

Keeping Tabs

BY MICHAEL BARISH

A critical aspect of managing a successful home care business is knowing the quantity and quality of work being performed by your staff. This information is key in determining the efficiency and effectiveness of the employees, and in making informed decisions regarding staffing needs.

Your software system can be a primary tool in monitoring and measuring performance, allowing you to collect the data you need to know to meet your goals. Armed with the right information, you can improve productivity, increase cash collections and reduce bad debt. In other words, you can lead your company to greater profitability.

Setting Goals

In order to obtain maximum results, goals should be established for each employee as well as for individual departments and the company as a whole. When establishing goals, be sure that they are realistic and obtainable. Communicate performance expectations to your staff. Your goals should be measured objectively using data that can be collected efficiently. The structure and design of your business office, as well as the capabilities of your business software, will greatly impact your ability to collect and compile this data.

It is quite possible that you may have to review and reengineer certain areas of your business before you can establish accountability. Fragmentation of workflow often makes it impossible to hold employees accountable for their individual performance.

For example, if one person is responsible for checking a pre-billing edit report, another is responsible for preparing and sending out claims and still another is responsible for accounts receivable follow-up, which employee do you hold accountable if the claim is still unpaid after six months? Two out of the three employees may be performing their jobs flawlessly; there is no way to tell.

It is important to consider your software system's capabilities before you undertake a reengineering of business processes. Your system might not have a pre-billing edit that can be used to check claims before they are printed and the A/R is posted. The quality assurance function might be performed after the claims have been produced, or your system may have certain limitations on the way that you can report revenue or A/R.

Does your system provide you with a method of tracking cash collected by an employee? Perhaps it does, but you aren't aware of how it works. Knowing your software's capabilities when you redesign your processes will insure the most effective results.

Key Productivity Measures

An important consideration in improving your company's overall order-to-cash performance is the identification of key measurements for each department that can be used to assess and improve productivity.

- **Customer Service/Order Intake** — Although there aren't many benchmarks in our industry for customer service, if your company has two or more full-time customer service

representatives, plan to develop your own standards and then compare CSRs. Positive competition among staff members can be a good thing.

Your business software system should be capable of reporting the number of orders each CSR completes for a given time period. It can probably also identify the type of transaction entered to differentiate between deliveries and pickups. Your software may even be able to distinguish between new orders and reorders — an important distinction, since it takes longer to set up a new patient and enter the order than it does to enter the order information for an existing patient.

CSR error rate is another important statistic. Some industry software is capable of alerting you if required demographic or insurance information is missing or has not been completed properly. Most systems, however, can do little to identify entry errors for insurance, physician or equipment.

In these cases, you are dependent on your confirmation and quality assurance staff to catch and correct the error. Thus, CSR error tracking is largely a manual function. In addition, some of the more sophisticated commercial telecommunications software systems are capable of tracking and reporting information that can be used to analyze your employee's telephone productivity, such as tracking the number of calls by CSR, talk time, hold time and even logged-out time when a CSR is unavailable to answer the telephone.

The spreadsheet that accompanies this article (see Figure 1) was developed for a hospital-based HME, IV and HHA that combines the information compilation capability of the company's business software and its telephone system. It takes about one hour per month to compile this report, which provides a comprehensive overview of the productivity of the company's customer service department.

- **Order Confirmation/Quality Assurance** — A common practice in the HME industry is to assign responsibility for the order confirmation process to designated individuals with extensive knowledge of payer coverage criteria and documentation requirements. These individuals should also have good attention to detail so that they can identify errors made by the customer service staff.

Care should be taken to verify customer demographic information, payer information, insurance ID number, physician, diagnosis, product information, quantities, equipment serial numbers and proof of delivery requirements. When a confirmation specialist finds that proof of delivery has not been met, the order should not be confirmed.

Another responsibility of the confirmation employee is to insure that all service tickets for their assigned branches, locations or service technicians are received in the confirmation area in a timely manner, usually by the next business morning from the date service was provided. When this is not the case, the confirmation specialist should rectify the situation. Whether responsibility for confirming open orders is assigned by location, route or CSR, most software systems can capture and report status by area of assigned responsibility.

Figure 2 shows an example of a report that provides a good overview of a service department's productivity and ability to turn in service tickets efficiently, as well as to review and confirm the order tickets. Compliance audits would still be necessary to spot check accuracy and determine an employee's effectiveness.

- **Documentation Control** — Unbilled A/R is another important area where measurements should be monitored closely. Most industry software systems can track prior authorizations and certificates of medical necessity. The majority of systems can also produce monthly reports that provide this information by both payer and aging. (The

American Association for Homecare Financial Survey reports that the held-revenue DSO for HME companies averaged nine days.)

It is equally important, however, to implement protocols to obtain and report unbilled A/R by employee for each staff member. If responsibility for PARs and CMNs is divided in a manner that allows you to collect information by employee — for example, by payer and perhaps by alpha — you should be able to produce unbilled A/R totals tracked and reported for each staff member.

- **Accounts Receivable** — A/R will also benefit from key productivity measurements. The statistics related to the billing and collection aspects of the business affect the company's access to cash — a necessary part of operating.

Most industry software systems are capable of producing reports to assist in gathering data on net revenue after contractual allowance, cash collected, percentage of cash to revenue, adjustments and/or write-offs, percentage of adjustments to revenue, DSO and the total number of claims submitted.

When it comes to your billing and collection functions, the key measurement is DSO. According to the most recent survey by AAHomecare, the average DSO was 83 days. When you compare your own figures to this average, keep in mind that your target will vary based on payer and product mix. However, the survey serves as a good benchmark for the average company to use when trying to rate performance.

There are vast differences in payer documentation and coverage criteria requirements, and it is very difficult to train and retain personnel who are knowledgeable on all equipment for all payers. You might divide responsibility by payer, or assign the billing and collection tasks of some of the more clinically oriented products or therapies to specialists. (This is more often the case for infusion, enteral, rehab and even wound care products.)

Some companies can break out their DSO by payer or by product line. But do you know how much each staff member was responsible for billing last month, or how much money can be attributed to the billing and collection efforts for each of your employees? Do you know how much in write-offs can be attributed to an individual, or even the DSO for each of your biller/collectors?

Figure 3 is an example of information that allows you to compare the productivity and performance of individual account representatives. The analysis provides some very good data, but with such a report, you would need to examine results for at least three or four months to be sure that large write-offs have not skewed the numbers.

Time for Change

Be sure to allow adequate time for any necessary reengineering of workflow and subsequent training, depending on the size of your operation and the extent of the change. Recognize that to see measurable improvements, any changes to the order-to-cash process usually require at least three months; after four months, you can expect to see steady improvement until you attain your goals.

Whenever you make substantial changes in workflow and business processes, it is always wise to micro-manage employees until it is clear that they are able to grasp the new concepts effectively and compliance is complete. Micro-management tools might include reports written to utilize your business software's report writer, production logs, time sheets and spot checks of daily work.

There are many benefits to tracking individual employee performance. You can recognize and reward top performers, and identify training needs for under-performers.

Such tracking can also provide objective evidence in assisting with the necessary, but difficult, decision to terminate consistently poor performers. When individuals are held accountable, they tend to strive for higher performance and are more likely to respond positively to specific, rather than general, feedback.

Measuring and managing the efficiency and effectiveness of your staff are critical components of financial management, allowing you to maximize the most important asset in your company — your employees. Using technology to gather this data and track employee performance can contribute significantly to your bottom line.

Michael Barish is president of AnCor Healthcare Consulting, a consulting firm based in Coral Springs, Fla., that specializes in management consulting for the home care industry. He can be reached at 954/757-3121 or online at www.ancorconsulting.com.

Customer Service Workload Analysis

CSR	# Days	Login Hrs.	CALL TIMES IN HOURS				UNAVAILABLE TIMES IN HOURS				TOTAL # CALLS ANSWERED				
			AVAILABLE	TALK	HOLD	WRAP	MANUAL	OTHER							
Cindy	20	161.0	88.5	55%	22.5	14%	2.5	2%	5.8	4%	18.8	12%	23.0	14%	972
David	16	137.0	66.0	48%	10.8	8%	0.0	0%	4.0	3%	25.0	18%	31.32	3%	689
Debbie	18	56.3	33.5	60%	6.3	11%	0.3	0%	1.3	2%	9.3	16%	5.5	10%	290
Janice	17	141.8	55.5	39%	9.0	6%	0.5	0%	2.3	2%	48.3	34%	26.5	19%	380
Karen	20	157.2	94.5	60%	24.7	16%	1.8	1%	5.5	3%	14.1	9%	17.3	11%	933
Totals	91	653.3	338.0	52%	73.3	11%	5.1	1%	18.9	3%	115.5	18%	103.6	16%	3264

Total Calls 3264
 Calls requiring intake and/or data entry 1036
 Calls not requiring intake and/or data entry 2228
 Average call length (all calls) 1 minute 17 seconds

	HME ORDERS	# NEW ORDERS	# REORDERS	# PICKUPS
Cindy		86	93	38
David		79	69	49
Debbie		37	38	13
Janice		30	35	22
Karen		74	108	37
Total HME Orders		306	343	159

	AVERAGE ORDERS PER CSR/8 HRS.			
	New	Reorders	Pickup	Other Calls
HME	3.75	3.79	1.97	
HHA	1.32	0	0	
Hospice	0.87	0	0	
Totals	5.94	3.79	1.97	27.28
Total Calls per CSR per 8 Hours				39.97

	# Admits
HHA Orders	108
Hospice Orders	71
Infusion Orders	49*
Total New Orders	534

*Infusion calls were taken by a CSR and transferred to an infusion nurse who was not monitored by the telephone computer system.

[Figure 1] In this example, it is clear that three CSRs — Cindy, David and Karen — are handling a comparable number of calls and orders on a monthly basis. Debbie, a part-time employee who fills in during lunch and absences, performs well during her limited hours. It is also evident that Janice is an under-performer who lags behind the rest of the department's staff in every area. From an overall departmental perspective, we see that the number of calls not related to an order outnumber calls to place an order by a ratio of approximately 2-to-1 (2,228 to 1,036). The average length of an incoming call is one minute and 17 seconds, and the average number of incoming calls handled by a CSR in an average eight-hour day is almost 40 (39.97). The company used in this illustration has assigned the task of verifying insurance benefits and obtaining required initial authorizations to its CSRs. Before making any comparisons to your own organization, you should consider the differences in the way your departments' job responsibilities have been assigned.

Open Orders by Location

LOC NUMBER	LOCATION	# NEW	ORDERS # REORDER	# PICKUP	BILLED AMOUNT	ALLOWED AMOUNT
10	DALLAS	16	3	1	3,246.18	2,877.76
20	ST. LOUIS	18	41	12	7,483.00	6,105.04
30	CHICAGO	2	9	1	986.63	882.65
40	WASHINGTON	10	33	7	4,344.02	3,609.84
50	CLEVELAND	1	0	1	330.75	281.37
60	KANSAS CITY	12	23	5	5,004.92	3,936.20
70	SAN DIEGO	1	0	0	84.32	84.32
	TOTALS	60	109	27	21,479.82	17,777.18

[Figure 2] Employee responsibilities for the company in this example are assigned by branch location. It is possible to determine the number and value of open orders per confirmation employee on a daily basis. This type of monitoring prevents the number of open orders from getting out of control. Each confirmation person should not have more than a handful of orders that are unconfirmed beyond a 24-hour timeframe. When this function is performed correctly, the number of lost or missing tickets will be reduced to a negligible number, and CMNs, claims and invoices will be produced in a timely manner.

Monthly Efficiency Analysis

EMPLOYEE NAME	PATIENT ACCOUNT REP PAYER/PRODUCT SPLIT	REVENUE	CASH	% CASH/REV.	ADJUSTMENTS	% ADJ./REV.	A/R BALANCE	DSO
Amy	Medicare A-H	159,014.50	146,979.23	92%	12,543.09	8%	262,373.93	50
Bill	Medicare I-R	178,695.09	181,375.52	102%	3,257.78	2%	234,090.45	47
Lori	Medicare S-Z & Enteral	213,656.56	223,120.45	104%	1,654.75	1%	388,854.94	54
Lisa	Medicaid	98,467.20	87,296.73	89%	18,764.01	19%	235,336.61	68
Ted	Managed Care A-L	164,304.19	126,788.00	77%	3,433.76	2%	425,547.85	82
Nancy	Managed Care M-Z	165,986.88	163,480.65	98%	14,325.82	9%	341,889.90	67
Tracy	Non-Contracted Insurance	140,184.32	145,774.50	104%	6,438.35	5%	307,003.66	69
Molly	Commercial and Private	97,348.94	87,088.46	89%	8,298.40	9%	355,323.63	104
	Totals	1,217,657.68	1,161,903.54	95%	68,715.96	6%	2,550,420.97	65

[Figure 3] In this sample monthly efficiency analysis, we would expect there to be a disparity in DSO among employees responsible for different payers, but we would also anticipate that the productivity and performance of employees responsible for the same payer would be very close. While this is true for the three employees (Amy, Bill and Lori) responsible for the company's Medicare business, with a variance from 47-54 DSO, this is not the case for the two employees responsible for managed care billing and collection, with a difference of 15 days (Ted at 82 DSO and Nancy at 67 DSO). It is also clear that Nancy, the individual with the lower DSO, collected substantially more cash for the month, though write-offs were also higher.