

Standardized KPIs for Measuring Overall Performance over Time

KPI	Purpose	Calculation	What is your Ratio Today?	Best Practice Percentiles			Notes
				70%	85%	95%	
Average cash collection rate	% ratio that shows trends in what % of charges are actually paid overtime	% ratio of total charges per month divided by Cash Collections in the same month		38%	41%	45%	Although cash collections usually come in 45 days after the claim has been submitted, the KPI is a good tracker of trends
Net days in AR	Shows trends in average time it takes to collect payments based in Days	Total Gross AR divided by average daily cash collection over the last 90-day period		45	35	26	A well-run Healthcare Organization should closely watch their accounts receivable
Gross days in AR	Shows trends in average time it takes to collect payments based in Days	Total Gross AR divided by average daily gross charges over the last 90-day period		65	50	35	A well run Healthcare Organization should closely watch their accounts receivable
Insurance gross days over 120	Shows trends in how much Insurance AR is overdue and past timely follow-up regulations	Gross Insurance AR over 120 divided by average charges per day over the last 90 days		40	25	15	Normally we don't know how much will really be collected until the claims have been fully adjudicated.
Insurance gross days over 90	Shows trends in how much insurance AR is overdue and close to timely follow-up regulations (need to work right away)	Gross Insurance AR over 90 divided by average charges per day over the last 90 days		35	20	10	Normally we don't know how much will really be collected until the claims have been fully adjudicated.
Patient responsibility over 120 days	Shows trends in past due patient responsibility AR that is overdue and hard to collect	Total Gross AR over 120 days that has been assigned to Patient Responsibility divided by average daily patient cash collection over the last 90 days		50	35	20	Normally we don't know how much will really be collected until the claims have been fully adjudicated.
% denial dollars	Shows trends in denials from payers over time	Total Denial dollars divided by total charges in an average month		18%	12%	8%	These are claims that have been denials but not written off yet.
Clean claim first pass rate	Shows trends in claims that were accepted by the insurance plan right out of the billing system that required no manual intervention	Total Claims accepted by the payer via the EDI transaction compared to the number of claims submitted		82%	91%	96%	It is important to know if there is a problem with the billing system configuration based on the payer claim submission rules
First pass payment rate	Shows trends in % of claims that were paid by the insurance plan once submitted where no additional manual work is required	The number of claims paid without any manual intervention divided by the total number of claims submitted		70%	75%	82%	Ideally, all claims would be submitted and adjudicated without any manual intervention.

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Zero payment claim dollar Ratio	Shows trends in adjudicated claims where there was no payment on the claim	Total claim AR balance where there was no payment divided by average charges per month		12%	8%	4%	These are for claims where the insurance company did not make any payment.
Timely filing write-off ratio	Shows trends in Timely Filing write-offs	Total claim dollars written off for timely filing adjustments divided by average Cash Collections pr month		8%	3%	1%	These are for claims that had to be written off because the claim was not handled within a specific pater time limit
Bad debt write-off ratio	Shows trends in the amount of potential Cash Collections that were loss	Average Bad Debt write-off divided by average cash collections in the period		5%	3%	1%	Bad debt write off could be for claims that were denied and never overturned. Timely filling claims that were never overturned. Patient balances where it was determined that we could not collect, etc.
Average charge per encounter	Shows trends in average charge per patient encounter	Total charges in a month divided by the unique number of encounters					The number will vary by practice and type of organization and types of charges, but still should be trended against similar healthcare organizations
Average Cash collections per encounter over a 3-month period	Shows trends in Cash Collections over time	Total Cash Collections over a three-month period divided by the number of unique encounters over the same 3-month period					The number will depend on the type of organization and types of charges, but still should be trended against similar healthcare organizations
Ratio of Open Claims	Shows the trends in the % of claims that are still outstanding	Total number of open claims as of today divided by the average number of claims submitted per month over the past 3 months		120%	90%	50%	It is important to understand how many claims are outstanding and not closed out over time
Eligibility Verification	Shows trends on checking eligibility prior to encounter	Total Patients that had a positive respond to pre visit eligibility confirmation during the month divided by total patients seen in the month		87%	93%	98%	It is important to check patient eligibility before seeing the patient to ensure that the patient is eligibility for services
Pre-Authorization ratio	Shows trends in claims that were denied because a prior authorization was not obtain prior to services	Total denial dollars for no prior authorization divided by average cash Collections during the month		5%	3%	1%	part of revenue leakage concerns