

Recommended Best Billing Practices:

At the request of the Managed Care Task Force we put a subcommittee together to review best billing practices. The subcommittee consisted of representatives from Banner Health Arizona, Carondelet Health Network, El Dorado Hospital, Scottsdale Healthcare, and University Medical Center. The subcommittee met twice, on August 26, 2002 and again on October 1, 2002.

Using the Healthcare Financial Management Association Performance Indicators as a guideline the subcommittee developed the following billing guidelines. These guidelines should all be monitored to insure a smooth operating billing process. Days in accounts receivable are not included in these measures as they are impacted by reserve policies which are not typically controlled by the billing and collecting staff.

- Collections each month should equal or exceed the net revenue earned two months prior.
- Billing hold days should not exceed 2-6 days. The actual amount should be determined based upon the revenue charge system in place.
- Unbilled, discharged accounts in excess of the billing hold day's threshold should be reviewed and worked daily.
- No more than 15% to 20% of the discharged accounts should be over 90 days old, depending on the payor and related contractual arrangement.
- Bad debt write-offs should be less than 3% of gross revenue. This goal is impacted by location and payor mix.
- Collection agency recoveries should be 10% or less. Multiple agencies should be used whenever possible.
- Goals should be set for denials, which should be much less than 5%. The reasons for denials must be tracked.
- Deductibles and co-insurance should be collected at the time of service.
- Elective services should always be preregistered and cleared financially.
- Credit account balances should not exceed 2 days of net revenue.