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What do I need to get into Healthcare Financial Management?

Questions of aptitude or capability for entrance into any professional field are the right ones to ask. Not all professions require the same bodies of knowledge, skills and aptitudes. Most professions in the US have specified what is required to become a member of the profession. HFMA has defined the "competencies" or bodies of knowledge and professional skills needed for a career in healthcare financial management.

The technical "essentials" for a career in healthcare financial management are summarized below. The essentials are a cross-functional, integrated body of knowledge that allows finance managers to be the voice of finance across business operations. You will notice that the managerial body of knowledge is comprised of six functional domains, e.g. revenue cycle, disbursements, etc. Within each functional domain is a listing of the major tasks conducted in that domain. These are the technical areas that finance managers and executive must be knowledgeable of:

I. Revenue Cycle Function

A. Data collection (demographic, financial, clinical, authorization, verification)

B. Charge capture and recording of clinical events (test is ordered, physician sees a patient)

C. Clinical documentation and coding (e.g., clinical quality standards)

D. Bill generation (e.g. underlying applications, claim scrubber)

E. Accounts receivable posting (e.g., cash, contractual, denial management, write-offs)

F. Collection/reimbursement (expected vs actual, coordination of benefits, charity care/bad debt policies, credit balances)

G. Payer payment audits (pre, concurrent , post)

II. Disbursement Functions

Payroll

A. Regulatory data collection; employee/independent contractor financial data collection (e.g. I-9, W-4; W-0

B. Workload data collection (hours, overtime, sick time, vacation time); exemptions

Purchasing

C. Creation of requisition, PO, Check Request

D. Authorizations

E. Procurement (RFP, contracting)

F. Verification/approval

G. Payment processing/posting

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III. Budgeting & Forecasting Functions

    A. Data collection and analysis (historical, volume, revenue, expenditures)

    B. Projection (revenue, volume, expense)

    C. Capital planning (needs assessment, building, personnel, equipment)

    D. Cash flow (in and out)

    E. Budget analysis and monitoring (e.g. variance analysis)

    F. Financial options analysis (e.g., tax-exempt, lease-purchase, debt instruments, cash, equities/stock

IV. Internal Control Functions

    A. Segregation of duties

    B. Safeguarding assets

    C. Safeguarding of data

    D. Regulatory compliance (HIPAA, EMTALA, PHI, Stark, Sarbanes-Oxley)

    E. Billing compliance (e.g. internal audits, charge validation, MAC, RAC, ZPIC, MIC, OIG, FCA)

    F. Information technology system validation (interfaces and handoffs)

V. Financial Reporting Functions

    A. Preparation of financial statements (GAAP, Non-GAAP, period end closing)

    B. Governmental reporting (e.g., cost reporting, IRS reporting, Medicare/Medicaid, CHAMPUS)

    C. Internal management reporting (e.g., cost accounting, productivity analysis, benchmarking, departmental analysis)

    D. Ratio analysis (e.g. days in accounts receivable, days in accounts payable, cash on hand)

VI Contract Management

    A. Monitor contracts to insure performance compliance (e.g. physician, payor, maintenance, vendor, purchasing, group purchasing organizations)

Note that the listing is a comprehensive listing of knowledge and abilities expected of a <u>seasoned</u> professional. It is highly unlikely that graduates will have exposure to all of these areas. The chart becomes effective in planning continued professional development.

Three of the six domains are crucial and students seeking employment in a healthcare provider setting should have fairly broad knowledge of these domains: revenue cycle operations, budgeting & forecasting, and financial reporting. In lay terms, it is expected that a student seeking employment in healthcare finance understands how a provider organization gets paid and knows how to find their way around the financial statements and can employ financial data in decision making.