Revenue Cycle Management
By William B. Jackson, DDS

Overview

Revenue cycle management is a well-known topic in the medical world, and it is slowly becoming seen as an important concept in dental. The purpose of this paper is to give you a good overview of revenue cycle management in dentistry, and more importantly, its tremendous impact on the financial health of your practice.

In short, the revenue cycle is the time between when an appointment is scheduled and when you receive the final payment for work that you’ve performed. If the cycle is long, the cash is sitting in someone else’s bank account instead of yours, and the longer the cycle, the greater the likelihood that you’ll end up writing-off some of the balance.

Conversely, if the cycle is shorter, you receive payment faster, which of course, increases your revenue. Also, faster payments mean fewer collection problems and fewer write-offs.

Understanding the Problem

Obviously, it doesn’t take a business degree to understand this concept. Simply, if you collect faster, your collections will be higher – perhaps, tens of thousands of dollars higher every year.

The obvious question is, “With so many dollars at stake, why are so many practices so bad at managing the revenue cycle?” The answer is simple: there are many tasks involved in managing the cycle, and each task is a potential point of failure. Also, every patient represents a new cycle, which means all those combination of tasks are repeated potentially hundreds of times every week.

A Tour of the Revenue Cycle

Appointment Scheduling

The revenue cycle starts with appointments. Appointments, of course, are potential revenue. Without spending much time on this topic, let me highlight two points. First, except for walk-ins, without appointments, you won’t have a revenue cycle to manage. Yet, many offices are not very good at making appointments, and they limit the hours when appointments can be made. Second, by shortening the time between when the appointment is scheduled and when treatment is rendered, the entire cycle is shortened.
Accuracy of Pre-Treatment Estimates

Next, after scheduling and registering the patient (which by itself deserves discussion), one of the most important tasks for insurance patients is determining insurance eligibility and plan benefits. Why? It’s important to be able to accurately estimate the patient payment portion of a treatment plan and collect that portion at the time of treatment. The lack of doing this one task can more than triple the length of the revenue cycle. To do it correctly, however, can often mean a 30 – 45 minute telephone call and loss of a staff member sitting on the phone.

Claims Submission

Next comes the claims submission process, which of course entails a number of steps. Good revenue cycle management means you are submitting claims electronically. But, this then involves management of the clearinghouse claims process. It also means dealing with potential re-submissions because of inaccurate data or need for attachments.

Insurance Payments

Once payer payment is received, a new round of activity is required. EOBs must be posted in a timely manner. If the expected payment is received, which is not the norm, the process is fairly straightforward. More likely, there will be yet further steps.

Patient Billing

Finally, if there’s a balance due, it’s time to bill the difference to the patient. Again, the process can take different pathways until an acceptable final payment is made. Of course, if the acceptable final payment is different from the billed amount, adjustment is required.

If patient payment is not received in a timely fashion, further efforts must be taken for collection.

Successful Revenue Cycle Management Requires Discipline and Time

By analyzing all the steps, and realizing that this cycle is repeated for every single insurance patient, it’s easy to see how things can fall through the cracks.

Staffing properly for consistently good revenue cycle management can be daunting. There is typically a long learning curve to develop the knowledge and skills simply to perform the most basic of these tasks, much less dealing with any complications. And, who oversees the people performing these tasks? It’s usually not the dentist, since he or she probably doesn’t know how to manage all the steps. Unfortunately, in most practices, there is only one person managing the cycle – with little or no oversight.
A typical solo office will have only one full time employee – or maybe even a part timer – handling all these tasks for hundreds of transactions in the cycle at any given time. Letting things slide – or just simple burn out – is not unusual.

**Is Good Revenue Cycle Management Realistic?**

So, who manages the revenue cycle well? Not surprisingly, it’s larger practices which have professional management consistently overseeing all the components of the cycle. The best of the best use continuing improvement approaches – attempting to continually shrink the cycle.

Good management of the cycle can produce stellar results. The accuracy of treatment plan estimates will equal or exceed 85%, meaning 85% of their insurance patients (if they collected the copayment at the time treatment) will never need to be billed. Very few practices exceed 50%.

The collection cycle – the time it takes to get the final payment for the treatment you rendered – is typically one third of usual solo practice.

Good revenue cycle manage will generate 98+% collections BEFORE any adjustments. Many dentists will say that they collect 98%, but they neglect to say that it’s AFTER any adjustments or write-offs.

**The Solution**

So, is there any solution available for a small practice to do a better job of managing the cycle? Until recently, the only solution was to try a find a knowledgeable staff member, who was detail-oriented, extremely conscientious, and who had great follow up skills and processes. And that person, of course, would never want to leave.

Now, it’s different. Now, there’s the cloud, which allows you to remotely tap into the same resources that the professionally managed groups already use.

Planet DDS, who already works with a number of the larger players in the industry, has the resources in place to fully manage the cycle, and we make that resource available to any Denticon customer.

**The Cloud and Planet DDS Virtual Workers**

In short, Planet DDS works with skilled, remote workers to do almost all the work. They have software and work-flow systems in place to follow every single aspect of the cycle. They have managers who review the work, and they have real-time reporting, so that you can see the status of the process every step of the way.
Summary

The cloud and Planet DDS have opened a whole new approach to managing the revenue cycle. Planet DDS’s virtual workers can handle almost all the most daunting tasks utilizing specialized real time software application, and they can handle them at a much lower expense than a typical dental office worker.

Dr. Jackson is currently the Senior Vice President of Business Development at Planet DDS, Inc. Before Planet DDS, he was one of the founders of Dental Connect, Inc., the first real time dental claims solution provider in the dental industry. Prior to Dental Connect, Dr. Jackson ran the dental insurance divisions at Prudential Healthcare, and then later, WellPoint/Blue Cross of California.