

How Nurses Can Impact the Revenue Cycle

As a nurse leader, you would undoubtedly go out of your way to help your staff learn a new clinical technique, if it meant that your patients would suffer fewer infections. But what if you had the opportunity to involve your staff in maintaining a healthier bottom line, ensuring more dollars for advanced information systems, additional nursing staff, or the latest medical technology?

Learning about the hospital revenue cycle—and how nurses can positively impact it—may seem far from the patients’ bedside. But, ultimately, patients are the ones who benefit when their nurses look out for the hospital’s financial health.

Common Ailments in Hospital Revenue Cycles

Nurses play a role in reducing two of the following issues:

- > Inaccurate claims
- > Out-of-date pricing
- > **Underbilling**
- > Underpayments
- > Denials (when a payer does not pay some or all of a bill)
 - > Technical/administrative denials
 - > **Clinical denials**
- > Accounts receivable delays
- > Returned statements and inaccurate patient demographics

Source: *Healing the Revenue Cycle: The Foundation for Improved Financial and Operational Health*, Cerner.

Why Should Nurses Care About the Revenue Cycle?

5%

How much the average hospital loses in revenue every year due to weaknesses in the revenue cycle, according to some estimates.*

\$25 million

How much a hospital with \$500 million in revenues would lose per year, given the 5% estimate above

\$10 million
for scholarships and education

\$5 million
for wage adjustments

\$3 million
for capital renovations on an old unit

\$7 million
for the future

Possible uses for the additional \$25 million in revenues—what could your team do with an extra \$25 million?

* Runy, L.A., "Revenue Cycle Management," *Hospitals & Health Networks*, June 2003.

Diagnosing Clinical Denials

Types of Clinical Denials			
Medical necessity	Non-covered services	Length of stay	Level of care
In the payer’s view, the test or treatment was not medically necessary	The payer does not pay for the service	The payer limits how long the patient can stay in the hospital	The payer thinks the service could have been provided in a less expensive setting

Clinical denials result from a variety of causes—from hospital efficiency issues (for example, a scheduling problem results in a longer than needed LOS) to inappropriate denials (that is, the payer mistakenly denies a claim). Do you know the primary reasons behind clinical denials at your organization or department/unit?

Missed Charges Lead to Underbilling

A review of more than 100 hospitals showed that organizations lose 1 percent of revenue due to errors in the chargemaster or charge capture. (Duffy, J., "Are You Speeding Toward Revenue Loss?" *hfm*, Dec. 2004, pp. 44-45.)

Missed charges are charges for supplies, devices, services, and procedures that never make it on an insurance claim—resulting in a loss for the hospital. For example, a hospital may not be charging for venipunctures (or puncturing a vein to collect blood, start an IV, etc.) in the emer-

gency department. There is a charge for the ED visit and the lab test, but not for the associated venipunctures. The billable charges associated with thousands of venipunctures add up.

Another example: Observation services often don’t get billed properly because of confusion between inpatient and outpatient billing rules. For example, an intravenous infusion is not billed separately on the inpatient bill. However, an IV infusion can and should be billed separately on an outpatient bill.

Two important strategies for ensuring effective

charge capture: Education and appropriate staffing levels. "Much too often, hospital staff, whether they’re coders or nurses, don’t fully understand the role they play in the hospital’s payment system—and how what they do, and perhaps more significantly, what they don’t do, can directly affect the bottom line. When an organization takes the time to describe this role and its importance, an employee is more likely to want to understand the correct documentation and coding procedures."

Source: *Missed Opportunities. Your Strategy for Correct—and Complete—Charge Capture*, HFMA Educational Report, December 2006.