

Subject: FINANCIAL ADMINISTRATION	Page 1 of 5	Policy # 3.04
Title: REVENUE MANAGEMENT STANDARDS	Revision of: 3/27/98	Effective Date: 6/2/00

I. PURPOSE:

This policy establishes standards that should be used by department managers to process, record, monitor and reconcile department revenue. All managers should be aware of the institutional expectations for their department(s) and their role in the processing and management of Hospital revenue. Revenue management applies to both on-line automated charging and manual voucher processing.

II. POLICY:

Managers will institute the appropriate procedures and controls to ensure that all charges processed in their areas are complete, accurate and submitted on a timely basis.

This includes establishing procedures to ensure that:

- A. The correct patient account number is selected and patient charging information is processed accurately and in a timely manner.
- B. All errors and omissions are identified and corrected on a timely basis.
- C. Corrections should be submitted to Charge Entry.
- D. Department staff is adequately trained and knowledgeable of revenue processing procedures.
- E. Department revenue is monitored and periodically reconciled against daily revenue and statistic reports.
- F. Trained personnel are available to process charges/corrections, including adequate coverage for absences.
- G. Charge processing continues in the event of system downtime.
- H. Department management should be knowledgeable of their department charges, charge descriptions and definitions and charge processing and reconciliation procedures.

III. PERSONS AFFECTED:

This policy applies to all levels of management involved in the oversight, supervision, processing and recording of patient account and revenue information.

IV. STANDARDS:

The following revenue management standards are provided for management review and comparison with their own department procedures. Management should implement procedures or reasonable alternatives to ensure the complete, accurate and timely processing of all charges.

A. GENERAL

- 1. Departments should process their own charge summary/vouchers. Processing vouchers through intermediaries (i.e. Patient Accounting and Cashiers) should be avoided.
- 2. Caregivers who render services are responsible for adequate documentation of services provided to ensure accurate charging.

3. Departments are required to have written procedures for their charging systems. Procedures and the related processing forms or systems screens should be reviewed and updated at least annually, or if charges are modified. These procedures should include:
 - a. A plain English definition of charge descriptions and underlying assumptions. Charge descriptions should be on file with Financial Planning, Clinical Audit and the Billing Inquiry Unit. This information is critical for patient inquiries and external regulatory agency requests.
 - b. A description of charge summary/voucher completion, submission and entry or on-line processing. This includes the persons responsible for processing charges and methods used.
 - c. Responsibilities for reconciliation of charges on a daily and monthly basis and comparison of daily revenue and statistics and correction.
4. Department staff should be trained and supervised in revenue processing and management procedures. Back-up procedures should be in place to ensure uninterrupted coverage in the absence of processing personnel or system downtime.
5. New or revised charge summary/vouchers should be reviewed and approved by Financial Planning and Charge Entry.
6. Department management should review UBC Revenue code and CPT-4 codes annually. The review should include a comparison of the written charge description to the CPT-4 code and descriptions. All changes should be communicated to the Financial Planning Department.
7. All patients should be registered. The correct patient account number should be identified prior to processing a charge. Charges cannot be processed without a valid account number. All charge summary/voucher forms must have clear readable patient registration plate imprints. Illegible imprints should be discarded and redone. Account number and name should be legible.
8. Departments are required to maintain a record of procedures performed. The record should contain the patient's name, the patient's account number, the service(s) performed and the date of service. This record can be in the form of a patient schedule, list of patient orders, log of patients treated, copies of charge summary /voucher plies retained, etc.

In departments where the scale of operations requires this, it may be necessary to maintain summary records by individual care provider that summarizes services performed on a shift, or day. In these cases departments should have a summary/roll-up method in place for recording these services.
9. Department management should, on a daily basis, review and follow-up on open order listings to ensure that all orders have been filled, charged for, or recorded on the on-line system. Generally, orders should not remain open for more than seven calendar days.
10. Department management should attend Hospital sponsored training related to revenue management. Specific revenue management related certifications arising from regulatory updates and required training are also required. This includes annual required Medicare DRG Window training.

B. PROCESSING OF CHARGES

1. For all charges, the service date of the charge must be within the patient account pre-admission/pre-registration or admission and discharge dates.

2. Department personnel should make every effort to select the correct patient account. Specifically, the patient's registration imprint should be referred to or other scheduling or ordering information accompanying the patient.
3. Charge summary/voucher submission or on-line entry should occur on the day of service or within one business day. The longest threshold for processing charges is five calendar days. Exception processing (after five calendar days) requires Level 1 Manager approval and is limited to 14 calendar days, whether on-line or paper voucher submission. Late charges should be submitted to Charge Entry. Any late charge (i.e. past 5 days) will result in rework, additional patient billing and possible loss of reimbursement.

For late charges submitted to Charge Entry, additional approvals may be required based upon the duration, number and dollar amount of the late charges submitted. This determination will be made at the discretion of Charge Entry in consultation with Patient Accounting and the Senior Vice President of Finance and Treasurer.

Department management must ensure charge information is complete, legible and accurate. Managers should review charge summary/voucher and batch envelopes for completeness prior to submission to Charge Entry.

3. Charge summary/vouchers should be completed in their entirety. At a minimum, vouchers should include:
 - Department number and extension, preparer name/initials and current date
 - Patient account number
 - Date of service
 - Charge code
 - Quantity of charge codes
 - Dollar amount for miscellaneous items
 - Quantity total (for voucher)
 - Dollar total (for voucher)
 - Other- this section should provide the preparer with a section to document charges that are not listed on the charge voucher.

All charge summary/vouchers should be reviewed and updated (where necessary) annually. Charge summary/vouchers should reflect the most current charge codes used in the department. To facilitate accuracy in charging, the most frequently used charging procedures should appear on the charge summary/voucher.

In instances where a charge code is not listed on the charge summary/voucher or input screen, the preparer should refer to their supervisor or the Department of Financial Planning for the proper charge code to use. For new supplies and services where a charge code does not exist, department management should contact the Financial Planning department to establish a new charge code

4. A batch submission record should be maintained, where necessary, in each department. It should include the date, number of charges, miscellaneous dollars, and verification of the reconciliation process.

C. ERROR CORRECTIONS

1. The Charge Edit Error Report should be reviewed daily and charge corrections submitted within one day of error notification to Charge Entry for processing.
2. Where repeated charge summary/voucher or input screen preparation errors occur, department management should pursue and institute appropriate retraining for employees.

3. Corrections to patient accounts should be processed within the originating department if completed within 5 days of service or forwarded to Charge Entry if completed 6 to 14 days from service.

D. MANAGEMENT REVIEW OF PROCESSED CHARGES

Departments should compare internal department records to revenue system statistics.

1. Comparison of Daily Revenue and Statistical Report statistics to department records including the Powerchart Charge Balance Reports (“CBR’s”) or other system generated output reports of processed charges. The Daily Revenue and Statistical Report (“Daily SIA”) provides managers with charge code detail and allows for daily review of processed charges, room and board and adjustments.

The Charge Balance Report summarizes charges processed only through Powerchart and provides similar detail. Departments may wish to track charges directly from charge summary/vouchers to the Daily SIA or confirm entries on the Powerchart Charge Balance report then review the Daily SIA for reasonableness. Questions concerning specific reconciliation methods should be directed to the Internal Audit department.

2. Comparison of Monthly Revenue and Statistical Report totals to department records. This provides information of a general trend in charging statistics, but does not provide specific detail. The monthly Revenue and Statistical Report totals should be compared to independent department statistics on a charge code level. Comparisons should be made with budget, past historical trends in the department, and current service volumes. Materiality for investigation of monthly variance is one day’s revenue or 3-4% of the monthly volume.

Typical procedures for comparing the Revenue and Statistical Reports include:

- a. Comparison with department charging records on a charge code level.
- b. Comparison of cumulative department totals for total charges processed and follow-up on overall trend variances.
- c. Comparison of batch submission records to processed charges to follow-up on unprocessed batches.
- d. Management review of all credits and comparison to department records.
- e. Management review of late charges and appropriate follow-up.
- f. Management review of all large dollar, miscellaneous and unusual charges for accuracy of processing and, as necessary, follow-up and notification, including contact with Patient Accounting.

V. SPECIFIC REGULATORY REFERENCE: None.

VI. POLICY UPDATE SCHEDULE : Every Five Years

VII. KEY WORDS: Revenue management, charge voucher, charge summary/ voucher, revenue reconciliation, Daily Statistical Income Analysis (“SIA”), Charge Balance Report (“CBR”), Charge Edit Error report.

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