What is Revenue Cycle Management?

Revenue cycle management (RCM) is a critical function in any healthcare entity. Managers do not have to know every detail about RCM, but if the RCM is on-site, they must understand:

- RCM reports and how to spot and be proactive about down-trends;
- performance measures for RCM staff and how to coach staff to improved performance; and
- the billing system and relationship with electronic claims, payments and remittance advice.

If the RCM department is outsourced, managers must be able to:

- generate ad hoc reports to assess billing company performance;
- hold the billing company to its performance guarantees; and
- stay abreast of changes in payer regulations and legislation and not rely solely on the billing company's advice.

No matter what else a manager accomplishes or does well, if the RCM isn't tight and right, nothing else will count.

What exactly is RCM?

Revenue Cycle Management encompasses all facets of the process of contracting for, accounting for and collecting the practice's revenue. It includes:

1. Setting fees.
2. Contracting with payers.
3. Identifying patients' correct payer sources (eligibility) and plans (benefits).

4. Counseling of patients prior to a high-cost procedure or surgery or needing financial assistance.
5. Documenting the services provided and producing charges for the services.
6. Collecting from outpatients at time of service.
7. Entering the services and patient payments into the computer system.
8. Filing primary and secondary payer claims.
9. Posting payments and contractual adjustments from payers.
10. Researching and appealing payer denials and underpayments.
11. Writing off small balance accounts and bad debts.

You notice that I didn’t mention sending statements.