Problems with the effectiveness of a radiology practice’s billing and collections efforts usually become evident with unusual reductions in physician income: the physicians experience a loss of salary that isn’t tied to scheduled events such as hiring new physicians, purchasing equipment or investing in business expansion. When the unexpected loss of revenue occurs, however, the related billing problems are often several months old and corrections may take weeks or months to produce favorable results. With a few exceptions, such as installation of a new billing system or changing billing companies, most accounts receivable problems are the result of a creeping trend, rather than the result of a single, cataclysmic event. Why does this occur and what can be done about it?

Where Problems Frequently Occur
When payments begin to diminish and the accounts receivable grow to unsatisfactory levels, there are a few “usual suspects” in terms of reasons. Sometimes they occur alone and sometimes they seem to team up to make problem resolution more difficult.

1. Billing system problems
   A lack of data integrity, or internal billing system inconsistencies, means that problems occur, but are not readily detected by normal management reports. In addition, the system itself may experience problems such as electronic transmissions that appear to have been sent but are in fact locked up in the system.

2. An overworked or undertrained staff
   Radiology billing processes are characterized by endless stacks of paper and few psychic rewards. If the staff adopts an attitude that “I’m doing the best I can” and doesn’t ask for help, huge backlogs can occur within a relatively short period of time. In some cases, staff members don’t know enough to report problems to their managers or supervisors and, without communication, problems can fester for a long period of time. Workers without sufficient training are also likely to make errors that result in denied claims and additional rework to correct.

3. Changes in payer rules
   Changes in claims submission parameters will usually result in a new pattern of denied claims. It is important that this information be communicated to management quickly so the problem can be reviewed and addressed, but often there are lags in follow-up. In worst cases, the denials may just be written off and not questioned.

4. Problems with a major payer
   All practice managers can cite the woes that come with a major computer conversion by a large payer. Payments from the health plan representing a significant portion of your business can be delayed for several months, with some payer problems taking up to a year to achieve full resolution.

5. New physicians in the group
   Physician health plan credentialing is a labor-intensive, time-consuming job. If the group is contracted with numerous health plans, it can take several months for all paperwork to get through the credentialing process for all payers. The bad news is that cash flow is negatively impacted if charges are held until the physician receives an identifier or will have to be written off if claims are submitted before being accepted to the health plan panel.

6. Nonstandard practices and inefficiency
   A large number of billing operations do not have formalized, standard processes in their departments. Employees with strong problem-solving and time management skills may still perform well, but other employees develop incomplete, inefficient or “creatively complex” processes that require consistent error correction or repetition. Even groups with standardized processes must watch carefully for “defaults” as employees attempt to adapt to the demands of different payers or situations.

7. Lack of management knowledge
   The requirements of today’s practice manager are diverse and demanding. Those who are
undertrained for the current environment or lacking in skills have difficulty identifying trends, solving problems or knowing when to ask for help. Managers in this situation are often working excessively hard just to keep their heads above water and, in the end, continue to fall behind in the day-to-day operations. The result can be a department that loses control of basic functions.

8. **Problems with the hospital data transfer**
   Again, changes in hospital information systems, policies or personnel can impact the flow of information between the hospital and the radiology group. When payments begin to slow, this is one of the items to be included on the checklist.

9. **Accounts receivable follow-up**
   Maintaining control of the accounts receivable requires a consistent effort at all levels. Management must remain vigilant with monitoring reports and staff must work accounts on a daily basis. This focus runs the gamut, from following up quickly on the mounds of daily insurance correspondence to calling payers and patients. Account follow-up activities are time-consuming and often frustrating. This is an especially critical area in terms of training and standardized processes and one where too many practices lose far too much money.

10. **Poor quality of information**
    When radiology reports don’t support the diagnosis and procedure codes, the result is a loss of money-or even worse, a staff that adopts loose “assumption” coding that crosses the boundaries of fraud and abuse. If there is poor communication among billing staff, management and physicians, then poor quality of information can be a chronic and expensive problem.

11. **Electronic processes**
    While electronic claims submission and remittance have proven to greatly improve cash flow in a practice, they are also areas in which the wheels can fall off operationally. Time after time, an investigation of lagging payments has resulted in the statement, “The computer said the files were sent. We had confirmation from the clearinghouse that the files were sent. But the files were never received.” In a practice that relies upon electronic claims submission as a strategic efficiency move, submission failure of several large files over a multi-week period results in significant revenue delays.

What to Do
The problems mentioned are in themselves not unique and exist at some level in any organization at any given time. They do, however, reinforce the need for strong communication between physician leaders and the practice administrator to reduce the impact, or at least minimize the cumulative effect, that occurs when several of these issues surface simultaneously.

The checklist outlined provides the tools for a periodic review of business operations and the goal is to identify and correct potential problem areas before the situation escalates. However, a firm foundation is the best defense, so the following are recommended:

- Develop a management reporting package that, at the minimum, measures collection ratios, days in accounts receivable and amounts written off to collections.
- Review this information monthly with the practice administrator and discuss areas that show troublesome indications.
- Make sure your manager continues to receive advanced training, has access to resources that enhance skill development and can network with peers about situations occurring in your area. Professional organizations such as the Radiology Business Management Association (RBMA) have a vast array of resources available through conferences, Web site forums and publications.
- Consider hiring an outside consultant with billing process expertise to review your practice processes. Sometimes the “forest” is just too dense for those mired in day-to-day problems to see potential solutions.
- As a physician owner, work to become more familiar with basic radiology billing processes. While the demands of being a practicing physician and the complexity of today’s health care business environment usually don’t allow for in-depth participation, knowing enough to keep everyone accountable for performance will go a long way.
• Make sure you employ, at least in a supervisory capacity, one or more staff members who are experienced in billing and collections processes and issues. Even the best practice administrator won't be an expert in all areas of the operation and must be supported with a strong staff.
• If the inevitable crisis does occur—and it will in all practices at some time-work to determine the depth of the problem and then ask for a written work plan to address the issues. The plan should go beyond "hiring more people" to provide some action steps and standardized, written processes.

Conclusion
Regulatory changes, information technology, workloads, training, standardization, people and procedures—all of these make managing a billing operation an evolving, fluid and ever-changing landscape. Take proactive steps to identify and monitor the more common problems impacting practice revenue. While not all of the problems can be prevented, they can at least be addressed and corrected in a timely manner that minimizes any negative impact on physician incomes. In addition, adopting standard definitions, such as those developed by the RBMA, will enable you to better compare billing performance to industry standards. There are few shortcuts to a high-performing team, but a well-applied and thought-out effort can result in dramatic improvements worth hundreds of thousands of dollars each year. At those inevitable times when something goes wrong and the accounts receivable spirals out of control, begin with this disciplined checklist to identify and correct the associated problems. While the list presented is not comprehensive, it provides an excellent starting point for billing process review.

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