - MRSI - Outsourcing of self pay
  - HumanArc - Outsourcing of out of state Medicaid
  - PNC Lockbox
    - 98% electronic cash posting

- **Staffing**
  - Predominantly leased front line staff
    - College degrees
    - Promote from within
    - Decentralized front end / centralized back end
  - Productivity effectiveness monitoring
  - Incentive plans
  - Training

- **Productivity**
  - **Resolute Commercial Professional Workqueues**

		2/27/2010	3/13/2010
<b>CRAN2T - CRADDOCK, SHANNON</b>			
Bi-weekly Units Worked			
Denials		615	415
No Response		405	382
<b>Total</b>		<b>1020</b>	<b>797</b>
Bi-weekly Hours Worked		<b>82.47</b>	<b>81.26</b>
Collection FTE status		<b>0.9</b>	<b>0.9</b>
Units Per Hour		<b>14</b>	<b>11</b>
Standard Per Hour		<b>10</b>	<b>10</b>
% Productive		<b>137%</b>	<b>109%</b>
Employee Comments			
<b>GREI90 - GREEN, DEBORA</b>			
Bi-weekly Units Worked			
Denials		317	309
No Response		219	198
<b>Total</b>		<b>536</b>	<b>507</b>
Bi-weekly Hours Worked		<b>71.56</b>	<b>80.16</b>
Collection FTE status		<b>0.9</b>	<b>0.9</b>
Units Per Hour		<b>8</b>	<b>7</b>
Standard Per Hour		<b>7</b>	<b>7</b>
% Productive		<b>119%</b>	<b>100%</b>
Employee Comments			

- **Productivity**
  - **Commercial Aging**

	<b>BILL AGING</b>	<b>CHARLOTTE AGING</b>	<b>DEBBIE GREEN AGING</b>	<b>YVONNE AGING</b>	<b>NANCY J AGING</b>	<b>MICHAEL AGING</b>
<b>BEGINNING MONTH OF</b>						
<b>AUGUST</b>						
<b>Total AR</b>						
<b>August Over 90</b>	<b>\$ 295,041.00</b>	<b>\$ 314,206.00</b>	<b>\$ 152,390.00</b>	<b>\$ 463,801.00</b>	<b>\$ 209,433.00</b>	<b>\$ 445,489.00</b>
<b>GOAL</b>	<b>15%</b>	<b>22%</b>	<b>22%</b>	<b>22%</b>	<b>15%</b>	<b>25%</b>
<b>AUGUST</b>	<b>14%</b>	<b>27%</b>	<b>10%</b>	<b>21%</b>	<b>14%</b>	<b>32%</b>
<b>Change</b>	<b>-1%</b>	<b>5%</b>	<b>-12%</b>	<b>-1%</b>	<b>-1%</b>	<b>7%</b>
<b>AUGUST</b>						
<b>SEPTEMBER</b>						
<b>Total AR</b>	<b>\$ 1,968,797.00</b>	<b>\$ 764,989.00</b>	<b>\$ 812,548.00</b>	<b>\$ 1,398,778.00</b>	<b>\$ 1,287,978.00</b>	<b>\$ 1,489,789.00</b>
<b>September Over 90</b>	<b>\$ 267,590.00</b>	<b>\$ 204,343.00</b>	<b>\$ 84,279.00</b>	<b>\$ 294,329.00</b>	<b>\$ 174,672.00</b>	<b>\$ 478,654.00</b>
<b>GOAL</b>	<b>15%</b>	<b>22%</b>	<b>22%</b>	<b>22%</b>	<b>15%</b>	<b>25%</b>
<b>SEPTEMBER</b>	<b>14%</b>	<b>27%</b>	<b>17%</b>	<b>20%</b>	<b>9%</b>	<b>30%</b>
<b>Change</b>	<b>-1%</b>	<b>5%</b>	<b>-5%</b>	<b>-2%</b>	<b>-6%</b>	<b>5%</b>

- Incentive Plans
  - Commercial

	<b>Combined Days in A/R</b>	<b>Aging % &gt; 90 days</b>	<b>Bonus</b>
<b>No Bonus</b>	<b>&gt;37</b>	<b>&gt;21%</b>	<b>\$ -</b>
<b>Level 1</b>	<b>37</b>	<b>21%</b>	<b>\$ 50.00</b>
<b>Level 2</b>	<b>36</b>	<b>20%</b>	<b>\$ 75.00</b>
<b>Level 3</b>	<b>35</b>	<b>19%</b>	<b>\$ 100.00</b>
<b>Level 4</b>	<b>34</b>	<b>18%</b>	<b>\$ 125.00</b>
<b>Level 5</b>	<b>33</b>	<b>17%</b>	<b>\$ 150.00</b>

	<b>Year</b>	<b>Combined Days in A/R</b>	<b>Aging % &gt; 90 days</b>	<b>Days in A/R Bonus</b>	<b>Aging &gt; 90 Days Bonus</b>	<b>Total Award (Monthly)</b>	<b>Total Payout</b>
<b>January</b>	<b>2010</b>	34.7	17.4%	\$ 100.00	\$ 125.00	<b>\$ 225.00</b>	
<b>February</b>	<b>2010</b>	35.9	16.5%	\$ 75.00	\$ 150.00	<b>\$ 225.00</b>	
<b>March</b>	<b>2010</b>	36.5	15.5%	\$ 50.00	\$ 150.00	<b>\$ 200.00</b>	<b>\$ 650.00</b>
<b>April</b>	<b>2010</b>	34.6	16.5%	\$ 100.00	\$ 150.00	<b>\$ 250.00</b>	
<b>May</b>	<b>2010</b>	34.4	17.1%	\$ 100.00	\$ 125.00	<b>\$ 225.00</b>	
<b>June</b>	<b>2010</b>	31.2	13.4%	\$ 150.00	\$ 150.00	<b>\$ 300.00</b>	<b>\$ 775.00</b>

- Training
  - Revenue Cycle University

The Academy of Healthcare Revenue - Revenue Cycle: Big Picture


▶ The Process ▶ Analyzing a Typical Cycle



A S B P D

- 1** Person visits physician's office  

- 2** Physician's office schedules an appointment with hospital  

Monday	Tuesday	Wednesday
6	7	8
13	14	15
20	21	22
- 3** Person visits hospital to register for service  

- 4** Hospital collects patient liability  

- 5** Hospital provides clinical care  

- 6** Hospital documents care provided  

- 7** Charges are captured  

- 8** Hospital discharges patient  

- 9** Patient's account is coded  

- 10** Billing edits are resolved  

- 11** Hospital submits claim to patient's insurance provider  

- 12** Hospital receives payment for services provided to patient  

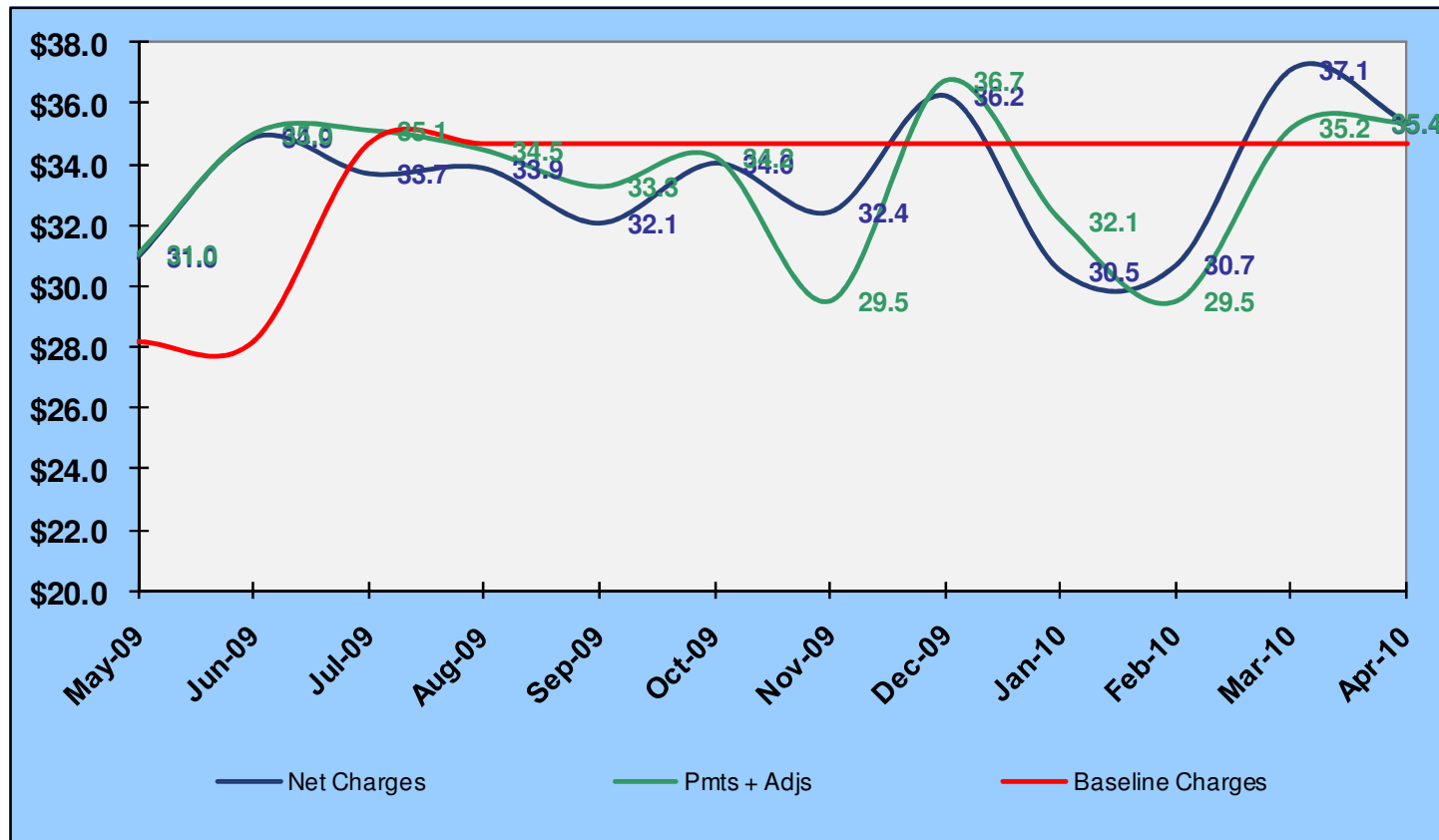

Zimmerman RCU  
A Zimmermann Company

Menu ▲ Glossary Help Audio Off Text On 7/34

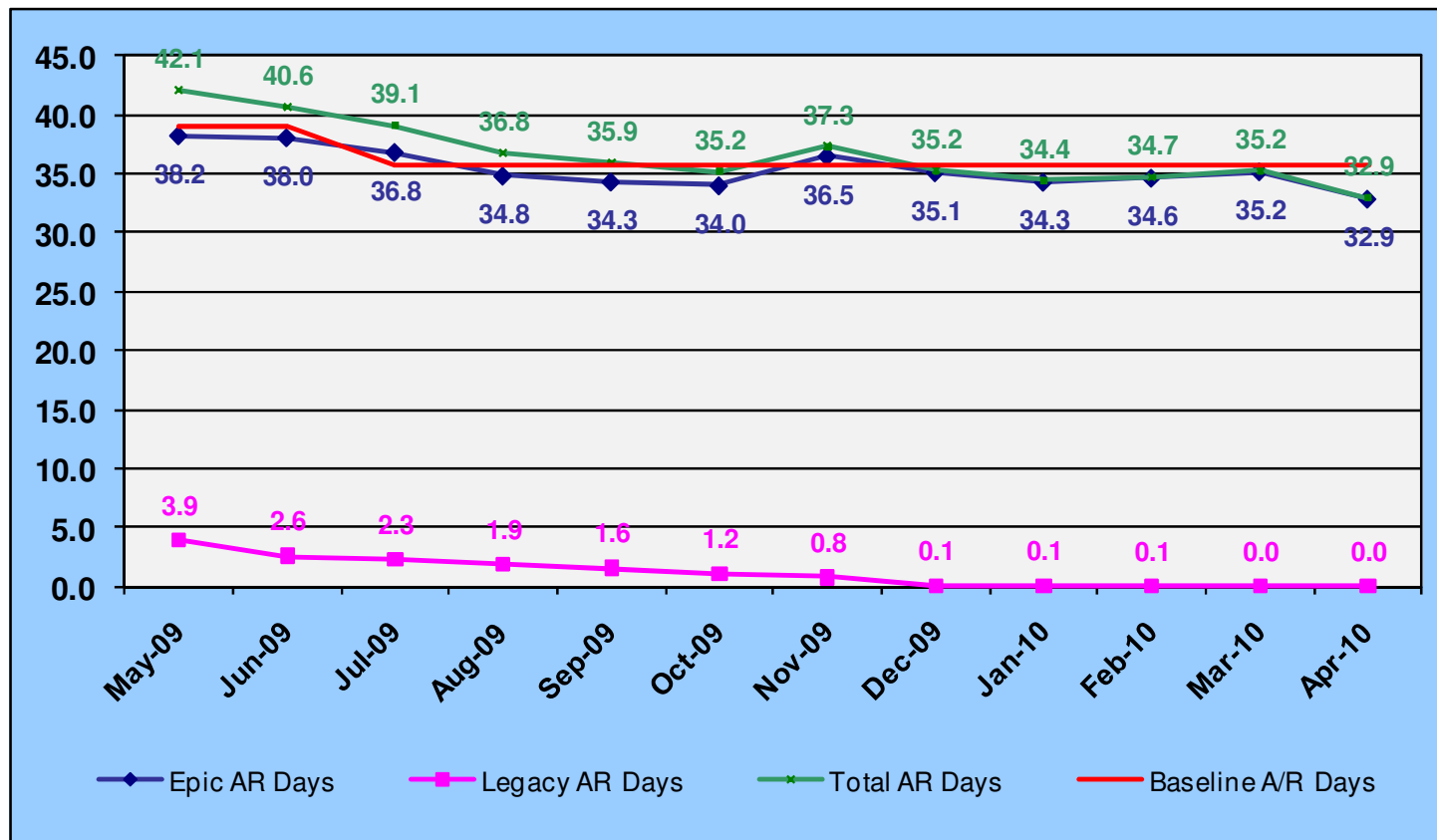
◀ || ▶ ✕

- **Reporting**
  - Key metrics
    - Tracking and trending
    - Monthly results-based
    - Consolidated, departmental, and divisional levels of reporting
    - Full-time analyst
  - PB Dashboard
    - Available for divisional directors to access data directly
    - Data Warehouse for data repository and Business Objects report-writers

- Key Metrics
  - EPIC Graph Package



- Key Metrics
  - EPIC Graph Package



- Key Metrics

Ophthalmology  
FYTD Comparison  
July – June

	FY 2008	FY 2009	FY 2010	FY 2010 Growth
<b>CHARGES</b>	\$ 6,581,559	\$ 8,458,665	\$ 8,611,994	1.8%
<b>COLLECTIONS</b>	\$ (3,494,537)	\$ (3,968,535)	\$ (4,055,656)	2.2%
<b>CONTRACTUALS</b>	\$ (2,715,113)	\$ (3,965,139)	\$ (4,220,818)	6.4%
<b>NUMBER OF CHARGES</b>	25,148	32,745	37,682	15.1%
<b>AVERAGE CHARGE PER CPT</b>	\$ 261.71	\$ 258.32	\$ 228.54	-11.5%
<b>AVERAGE COLLECTION PER CPT</b>	\$ (138.96)	\$ (121.20)	\$ (107.63)	-11.2%
<b>GROSS COLLECTION %</b>	53.1%	46.9%	47.1%	
<b>BAD DEBT</b>	3.4%	3.7%	2.4%	
<b>AVERAGE DAYS IN A/R</b>	31.4	41.1	30.6	

- Key Metrics

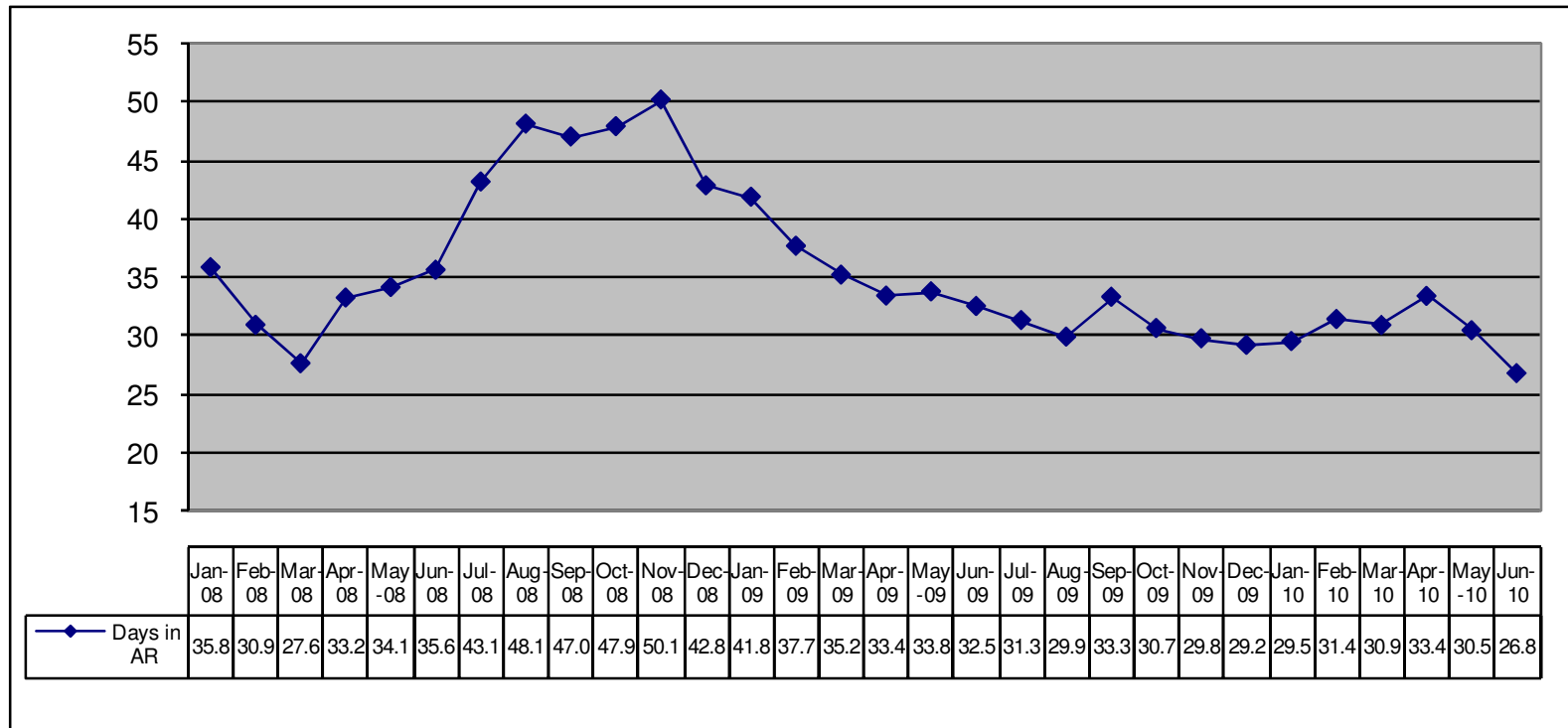
**Ophthalmology  
Payor Mix**

2010	BCM <sup>H</sup>	Commercial	Medicaid	Medicare	Other	Self-Pay	Specialty	Specialty Medicaid	Total
<b>Jul</b>	0.3%	55.5%	43.1%	0.3%	0.1%	0.6%	0.1%	0.0%	100.0%
<b>Aug</b>	0.1%	55.6%	41.9%	0.3%	0.0%	1.8%	0.2%	0.0%	100.0%
<b>Sep</b>	1.8%	49.3%	46.4%	0.4%	0.1%	1.5%	0.6%	0.0%	100.0%
<b>Oct</b>	0.1%	50.9%	46.8%	1.0%	0.1%	1.0%	0.1%	0.0%	100.0%
<b>Nov</b>	0.1%	44.5%	53.4%	1.8%	0.3%	(0.0%)	(0.1%)	0.0%	100.0%
<b>Dec</b>	0.2%	57.5%	40.9%	0.2%	1.2%	0.3%	(0.3%)	0.0%	100.0%
<b>Jan</b>	1.0%	42.3%	55.8%	0.2%	0.2%	0.4%	0.0%	0.0%	100.0%
<b>Feb</b>	0.1%	44.6%	55.8%	0.0%	0.2%	(0.9%)	0.1%	0.0%	100.0%
<b>Mar</b>	0.1%	48.2%	49.9%	0.3%	0.1%	1.3%	0.1%	0.0%	100.0%
<b>Apr</b>	0.0%	50.5%	44.6%	1.4%	0.2%	3.3%	(0.0%)	0.0%	100.0%
<b>May</b>	0.0%	45.4%	51.4%	2.2%	0.3%	0.6%	0.1%	0.0%	100.0%
<b>Jun</b>	0.0%	47.5%	51.6%	0.1%	0.1%	0.6%	0.1%	0.0%	100.0%
<b>Total</b>	<b>0.3%</b>	<b>49.3%</b>	<b>48.5%</b>	<b>0.7%</b>	<b>0.3%</b>	<b>0.9%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>100.0%</b>
	BCM <sup>H</sup>	Commercial	Medicaid	Medicare	Other	Parent	Specialty	Specialty Medicaid	Total
<b>2009</b>	<b>0.2%</b>	<b>53.3%</b>	<b>43.7%</b>	<b>0.7%</b>	<b>0.3%</b>	<b>1.6%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>100.0%</b>

Key Metrics

Ophthalmology  
Gross Days in AR

◆ Industry Benchmark 40 days (Deloitte & Touche)



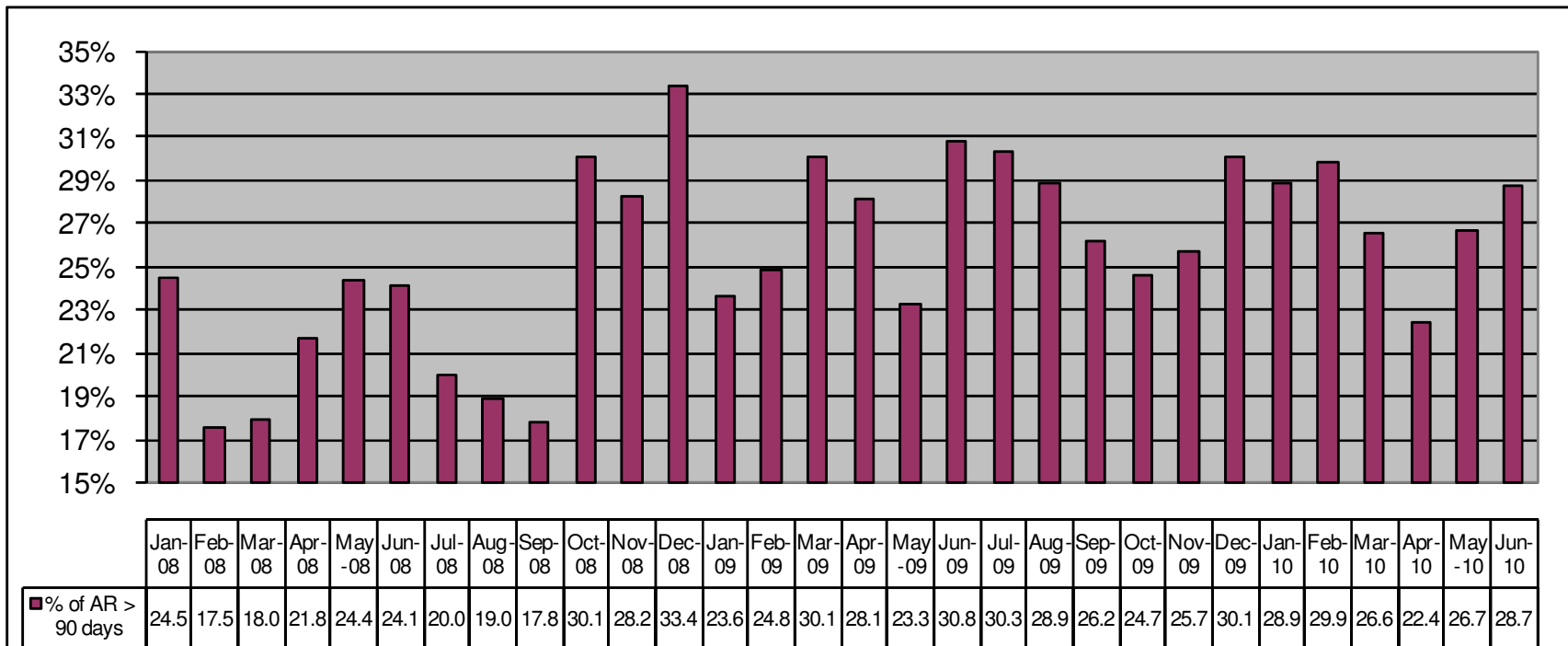
**Average Days in AR by Fiscal Year →**

- ◆ FY 2008 = 31
- ◆ FY 2009 = 41
- ◆ FY 2010 = 31

- Key Metrics

Ophthalmology  
% of AR Over 90 Days

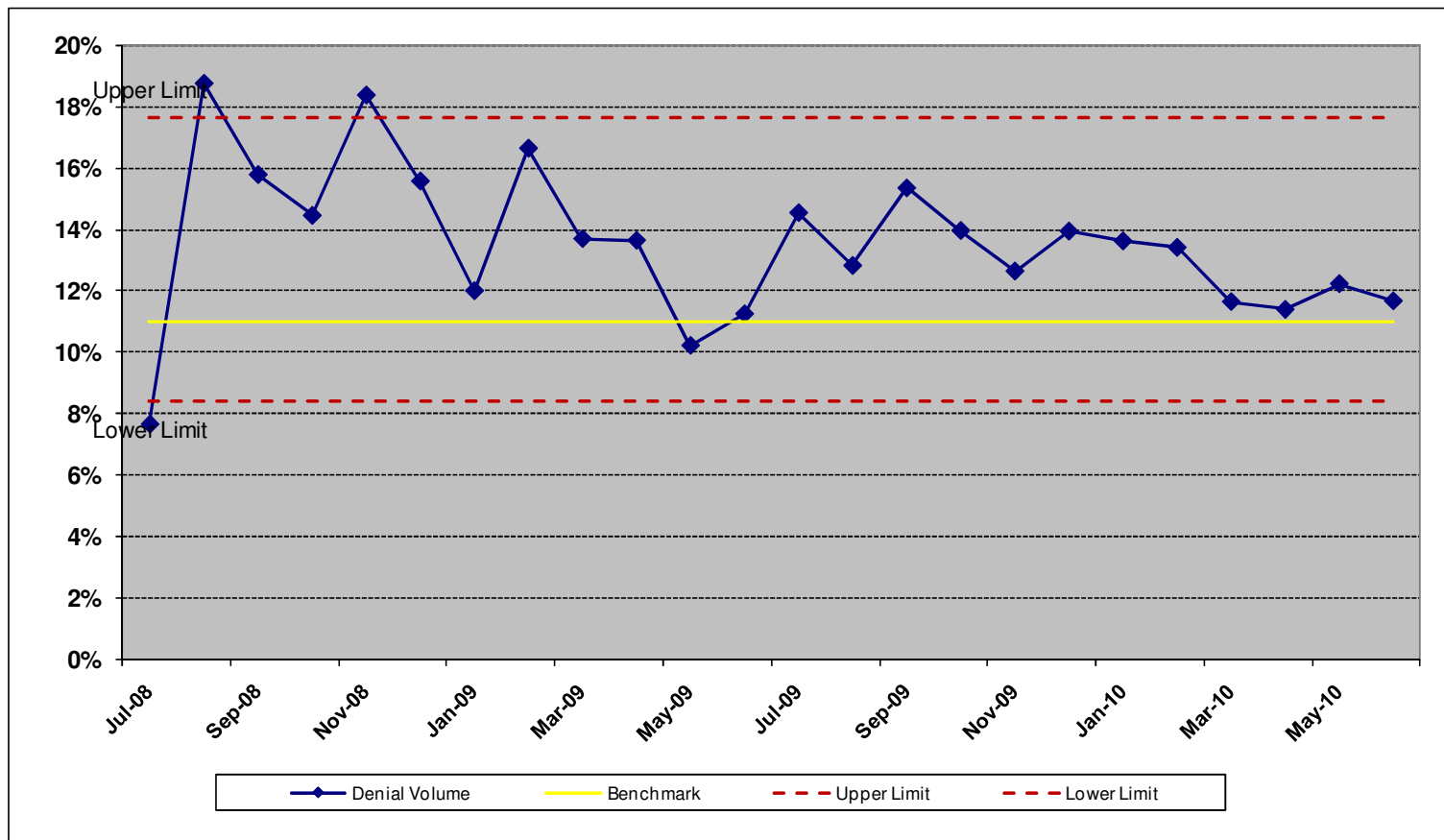
U Industry Benchmark 28.0% (Deloitte & Touche)



- Key Metrics

Ophthalmology  
Denial Volume Percent

◆ Industry Benchmark 11% (Faculty Practice Solutions Center)



**PB Divisional Report Card  
June 2010**

■ Key Metrics

Division	% of AR > 90 Days
Dental	7.9%
CT Surgery	13.8%
Behav Med Clin Psych	16.7%
Neonatology	18.0%
Neurosurgery	18.1%
Dermatology	20.2%
Sports Med	20.5%
Orthopedics	22.4%
Otolaryngology	22.9%
Infectious Diseases	24.0%
Allergy/Immunology	24.2%
Anesthesia	24.2%
Emergency Med	25.2%
Cardiology	26.0%
Endocrinology	27.0%
Human Genetics	27.0%
Rheumatology	27.5%
General/Comm Peds	27.8%
Dev Beh Peds	28.4%
Ophthalmology	28.7%
Nephrology	28.7%
Urology	29.4%
Neurology	30.4%
Adolescent Med	32.3%
Psychiatry **	32.8%
Gastroenterology/Nut ****	33.2%
Hematology ****	37.7%
Radiology	39.0%
Plastic Surgery	39.9%
Physical Medicine & Rehab	41.4%
Pulmonary Med	41.5%
Critical Care Med	43.1%
Pediatric Surgery	46.4%

**% of AR > 90 Days  
Benchmark = 28.0%**

Division	Lag Days
Dental	0.3
Behav Med Clin Psych	1.3
Neurosurgery	1.7
Sports Med	1.8
Critical Care Med	2.2
Radiology	2.3
Nephrology	2.4
Ophthalmology	2.7
Infectious Diseases	3.3
Dermatology	3.7
Allergy/Immunology	3.8
Orthopedics	3.9
Endocrinology	4.1
Emergency Med	4.4
Adolescent Med	4.6
Dev Beh Peds	5.1
Human Genetics	5.3
Gastroenterology/Nut	5.5
Pulmonary Med	5.8
Cardiology	5.8
Rheumatology	6.0
Neurology	6.3
Psychiatry **	8.1
General/Comm Peds	8.2
Otolaryngology	8.6
Physical Medicine & Rehab	9.0
Anesthesia	10.8
Neonatology	11.0
Hematology	11.6
CT Surgery	12.2
Pediatric Surgery	12.7
Plastic Surgery	15.9
Urology	16.5

**% AR > 90 Days:** Quality measure related to the aging of accounts. As accounts age, the likelihood of collection diminishes.

**Lag Days:** Length of time from Date of Service until charge entry by the division billing coordinator

**Lag Days  
Benchmark = 5 Days**

**PB Divisional Report Card  
June 2010**

■ Key Metrics

Division	% of Chrgs Entered in Final Week
Otolaryngology	9.5%
Allergy/Immunology	15.1%
Sports Med	18.8%
General/Comm Peds	19.8%
Psychiatry **	20.3%
Neurology	21.2%
Endocrinology	21.2%
Orthopedics	21.5%
Dev Beh Peds	21.6%
Radiology	21.9%
Physical Medicine & Rehab	22.7%
Behav Med Clin Psych	23.1%
Ophthalmology	23.8%
Dermatology	23.9%
Gastroenterology/Nut	24.2%
Adolescent Med	24.3%
Rheumatology	24.4%
Infectious Diseases	24.4%
Pulmonary Med	24.8%
Critical Care Med	25.4%
Emergency Med	26.5%
Cardiology	26.7%
Dental	29.5%
Anesthesia	29.5%
Neonatology	29.8%
Hematology	30.0%
Pediatric Surgery	32.7%
Human Genetics	33.1%
Nephrology	33.4%
CT Surgery	35.2%
Plastic Surgery	36.7%
Neurosurgery	41.6%
Urology	42.6%

**% Of Charges  
Benchmark = 30%**

Division	All Denied Volume %
General/Comm Peds	5.4%
Emergency Med	5.5%
Behav Med Clin Psych	6.7%
Pulmonary Med	7.0%
Sports Med	7.2%
Rheumatology	7.4%
Dental ***	7.7%
Plastic Surgery	8.5%
Allergy/Immunology	8.6%
Dev Beh Peds	8.6%
Adolescent Med	8.8%
Psychiatry	8.9%
Orthopedics	9.0%
Neurology	9.0%
Dermatology	9.0%
Critical Care Med	10.1%
Otolaryngology	10.1%
Human Genetics	10.3%
Neurosurgery	10.4%
Endocrinology	10.8%
Cardiology	11.0%
Anesthesia	11.2%
Urology	11.4%
Radiology	11.6%
Ophthalmology	11.7%
CT Surgery	12.6%
Gastroenterology/Nut	12.8%
Infectious Diseases	13.0%
Physical Medicine & Rehab	13.1%
Nephrology	13.2%
Neonatology	13.4%
Hematology	15.3%
Pediatric Surgery	15.6%

**Denied Volume %  
Benchmark = 11%**

**% of Charges Entered in Final Week:** Dollar amount of charges entered during the last week of the month as a percent of the total charges entered for the entire month.

**All Volume Denied %:** Number of Denials entered each month as a percent of the number of payments received each month.

## PB Divisional Report Card by Rank June 2010

- Key Metrics

Division	Lag Days *	% of AR > 90 Days *	All Denied Volume % *	% Charges Entered in Final Week *
Sports Med	1.8	20.5%	7.2%	18.8%
Behav Med Clin Psych	1.3	16.7%	6.7%	23.1%
Dental ***	0.3	7.9%	7.7%	29.5%
Allergy/Immunology	3.8	24.2%	8.6%	15.1%
Orthopedics	3.9	22.4%	9.0%	21.5%
Dermatology	3.7	20.2%	9.0%	23.9%
General/Comm Peds	8.2	27.8%	5.4%	19.8%
Emergency Med	4.4	25.2%	5.5%	26.5%
Otolaryngology	8.6	22.9%	10.1%	9.5%
Dev Beh Peds	5.1	28.4%	8.6%	21.6%
Endocrinology	4.1	27.0%	10.8%	21.2%
Neurosurgery	1.7	18.1%	10.4%	41.6%
Rheumatology	6.0	27.5%	7.4%	24.4%
Infectious Diseases	3.3	24.0%	13.0%	24.4%
Neurology	6.3	30.4%	9.0%	21.2%
Psychiatry **	8.1	32.8%	8.9%	20.3%
Adolescent Med	4.6	32.3%	8.8%	24.3%
Ophthalmology	2.7	28.7%	11.7%	23.8%
Radiology	2.3	39.0%	11.6%	21.9%
Critical Care Med	2.2	43.1%	10.1%	25.4%
Pulmonary Med	5.8	41.5%	7.0%	24.8%
Cardiology	5.8	26.0%	11.0%	26.7%
Human Genetics	5.3	27.0%	10.3%	33.1%
Anesthesia	10.8	24.2%	11.2%	29.5%
Gastroenterology/Nut ****	5.5	33.2%	12.8%	24.2%
Nephrology	2.4	28.7%	13.2%	33.4%
CT Surgery	12.2	13.8%	12.6%	35.2%
Neonatology	11.0	18.0%	13.4%	29.8%
Physical Medicine & Rehab	9.0	41.4%	13.1%	22.7%
Plastic Surgery	15.9	39.9%	8.5%	36.7%
Urology	16.5	29.4%	11.4%	42.6%
Hematology ****	11.6	37.7%	15.3%	30.0%
Pediatric Surgery	12.7	46.4%	15.6%	32.7%

**Lag Days:** Length of time from Date of Service until charge entry by the division billing coordinator

**% AR > 90 Days:** Quality measure related to the aging of accounts. As accounts age, the likelihood of collection diminishes

**All Volume Denied %:** Number of Denials entered each month as a percent of the number of payments received each month.

**% of Charges Entered in Final Week:** Dollar amount of charges entered during the last week of the month as a percent of the total charges entered for the entire month.

- PB Dashboard

**Monthly Activity & Payor Mix Reports**

Reports financial information at the department, division, or provider levels. Includes payor mix, RVU profiles, accounts receivable activity.

**Division Activity Reports**

Reports division charge and collection activity.

**Custom Consolidated Activity Reports**

Reports department charge and collection activity for specific departments

**Sub-Specialty Activity Reports**

Reports sub-specialty charge and collection activity.

**Provider Activity Reports**

Reports provider charge and collection activity. RVU information is reported here.

- PB Dashboard

**Aging Reports**

Line item aging information by division, subspecialty, or provider. Reflects aging < & > 90 days. Aging information is available in divisional summary or detail.

**Cash Posting Reports**

Reports a breakdown of payments posted for a specific date date. Selection down to provider level. Payments from Insurance, (IOCR & Lockbox), Parents, and Control Credit.

**CPT Analysis Reports**

Allows user to select CPT codes to analyze charge and payment activity by Specialty.

**Daily Control Reports**

Reports Daily and MTD accounts receivable activity. Utilized as a Divisional Billing Coordinator tool to reconcile the previous day's charges.

**Denial Reports**

Reports line item denial information received from the payors

**Lag Reports**

Reports the difference between date of service and date of charge entry. (Benchmark is < 5 days)

- **Philosophy**
  - Servant leadership
  - Management communication
    - Transparency
    - Approval for all Write Offs over \$200
  - Improvement science
    - I2S2
    - Zero tolerance for back-logs
    - Measurement tracking and trending

- Servant Leadership
  - Professional client relationship serving:
    - Department
    - Division
    - Specialty
    - Provider

- Management Communication

- 1) Finance Update Meeting (bi-monthly)

Attendees:

- Business Directors
- Billing Coordinators
- PB Management

- 2) Division AR Meeting

Attendees:

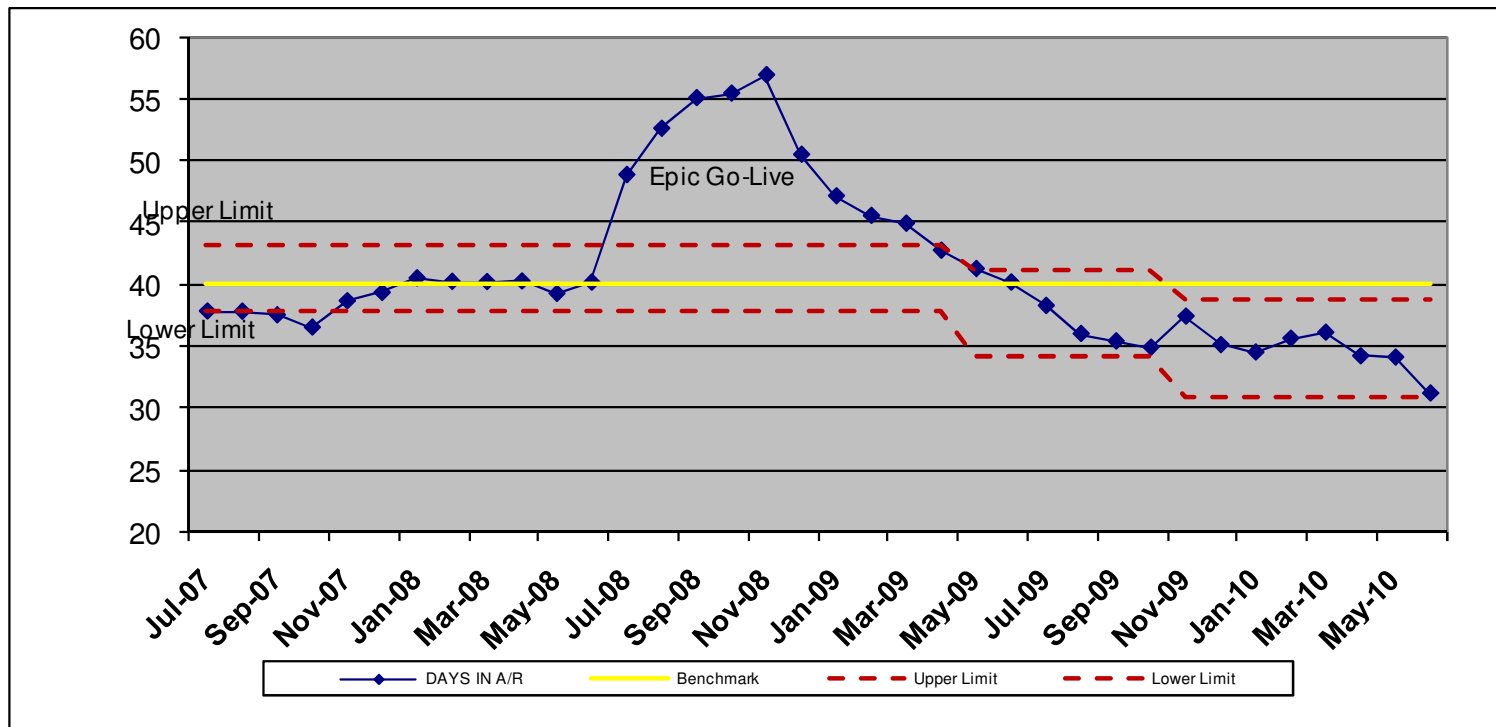
- Alan Mullins
- Divisional Business Director

- 3) Reimbursement Compliance Monthly Status Update

- 4) Major Payor Monthly Billing and Collection Status Update

- Improvement Science

Professional Billing  
Gross Days in AR



**Average Days in AR by Fiscal Year** → ◆ FY 2008 = 39  
 ◆ FY 2009 = 48 ◆ Industry Benchmark 40 days (Deloitte & Touche)  
 ◆ FY 2010 = 35

- **Questions?**