



How Management Can Effectively Use Key Performance Indicators

Healthcare Finance Management Association

March 17, 2022

2:45 PM – 3:45 PM

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Once you have established Revenue Cycle Management Key Performance Indicators (KPI) the importance to how they are reported, managed and action items for reaching expected outcomes is the real key. This session will provide an overview of selecting KPI measures. Learning about success factors to reporting and managing to KPI measures.

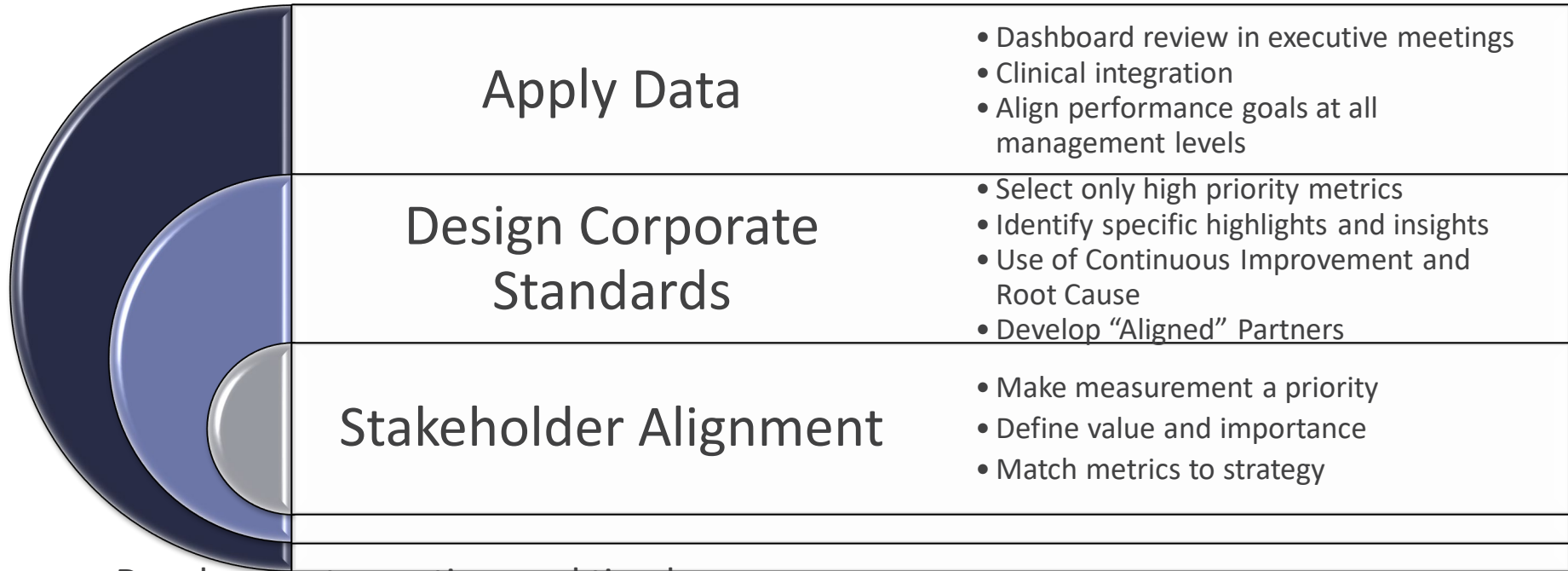


Discussion Items

- ☐ Key Performance Indicators (KPI) – Getting the desired strategic and financial results
 - ☐ Areas – Why | When | How
- ☐ Setting Benchmarks and Targets – Internal and External Sources
- ☐ Reporting and Communication – Consistency and Clear
- ☐ Managing Performance and Continuous Change
- ☐ Case Studies and Open Group Discussion - Lessons Learned



Development of KPI Management Culture



- Development over time and timely
- Becoming sticky to the organization, leadership, and staff
- Celebrate the wins
- Make changes to process, systems and people



Patient Access – Key Metrics and Dashboards – example

Allen LLP

Metric	Purpose	Value	Calculation
Patient Satisfaction	Monitoring through surveys for tracking of level of satisfaction of patients as a measure of overall performance.	The measure of care quality, patient satisfaction gives providers insights into various aspects of medicine, including the effectiveness of their care and their level of empathy.	Patient satisfaction is commonly measured by patient surveys using a weighted scoring methodology. Reporting of raw scores, averages and standard deviations.
3rd Next Appt.	Measuring the days between the day a request for an appointment with a provider based on scheduling template and the third next available appointment for tracking capacity.	Reporting and monitoring patient access to how easy or hard it is for a patient to get an appointment.	Average of the number of days between a request for an appointment with a physician and third next appointment.
Patient Cycle Time	Measurement of the amount of time in minutes that a patient spends in an office visit. From arrival to departure.	Monitoring of cycle time for patients measures the effectiveness and efficiency of front office, clinical support staff and providers, customer service and satisfaction.	The number of minutes between patient arrival, check-in, rooming, provider start to end, and departure time.
Telephony	The number of calls that customers initiates to facility and performance of call handling.	Monitoring of calls indicates patient volumes, hold times, abandonment, customer service, staffing levels, and customer service.	Count of inbound calls by day and hour; Average hold times in minutes; number of caller initiated hang ups divided by total inbound.



Financial – Key Metrics and Dashboards - example

Metric	Purpose	Value	Calculation
Annual Budget to Actual	Reporting of budgeted amounts and actuals with variance reporting.	Monitoring of actual to budgeting revenue, costs and expenses assists in monitoring changes, planning for forecasting and future budgeting.	Subtract the budgeted amount from the actual expense.
Provider Compensation	Trending and reporting how providers total compensation are calculated.	An agreed upon calculation to pay providers in which compensation is consistently provided.	Customized based on compensation methodology.
Operational Overhead as Percentage	The percentage of the facility operational costs.	Monitoring of direct and indirect costs are needed to improve profitability and measure future expenses.	Calculate the sum of all operational expenses before physician compensation and benefits divide by total income; multiply by 100 to get your overhead percentage.
Collection Percentage Per Payer	Tracking and comparison of gross collections by payer to analyze the collectability of charges per payer contract rates.	Convert expected reimbursement to a percentage of fee schedule for assurance payer is properly adjudicating claims.	Current fee schedule divided by payer reimbursement allowable rate. Total period charges divided by total payments; multiply by 100.



Operations – Key Metrics and Dashboards - example

Metric	Purpose	Value	Calculation
Number of Visits (Type)	Tracking the count of patient visits by provider type, specialty, type of visit scheduled.	Reports volumes for practice and provider productivity, assisting staffing as well as forecasting future profits and losses for the future.	Calculate appointments by count of specific type of appointments or procedures completed.
No Show Percentage	Monitoring patient no show appointments for which patients did not show and reason.	Every unfilled slot is a loss of revenue to your practice and tracking of no shows allow for actions for prevention.	Number of no-show appointments divided by number of appointments.
Cancellation Percentage	Percentage of appointments patients and provider cancelled.	Every unfilled slot is a loss of revenue to your practice and reporting of cancellations allows for actions for prevention.	Number of cancelled appointment divided by number of appointment slots.
Time of Service Collections	Tracking and trending of payments made at the time or prior to service.	Collecting at the time of service ensures payment and decreases overhead.	Count of the number and amount of payments made by patients on the day of their appointment.
Claims Processed	Tracking the number of claims processed successfully as a measure of front and middle revenue cycle.	Monitoring claims processed can detect areas to improve efficiencies, decrease costs, detect fraud.	Count of claims submitted from billing system received by clearinghouse/payer.

Revenue Cycle – Key Metrics and Dashboards - example

Metric	Purpose	Value	Calculation
Days in A/R	Trending indicator of overall A/R performance.	Indicates revenue cycle efficiency running by DOS and/or DOE	A/R divided by average charges (gross or net)
A/R Over 90 Days	Trending indicator of receivable collectability.	Indicates revenue cycle's ability to liquidate A/R.	A/R over 90 days divided by total A/R.
A/R Aging	Tracking and measuring age of A/R for overall revenue cycle performance	Indicates the collection effectiveness from charge to payment.	The sum of "Current to 30 days", "31 to 60 days", "61 to 90 days", "91 to 120 days", and "Over 120 days." Based on Date of Service
Net Collection Percentage/Bad Debt Percentage	Demonstrates collectability of possible collections.	Indicates collectible portion and bad debt.	Net collections divided by adjusted charges.
Remittance Velocity	Trending indicator of overall claim processing performance.	Indicates revenue cycle efficiency.	Percent of claims paid by timeframe – 0-30, 31-60, 61-90 days.
Cash Collections	Trending indicator of converting charges to cash.	Indicates the type of payments received.	Total payments (all sources).
Denials and Rejection	Tracking denials and rejected charges by volume and dollars by category indicates revenue cycle areas of payment friction.	Critical to determining current and future revenue, cash flow and payer rule changes.	Total dollar amount of claims denied by payers within a given period and divide by the total dollar amount of claims submitted within the given period. Categories determined by ANSI and Reason Codes.

The Keys to Key Performance Indicators (KPI) Success

- Align with business goals and strategic direction
- Being realistic and achievable in targets
- Be clear and transparent
- Measure and Discuss what is important
- Having a culture of best practice and accountability
- Must be relatable and embedded into a team or individual responsibilities
- Incorporate with management functions and part of annual evaluation process



Putting KPI Results to Action

Recognizing that the people performing the work know the most about their job and how to improve it.

- Involving everyone
- Select KPIs that are stretching the organization
- Reinforcement of continuous improvements
- Limit metrics to necessary and common strategic priorities
- Informing and Educating
- Timely
- Integration to HR and evaluation process





Sample KPI and Dashboards

The story behind to how they became effective



**WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING**

Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor

Charges, Payments, Adjustments - Dollars



Charges - Budget vs. Actual



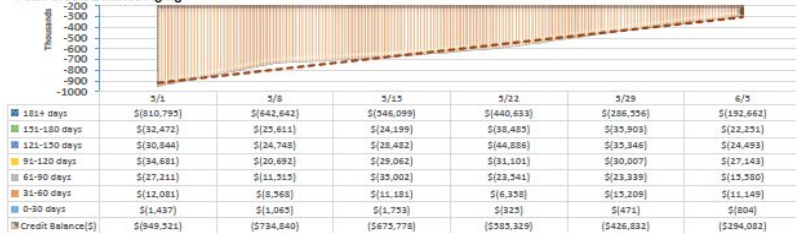
Payments- Budget vs. Actual



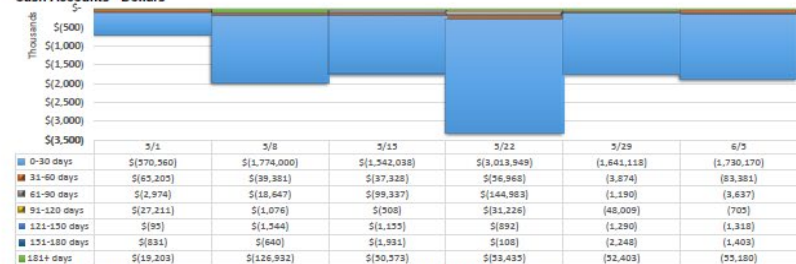
Adjustments- Budget vs. Actual



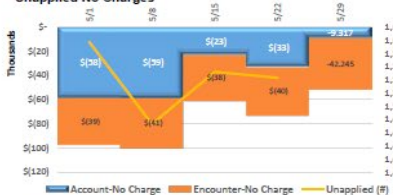
Total Credit Balance Aging



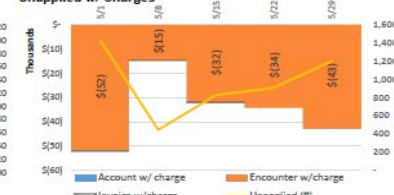
Cash Accounts - Dollars



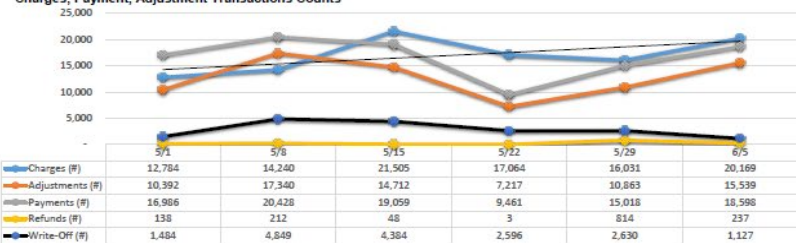
Unapplied No Charges



Unapplied w/ Charges



Charges, Payment, Adjustment Transactions Counts

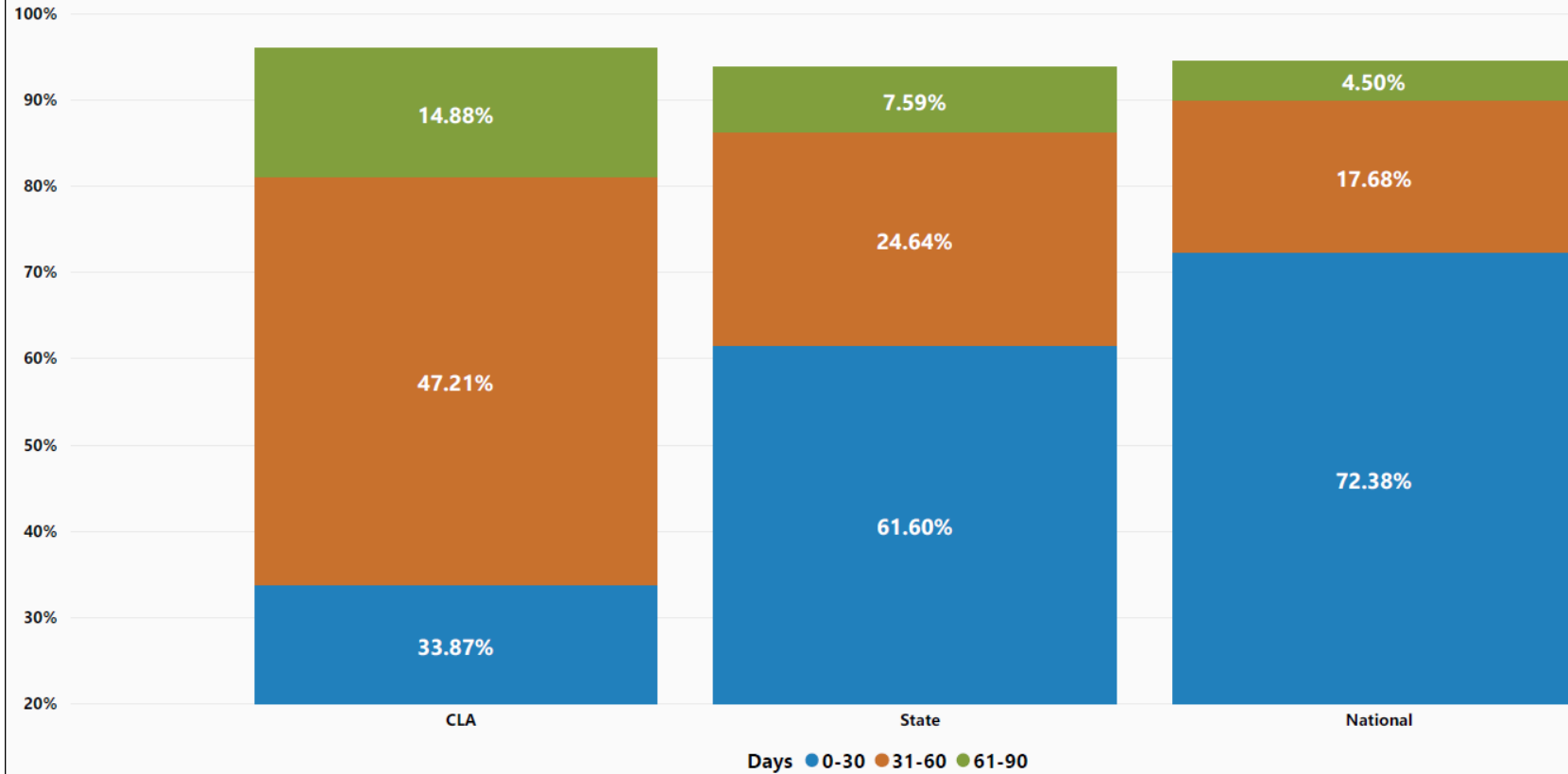


Payment Velocity: Jan 1, 2018 - Feb 29, 2020

Payer Group

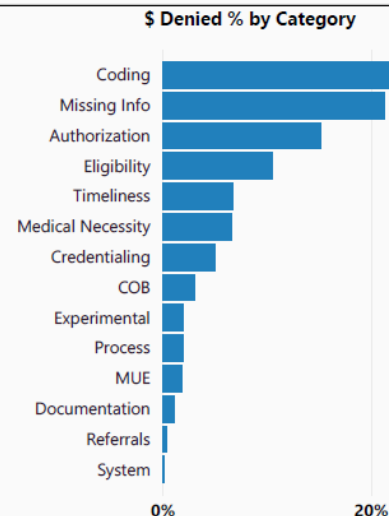
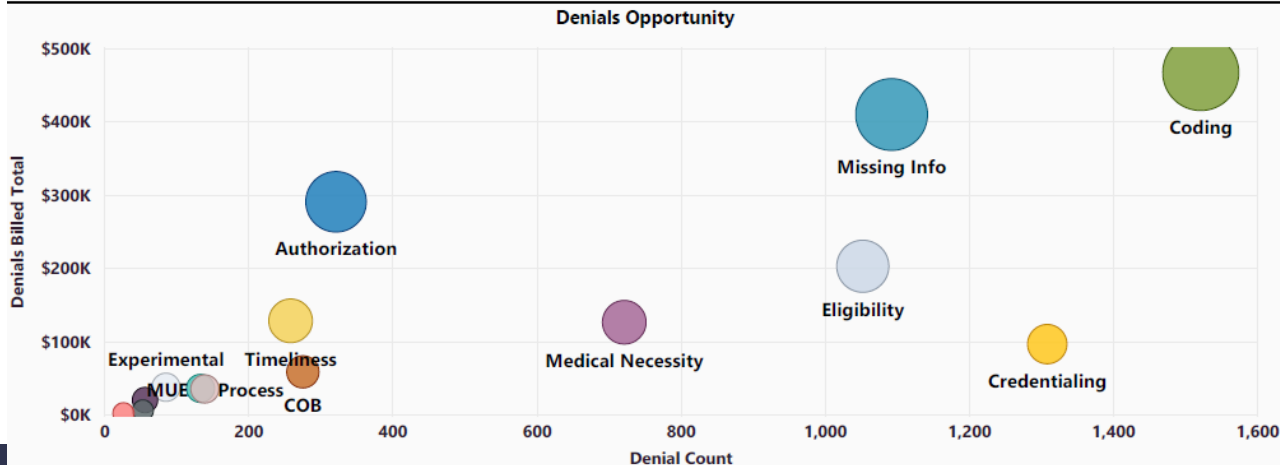
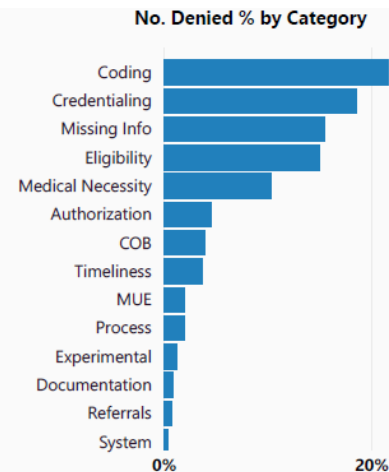
All

Payment Velocity by Payer - All Payers

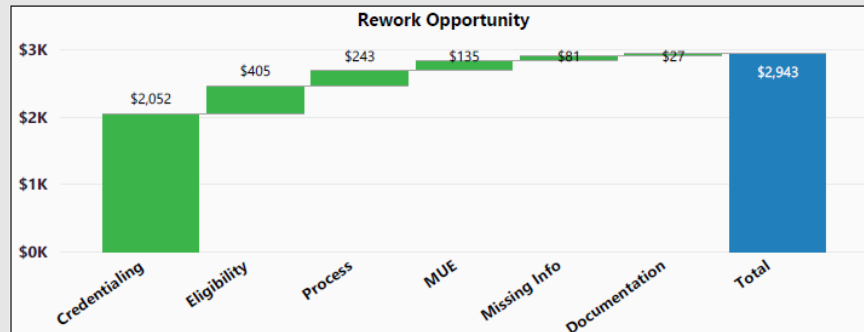
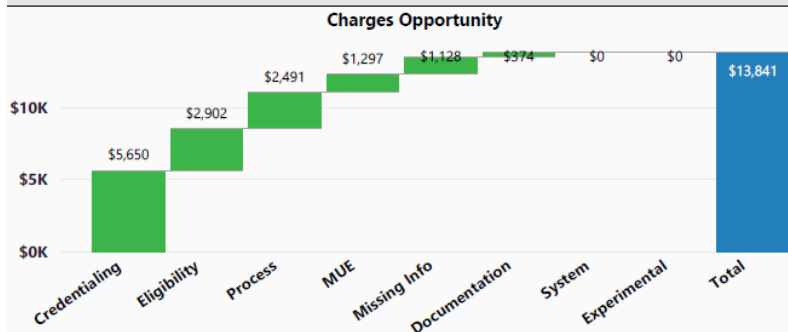
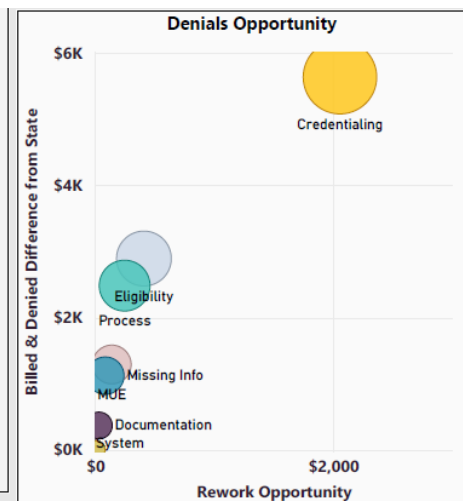


Denial Analysis: Jan 1, 2021 - Feb 28, 2022

Category	Service Line Count	Billed Total	Allowed Total	Paid Total	Denial Count	1_Denial (State) Count	1_Denial (National) Count	% Denials by Count	Denials Billed Total	% Denials Billed	% Denials of Total SLC	% Denials of Total SLC (State)	% Denials of Total SLC (National)
Coding	1,851	\$392,158	\$12,440	\$471	1,521	1,572	1,473	21.6%	\$467,826	24.3%	19.4%	20.0%	18.8%
Credentialing	1,319	\$97,851	\$750	\$62	1,308	1,232	1,223	18.6%	\$97,233	5.0%	16.7%	15.7%	15.6%
Missing Info	1,160	\$371,164	\$0	\$0	1,092	1,089	983	15.5%	\$410,551	21.3%	13.9%	13.9%	12.5%
Eligibility	1,081	\$210,999	\$2,938	\$1,863	1,052	1,037	1,019	14.9%	\$203,506	10.6%	13.4%	13.2%	13.0%
Medical Necessity	802	\$99,416	\$0	\$0	721	731	718	10.2%	\$127,073	6.6%	9.2%	9.3%	9.2%
Authorization	418	\$200,560	\$72,623	\$1,690	321	364	342	4.6%	\$291,453	15.1%	4.1%	4.6%	4.4%
Timeliness	335	\$85,563	\$35,064	\$23	258	272	246	3.7%	\$129,043	6.7%	3.3%	3.5%	3.1%
COB	325	\$48,706	\$277	\$26	275	288	269	3.9%	\$59,391	3.1%	3.5%	3.7%	3.4%
MUE	152	\$27,945	\$3,975	(\$216)	139	134	129	2.0%	\$36,057	1.9%	1.8%	1.7%	1.6%
Process	146	\$39,416	\$9,232	\$950	133	124	130	1.9%	\$36,817	1.9%	1.7%	1.6%	1.7%
Experimental	105	\$13,755	\$397	\$0	85	85	85	1.2%	\$38,383	2.0%	1.1%	1.1%	1.1%
Documentation	62	\$8,704	\$23	\$23	56	55	56	0.8%	\$20,931	1.1%	0.7%	0.7%	0.7%
Total	7,842	\$1,603,311	\$137,719	\$4,892	7,040	7,067	6,758	100.0%	\$1,927,906	100.0%	89.8%	90.1%	86.2%



Category	Service Line Count	Denial Count	% Denials of Total SLC	Denial (State) Count	% Denials of Total SLC (State)	Denials Billed Total	Denials Billed (State) Total	Billed & Denied Difference from State	Rework Total	Rework Total at State Rate	Rework Opportunity
Coding	1,851	1,521	19.4%	1,572	20.0%	\$467,826	\$483,512	\$0	\$41,067	\$42,444	\$0
Credentialing	1,319	1,308	16.7%	1,232	15.7%	\$97,233	\$91,583	\$5,650	\$35,316	\$33,264	\$2,052
Missing Info	1,160	1,092	13.9%	1,089	13.9%	\$410,551	\$409,423	\$1,128	\$29,484	\$29,403	\$81
Eligibility	1,081	1,052	13.4%	1,037	13.2%	\$203,506	\$200,604	\$2,902	\$28,404	\$27,999	\$405
Medical Necessity	802	721	9.2%	731	9.3%	\$127,073	\$128,835	\$0	\$19,467	\$19,737	\$0
Authorization	418	321	4.1%	364	4.6%	\$291,453	\$330,495	\$0	\$8,667	\$9,828	\$0
Timeliness	335	258	3.3%	272	3.5%	\$129,043	\$136,045	\$0	\$6,966	\$7,344	\$0
COB	325	275	3.5%	288	3.7%	\$59,391	\$62,198	\$0	\$7,425	\$7,776	\$0
MUE	152	139	1.8%	134	1.7%	\$36,057	\$34,760	\$1,297	\$3,753	\$3,618	\$135
Process	146	133	1.7%	124	1.6%	\$36,817	\$34,326	\$2,491	\$3,591	\$3,348	\$243
Experimental	105	85	1.1%	85	1.1%	\$38,383	\$38,383	\$0	\$2,295	\$2,295	\$0
Documentation	62	56	0.7%	55	0.7%	\$20,931	\$20,557	\$374	\$1,512	\$1,485	\$27
Referrals	60	53	0.7%	58	0.7%	\$6,752	\$7,389	\$0	\$1,431	\$1,566	\$0
System	26	26	0.3%	26	0.3%	\$2,893	\$2,893	\$0	\$702	\$702	\$0
Total	7,842	7,040	89.8%	7,067	90.1%	\$1,927,906	\$1,935,300		\$190,080	\$190,809	



KPI Management - Overview

- Strategic and Prioritized Focused
- Cultural Supportive and Relevant
- Data-Driven
- Clear and Understandable
- Incorporated throughout organization
- Measure and Communicate Often and Timely
- Incorporate into Staff Evaluations and Financial performance



Case Study – A (Claims Rejections and Denials)

Background

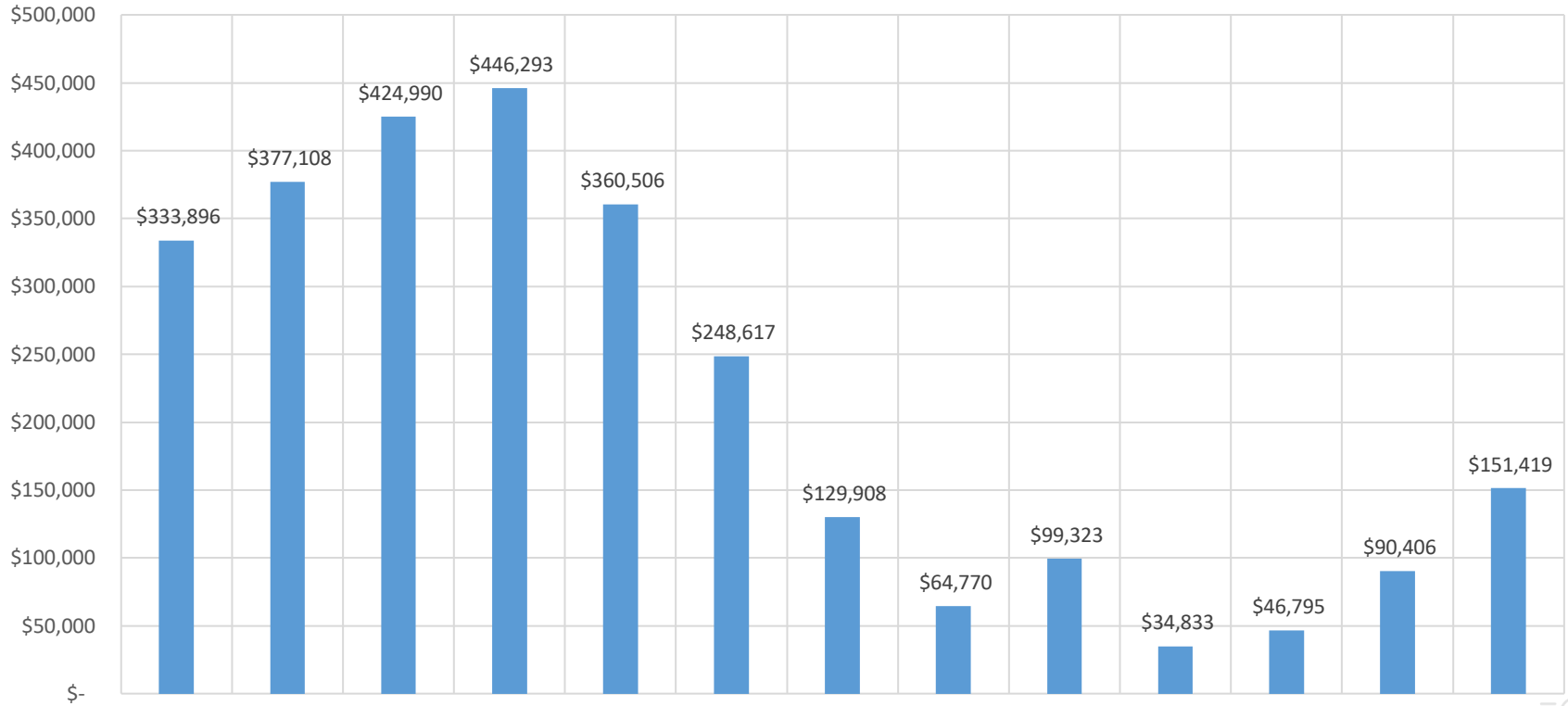
Revenue Cycle department was experiencing an elevated charge rejection rate for three main areas: Coding, Demographics, and Eligibility.

- Initially no report existed due to data and system set up limiting the grouping of rejections and denials by category.
- No performance expectations and benchmarks were known.

Action Items

- Development of monthly dashboard KPI reports.
- Development of targets and performance metrics.
- Revenue Cycle team started to present at front office meetings.
- Adopted Root Cause Analysis and Kaizen Processes.

Case Study A - Claims Denied



Case Study – B (Poor Revenue Cycle Performance)

Background

Group changed practice management system while bringing revenue cycle functions back in house. They were experiencing an elevated overall AR, lower with slower charge capture, and payment posting lag.

- Minimal system set up was completed. Initially no report existed due to data and system set up limiting the grouping of rejections and denials by category. Limited tracking of held or pending charges and claims. No Expectations and Benchmarks were known.

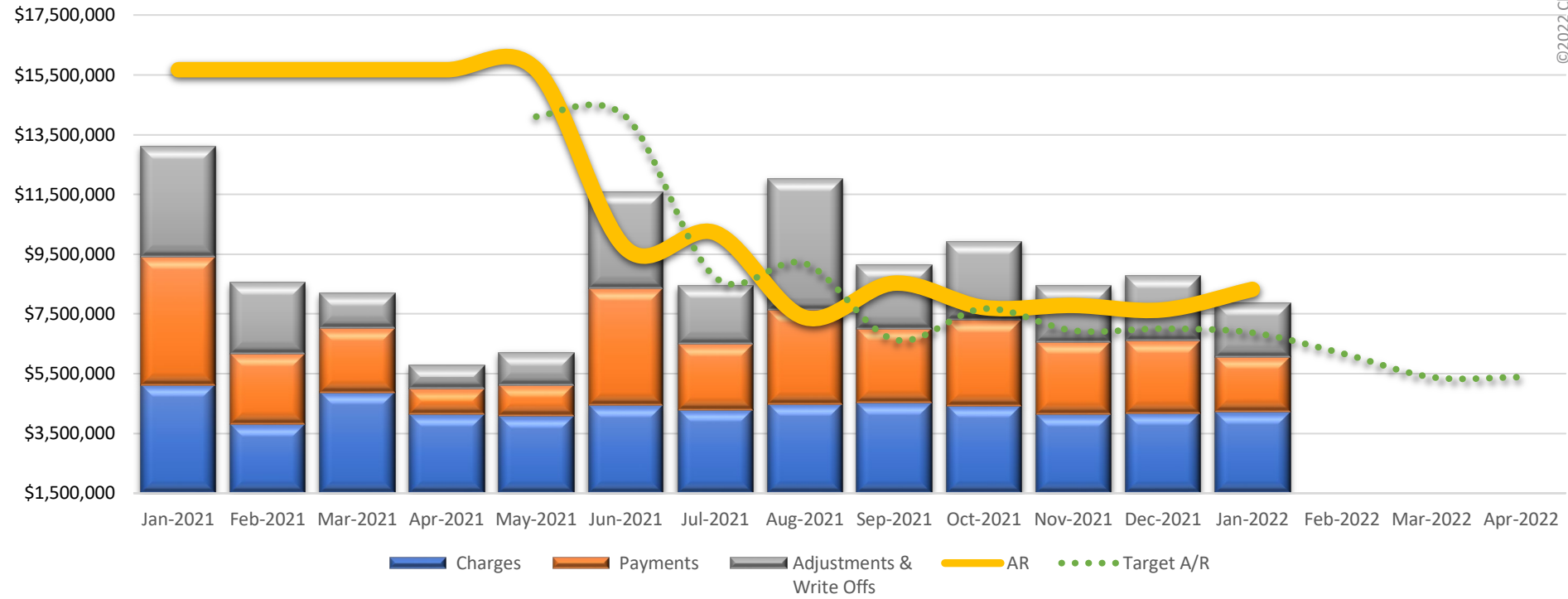
Action Items

- Development of monthly dashboard KPI reports.
- Development of targets and performance metrics.
- Targeted high priority areas with additional staff hours.
- Daily reconciliation and productivity measures were implemented.
- Management changes.

Case Study - B

Charges, Payments, Adjustments & AR - All Systems

©2022 CliftonLarsonAllen LLP



Case Study – C (Patient No Show)

Background

Elevated number of patients not showing for appointments leaving an excess capacity in provider schedules. Informal staff training and inconsistent communications to patients. No tracking or reporting exists. Lacking any communication.

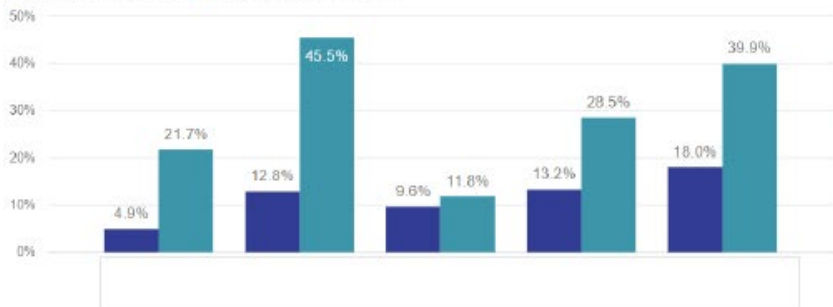
Action Items

- Pilot group (Provider, Clinical, Front Office) developed for discovery and focused improvement.
- Development of weekly reports.
- Daily huddles with weekly reporting review with staff.
- Development of industry targets and performance metrics.
- Change in scripting, policy, and patient communications about expectations.
- Incentives for team members for reduction in no show rate improvement.

Two-Period Comparison

Avg NS Rate per Wk and Avg Cancel Rate per Wk by Provider/Resource

● Avg NS Rate per Wk ● Avg Cancel Rate per Wk



Before

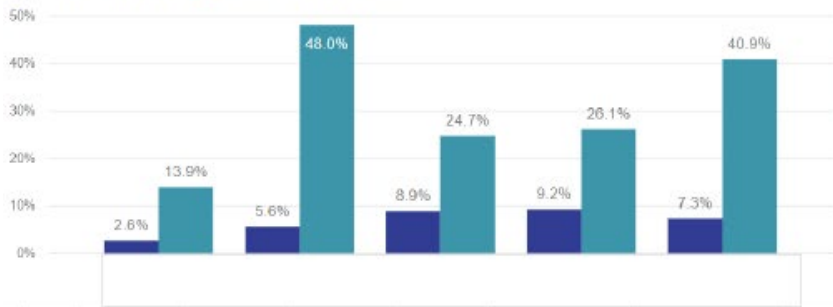


Provider/Resource

	per Wk	per Wk	Wk	Rate per Wk	Rate per Wk
	22	9	2	40.6%	9.2%
	52	19	5	35.7%	10.1%
	28	5	4	17.4%	14.1%
	55	12	5	21.1%	9.8%
	45	16	7	36.3%	16.4%
Total	41	12	5	30.6%	11.8%

Avg NS Rate per Wk and Avg Cancel Rate per Wk by Provider/Resource

● Avg NS Rate per Wk ● Avg Cancel Rate per Wk



After



Provider/Resource

	per Wk	per Wk	Wk	Rate per Wk	Rate per Wk
	22	6	1	27.4%	5.2%
	59	21	2	35.1%	4.1%
	37	11	4	29.1%	10.4%
	57	11	4	19.7%	7.0%
	40	18	3	44.2%	7.9%
Total	43	13	3	29.8%	6.6%



THANK YOU!

Larry Jurgens, CMPE, LBBH
Principal | Health Care

Direct 425-250-6052 Mobile 206-235-5044
CLA (CliftonLarsonAllen LLP)
larry.jurgens@CLAconnect.com



CLAconnect.com



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor