

## **ACCOUNTS RECEIVABLE MANAGEMENT**

### **Reviewing Monthly Reports**

Each month every physician should be reviewing a number of reports that summarize how their practice is performing. This month we will discuss two of these reports and how they should be used.

### **Summary Billing, Collection and Adjustment Reports**

This report lists by month the gross billings, total collections and adjustments to patient balances for the month. We recommend the report contains at least the past 24 months. This information is useful for a number of reasons. Gross billings should be compared to previous months to show trends in the growth of the practice. It also can identify billing problems. For example, if you worked more days this month than last, yet billings are down, find out why. Perhaps billing is not being kept current. If you see significant monthly changes in billings, and yet you are consistently working, this can be a strong indication that claims are not being filed promptly.

Fluctuations in collections can also be an indication of a problem. If billings are consistent, but there are significant fluctuations in collections, this could indicate inconsistent follow up and deposit procedures which can be costing you money.

Adjustments should be broken down between contractual adjustments and other adjustments. Contractual adjustments reflect the difference between your fee schedule and what you are paid. Any significant variation in the percentage of contractual adjustment to money collected needs to be explained.

Concerning other adjustments, these need to be identified. There will always be some write offs for various reasons but adjustments such as “past filing deadlines” and similar descriptions can be an indication of significant billing and follow up problems.

### **Summary Aging by Insurance Company**

Most good billing systems will give you a summary aging by insurance company. This report gives you one line for each insurance company showing the total accounts receivable outstanding from each insurance company, broken down by how many days outstanding (e.g., 0-30 days, 31-60 days, 61-90 days, 91-120 days, and 121 days plus).

If you see any insurance company with large balances outstanding beyond 60 days, the physician should get an explanation why this is occurring. This can be an indication that this carrier is delaying paying your bills and an explanation why this occurs should be obtained. It can also be an indication that your billing personnel are not following up when claims are not paid on a timely basis.