

HME Providers

Best Practices for Managing Your Back Office

Introduction
Review Your Revenue Cycle
Build a Solid Foundation
Create a Culture of Innovation
Conclusion

Introduction

Home medical equipment (HME) businesses are struggling to survive as rising labor rates, overworked employees, and reimbursement cuts impact the industry. These issues often leave providers understaffed, yet under pressure to grow headcount and revenues. In turn, team morale, patient care, and bottom lines suffer.

For 20 years, Prochant has helped hundreds of HME companies become more profitable through superior billing and process outsourcing services and our team of highly skilled specialists. We often meet providers who experience these pain points, and as a result, have difficulty managing back-office processes such as order confirmation, A/R management, and hold management.

In this Prochant white paper, we share the best practices for managing your back office to encourage employee engagement, patient satisfaction, and company growth.

Review Your Revenue Cycle

Improving your back office begins with knowing your front office. Although these teams work separately, running each area smoothly helps to ensure the collective success of your revenue cycle. Below is an overview of the steps we see as crucial to front-office operations. We then detail the stages involved in managing your back office.

Front-office operations begin with new orders from referral sources such as physicians, hospitals, and rehabilitation clinics. These referrals are part of an inbound queue of calls from patients and stakeholders including employees, payers, and vendors. Before fulfilling orders, your staff reviews patients' information and insurance to verify



coverage for the requested home medical equipment. They also reach out to patients who qualify to receive another order of supplies.

Once an order is filled, it moves to the back office. Back-office management is a complex, multilayered process. We break it down below.

Order Confirmation

Order confirmation is the process of conducting a deep quality assurance (QA) check on orders before generating claims and/or accounts receivable (A/R). Inventory issues related to insufficient quantity and serial numbers often delay this step. Logging these errors allows you to share critical feedback with your intake, eligibility, prior authorization, and order fulfillment teams.

Hold Management

Hold management is the period in which A/R has been generated, but not yet billed. There are four types of holds: certificates of medical necessity (CMNs)/prescriptions, prior authorizations, automated system holds, and manual holds.

The responsibility for holds usually falls to the documentation, authorization, billing, and clinical teams. By properly staffing these areas, you can manage holds more effectively.

Claims Transmission

Claims transmission is the process of batching, transmitting, and receiving responses to electronic and paper claims/invoices to/from the provider's payers. Quite often, billers first encounter claims when they come back as denials. Your team may need to implement an up-front process of reviewing claims for billing logic such as modifiers, coding, diagnosis codes, HA0 records, and authorizations.

Front-end Rejections

Front-end rejections are claims that the payer or clearinghouse rejects immediately, usually due to minor issues. We understand that providers have higher priorities, but minimal effort is needed to clear work queues daily and prevent a backlog of rejections. You need to review, correct, and analyze rejections weekly to prevent these problems.

Cash Posting

Your cash posting team is critical to your revenue cycle. Cash posting is the process of applying payments, adjustments, and denials to line items in A/R. To ensure accurate and timely posting, train your cash team to properly handle adjustments, recoupments, and balance transfers.

You may consider allowing your cash posters to add missing payers and invoices so they can quickly close their cash batches and kick off a task to the change of insurance team. Most importantly, your cash team should never be backlogged by more than two-to-three business days. Finally, lockbox solutions can save significant time and energy in creating and scanning the daily deposit.

Denial Management

Strong cash posting makes strong denial management possible. Denials are claims that were accepted for adjudication and were rejected by the system for not meeting one or more of the payer's requirements. Once denials are sent to the system, you should make it a goal to work them within two business days. Prioritize denials based on appeal limits, and high-to-low account balances.

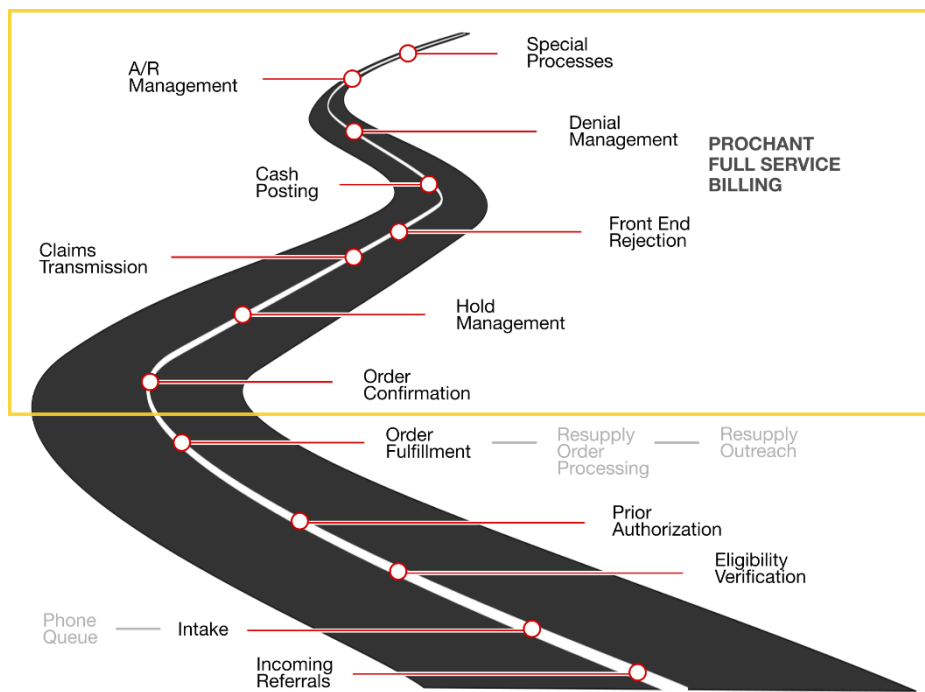
A/R Management

A/R management is the process of managing a firm's unstatused and follow-up A/R balances. Unstatused A/R is primarily balances that should have billed, but show no front-end rejections or denials. Once worked, you will place A/R due for follow-up in the work queue. A/R should be prioritized based on timely filing, processing time, and high-to-low balances. We suggest a workflow management tool to track actions taken, follow-up dates, and productivity for each A/R balance.

Special Processes

Not all processes fit neatly into the HME revenue cycle model. Below are examples of what we refer to as special processes.

- **Oxygen contents** billing is generally handled exclusively by the back office. Before billing, you need to ensure that the patient received cylinders according to guidelines.
- **Reasonable useful lifetime (RUL)** for capped rental patients is generally five years for durable medical equipment. Providers may rely on the back office to begin this process, which is necessary for Medicare oxygen concentrators.
- **Periodic maintenance** processes include appropriate billing for E1390MS, replacement equipment, and labor/parts.



Build a Solid Foundation

Now that you have a full understanding of the HME revenue cycle back office, it is time to build a solid foundation for your business.

Thoroughly analyze your billing system.

Your billing system can make or break your business. For future growth, you should assess the status of your key performance indicators (KPIs), payer and product mix, current services, and geographical spread. Efficient processes, clean documentation, and solid information technology (IT) infrastructure also pave the path to success.

Quantify your success.

What does success mean at your company? We recommend that ownership meets with revenue cycle leaders to jointly decide on what success looks like. This process includes agreeing on your areas of focus, setting objectives and realistic milestones and establishing rules of engagement.

Quantifying these goals will keep you on track and poised for progress.

Standardize your processes.

This step is vital to your growth. By unifying the different practices used to carry out a single process, you provide scalability and dependency. Your senior staff should test these standard operating procedures (SOPs) and stakeholders should sign off prior to their implementation.

Hire and train your team wisely.

With these standard procedures in place, you are ready to build your team. We recommend hiring not only for skills and experience, but also cultural fit. When your team reflects your company's values, everyone wins. Incentivize employees to learn swiftly and efficiently, as well as provide space for them to make mistakes and recover quickly.

You might also plan for extra staff in the event of early exits due to poor performance, absenteeism, or other relevant reasons. Cross-training, when done carefully and selectively, can lessen the impact of reduced resources.

Create a Culture of Innovation

A solid foundation sets the stage for innovation. After carefully assessing your billing system and goals, standardizing your processes, and hiring the right employees, you are ready to improve and transform your company.

Improve your standards of work.

Your standard processes are now likely well-established within your business. Next, you are ready to improve these practices. We understand that each provider is different, but generally recommend taking the following actions.

- **Convert standard work** into job roles.
- **Define competency levels** in terms of job complexity and upskill where possible.
- **Create standardized training** for each position.
- **Scale your organization** by pairing interns and entry-level employees with senior staff.
- **Define pay structure** to motivate career growth.
- **Provide timely feedback** to reward and reprimand employees.

Encourage a proactive mindset.

Clean billing is crucial for your business. In an industry with widespread denials, how can you create clean billing? By holding your team accountable for preventing denials, you may decrease your denial rate. You should specify the exact metrics for your team to work, track, and report. Then, your team should manage these metrics on a daily, weekly, and monthly basis.

Enhance your results with technology.

Technological tools help your team to manage metrics more effectively. You might rely on spreadsheets for tracking your metrics. Despite

being useful and affordable, spreadsheets present limitations including lack of control, potential for human error, and threats to security.

Instead, we suggest turning to business intelligence tools, which can provide robust dashboards to track your processes and resources in real time at individual, supervisor, and leadership levels. Software robots, which work from your database to perform key tasks, are also efficient options.

Conclusion

We have discussed the tools necessary to improve the management of your HME back office. Now, it is time to act on these best practices.

Prochant is committed to helping HME providers become more profitable. We audit front- and back-office processes, rapidly implement changes, and conduct proactive analytics to help you succeed. Our billing experts are ready to evaluate the health of your processes and work together to elevate your company's financial performance.



For more information on Prochant, please visit prochant.com or email marketing@prochant.com.

© 2019 Prochant, Inc. All rights reserved. Service specifications are subject to change without notice.