

Home Health Agency Accounts Receivable Management: Policy/Procedure and Work Flows

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Home health managers face billing and collections challenges every day. Minimizing these challenges and improving cash flow is, or at least should be, at the top of every manager's list. Developing and documenting the framework by which the agency will manage accounts receivable is one of the most effective ways to improve cash flow. This framework contains policies and procedures in which the policies state the guiding or governing principle and the procedures describe the critical steps undertaken to achieve the policy intent. The framework also includes detailed work flow process documentation. Documented work flows are often presented in the form of flow charts.

Establishing billing and collections policies and procedures promotes efficiency and consistency in the steps that bring the operating cash into the agency and provide a mechanism for communicating clear expectations to the billing department and other staff members. Policies and procedures assign responsibility. If responsibility is not assigned in writing, it can be considered not assigned. When details and work instructions are needed, work flow processes should be drafted. Policy/Procedure and workflow processes dealing with accounts receivable should not be left to interpretation. They should reflect the right way for the agency to bill and collect.

Accounts receivable functions in a home health agency may include some or all of the following:

- Ensuring patients meet Medicare coverage criteria
- Utilizing the Common Working File Part A Eligibility System
- Checking Medicaid eligibility
- Verification of benefits – other payers
- Primary payer determination
- Order tracking
- Medicare billing:
 - Billing the Request for Anticipated Payment (RAP) - Initial and Subsequent
 - Low Utilization Payment Adjustment (LUPA), Partial Episode Payment (PEP), and Significant Change in Condition (SCIC) billing
 - Medicare billing audit process
 - Medicare final claim billing
 - Tracking unbilled Medicare claims
 - Additional Documentation Requests (ADR) and Returned to Provider (RTP) tracking, response and online corrections
 - Online claims adjustments
 - Appealing Medicare denials
- Medicaid billing:
 - Medicaid billing audit process
 - Medicaid Claim submission
 - Tracking unbilled Medicaid claims
 - Working Medicaid rejections/denials
- Other payers:
 - The billing audit process – other payers
 - Claims submission – other payers
 - Tracking unbilled insurance claims
 - Claims follow up with insurance companies
- Patient billing, statements and account follow-up

- Identifying and working the aged accounts on the accounts receivable aging report
- Payment posting and reconciling payment posting to bank deposit records
- Adjustments to patient accounts
- Bad debt criteria, management approval and write off
- Month-end procedures

In addition, the following policy/procedures for improving the management of accounts receivable are recommended. Each is discussed in more detail below.

- Communication – billing, clinical, and management
- Billing deadlines
- Monitoring and reporting the status of accounts receivable

A policy and procedure on Communication should clarify the importance of passing on vital information that will affect billing and collections. For example: during a visit, the patient mentions a new insurance source to the nurse. It should also cover the importance of the billing staff immediately communicating issues which may result in cash flow consequences, i.e. software issues, including the failure of an electronic billing transmission. Other elements might include modes to encourage process improvement suggestions, inclusion of billing personnel in agency management meetings, a path for resolving billing and clinical crossover issues, and distributing intermediary bulletins, third party payer bulletins and association communications. Basically, the policy and its related procedures should set the stage for effective communication in order to catch and resolve issues which have the potential of interrupting cash flow.

The Billing Deadlines policy and procedure should include a general statement on the importance of timeliness in billing and collections and list the major billing related deadlines adopted by the agency. The agency might define goals for the number of days for obtaining signed orders, RAP billing, billing audits, final claim submission, turning around ADRs, making corrections to RTPs, Medicaid claim submission, insurance claim submission, patient billing, payment posting, and completing the month-end close. Including these deadlines in the appropriate job descriptions further communicates expectations and provides measurable accountability standards to be utilized during employee evaluations.

Round out the accounts receivable management policy and procedures by stating and defining the methods which will be used to monitor and report the status of accounts receivable. Suggestions include requiring Days Sales Outstanding (DSO) to be calculated and reported monthly, reporting the status of the accounts receivable aging schedule, communicating by reason the number of claims and dollars pending in the FISS, dollars related to claims suspended due to unsigned orders, reporting the number of unbilled claims, billing audit findings, denials by reason, compliance to agency billing deadlines, and summarizing bad debt write-off amounts by reason. It is a good idea to incorporate how the agency will use this monitored data for process improvement.

Tips for writing and maintaining policies include:

- Format the policies/procedures consistently, identifying the purpose of the policy and then defining the procedures for implementing the policy
- Write clear, concise statements
- Use action verbs to describe tasks
- Use position titles rather than employee names
- Date each policy when developed and when revised
- Number the policies for ease of reference
- Have appropriate management and/or staff members sign off on policies

- Update the policies/procedures at least annually to ensure they comply with ever-changing regulations
- Assign one employee the responsibility of maintaining and distributing revisions to the manual

While establishing policies, procedures and workflows, it is an opportune time to search for and discuss ways to increase billing and collections efficiency. Also, examine and discuss functions available in your billing software not being utilized that would increase productivity, if implemented.

Having a documented billing and collections framework is an important step toward defining how the agency's billing will be performed and its efficiency measured. The goal should be to minimize the turnaround time from visit/episode to payment; thereby, improving cash flow.