

As leaders in Healthcare Revenue Cycle Management (RCM), MedCycle's goal is to empower organizations by providing innovative best practice solutions. MedCycle identifies the root causes of the issues within your RCM processes. From provider credentialing and enrollment, to insurance aging cleanup, medical billing, EMR builds and optimizations, RevCycle assessments, staff training, and education – our proven processes result in improved efficiency, greater cash flow and maximized reimbursements. MedConnex strives to provide information around industry metrics.

Days in A/R

Days in Accounts Receivable (A/R) is a key performance indicator used to determine your business health. Most commercial claims have a 90-day timely filing window, that clean claims must be submitted to insurance within. Whereas Medicare and Medicaid generally have a 1-year timely filing window. Third party payers such as auto insurance and worker's compensation, can have even different timely filing guidelines. Therefore, it is important to remember that each practice's unique payer mix, along with your specialty, have a direct impact on these numbers.



- > 33 Days → Targeted Industry Average
- > 45 Days → Warning, follow-up on these claims ASAP
- > 90 Days → For commercial claims, potential lost revenue

Calculating Days in A/R

$$(\text{Payments} - \text{Adjustments}) \div (\text{Charges} \div \# \text{ of Days})$$

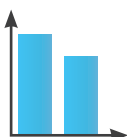
Example:

- Charges: \$600,000
 - Payments: \$70,000
 - Adjustments: \$5,000
 - # of Days: 365
- $$(\$70,000 - \$5,000) \div (\$600,000 \div 365) = \$65,000 \div 1644 = 39.54 \text{ days in A/R}$$

In this example, the practice meets the "good" standards of the metric. However, there's only about 5.5 days before some (most) of those claims start to enter the "warning" zone.

Days in A/R is a simple calculation that provides great insight into the health of a practice's Revenue Cycle, telling them how well (or not) the processes are currently working for them.

Looking forward >



Insurance Aging

The next issue will cover aging reports of outstanding insurance claims.

Contact:
Randi@MedCycleSolutions.com
Ph. (320) 290-6448