



## **BILLING OPTIMIZATION: THE FOUNDATION OF IMPROVING ANESTHESIA FINANCIAL PERFORMANCE**

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When building a house, a strong foundation is imperative. When building or contracting with an anesthesia group, maximizing the revenue cycle serves as the foundation of business performance. Whether you are a hospital paying an anesthesia subsidy or a group trying to maximize profitability, it is in your best interest to monitor and optimize anesthesia revenue realized from payers and patients.

Oversight should begin with analysis of the payor contracting strategy. This should be aligned with the strategic contracting principles of your hospital and should ensure that contracts are keeping pace with the rising costs of anesthesia care. Oftentimes inadequate incentive or expertise exists for the group to aggressively negotiate contracts with private payers. Contracts should be renegotiated regularly by experienced professionals with knowledge of the prevailing market.

In the OR, it is imperative that providers accurately document anesthesia time which has a substantial impact on billed charges. For example, a recent analysis conducted by Enhance Healthcare Consulting showed that a 12 OR hospital, performing 10,000 cases per year, had an average underbilling of six minutes per case. This seemingly minor

time variance equated to approximately \$110,000 in lost revenue annually.

There is frequently an opportunity for a one-time cash acceleration by streamlining the process between coding, charge entry and payment posting. Many small, unmonitored billing operations often have days in accounts receivable far above industry norms. In the 12 OR hospital example above, shaving 10 days off the days in A/R would amount to a one-time cash opportunity of approximately \$115,000.

No billing operation is going to be perfect and denials are a fact of life. Therefore, a diligent and structured denials management process is critical to ensure rejected claims are followed through quickly to adjudication. A consistent process focused on timely and tenacious follow-through will give both parties assurance that the revenue cycle organization is doing all in its power to collect the fees owed.

Since numerous operational factors must be evaluated to improve the various components of revenue cycle performance, it is often in the best interest of both the hospital and the group to sponsor a billing operations review prior to the renegotiation



of a contract. Alternatively, an external review may be performed on a regular interval as a good business practice of the group.

As with many business practices, a structured, proactive process to track performance on an ongoing basis will allow early identification and correction of concerning trends. We recommend creating weekly or monthly dashboards featuring **Key Billing Process Indicators** to facilitate this ongoing analysis.

Uncollected revenue from poor billing performance directly impacts the hospital's subsidy or the group's profitability. So, what action steps can you take to make certain you are not subsidizing poor billing performance?

- Retain an independent third-party firm to perform regular reviews of billing performance.
- Require providers to receive regular education on allowable anesthesia charges and the associated documentation requirements.

- Ensure that all revenue cycle personnel is up-to-date on charge capture and coding optimization for anesthesia services.
- With the help of the independent third-party and appropriate hospital or group resources, develop a long-term contracting strategy.
- Implement a billing performance monitoring process to follow key billing and collections metrics on a consistent basis.

The rising cost of anesthesia service is a reality from which it is difficult to escape. Fair market value compensation, required anesthetizing locations, work schedules and numerous other complex issues drive anesthesia costs. These covariant factors are complex and involve input from numerous stakeholders. The optimization of billing performance, however, is one leg of the anesthesia subsidy stool that can be streamlined without impact on service levels. In order to protect your bottom line, and ensure a strong business foundation for your anesthesia practice, always monitor billing performance.

THE "FOUR LEGS"	CONTROL
FAIR MARKET VALUE COMPENSATION	SUPPLY AND DEMAND
REQUIRED ANESTHETIZING LOCATIONS	HOSPITAL
STAFFING MODEL	GROUP
BILLING/CONTRACTING PERFORMANCE	GROUP