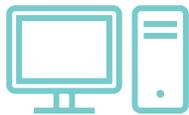


The Components of Lag Time: Charge Lag

In a medical practice, hospital, or any other patient care organization, a predictable revenue cycle is essential. Lag days cause friction and cause delays in collections. Because charge lags are fully under the control of healthcare organizations, it is imperative to keep them as low as possible to improve regularity of cash flow.

Understanding the components of lag time is key to reducing time to bill drop. Below is our definition of charge lag along with some best practices and practical considerations WhiteSpace Health has encountered through the years.



Measurement

Charge lag is a measure of time, usually in days, from the date of service to the date charges are coded and entered to the billing system. It is important to monitor both the average charge lag and the outlier charges that are overly tardy (e.g., not billed for more than 2 weeks or 30 days).



Best Practices

Consults

In a medical practice, the patient encounter needs to be documented in the EHR, coded, and closed the same day. Ideally, this should be done during or immediately after the visit.

In larger organizations and health systems, providers may be allowed a few days grace period after the patient visit to complete the clinical documentation. While this is often done under the guise of helping with provider administrative burden, the reality is it just defers the responsibility and adds to charge lag. These delays may have unintended and undesirable consequences such as forgotten assessment items, missed procedures, and patient complaints not being fully captured. These sorts of missing data often affect wRVUs and reimbursement, and they could have clinical implications too.

Some clinical health systems use a centralized coding team. While system level coding quality and productivity are generally quite good, this team needs to be carefully monitored to avoid adding coding delays to charge lag of 1-2 days.

Usually, an interface will pull clinical notes from the EHR along with the demographics into the billing system. Should errors arise in the interface, they need to be fixed the same day to avoid adding to charge lag.



Procedures

As with consults, documentation should be completed as soon as the procedure ends. Providers should endeavor to complete clinical document immediately after the case. Coding and charge entry should occur no later than the end of the date of service. As with consults, documentation that occurs any later adds unnecessary lag time to the revenue cycle and your organization also runs the risk of incomplete or inaccurate care records - which result in a slower revenue cycle and increased likelihood that not every service performed is billed.

In many cases the clinical documentation is documented in an EHR without an interface to an EPM and this causes delays and a lot of communication with the RCM team to get clarity on the demographic information and clinical notes.

Another area to consider is specialist coders often used by proceduralists. This is another KPI ripe for performance thresholds and automated reporting to ensure it does not add to charge lag.

A final tip for procedures is to implement an active reconciliation process with hospital logs. This process is key to identifying charges that have not been billed.



Practical Considerations

Once documentation is available to the backend staff, the encounter should be coded, and the claims prepared on the very same day. If your providers are documenting after backend staff have gone home for the day, consider adjusting staffing patterns for backend staff to ensure claims are completed the same day the patient was seen in order to reduce lag.

Providers should also respond to MD queries as soon as possible. This helps your coding team process pending claims.

Coding and billing staff members may enjoy the flexibility to run errands in the mornings and have personal appointments one or two mornings a week while the practice benefits from the RCM predictability of having encounters coded and billed the same day. And the ability to earn some

shift differential pay may sweeten the schedule rotations for back-end staff while simultaneously improving RCM predictability.

The time between the encounter and presenting the bill to the payer is completely under the control of the healthcare organization. To ensure predictability of cash flow, it is important to drive charge lag as low as possible. In our next blog post, we will discuss other elements of lag time and offer up suggestions to augment your bag of management tricks.



About the Author

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