



Aspen
Consulting
Group, Ltd.

ONCOLOGY PRACTICE PERFORMANCE INDICATORS

Management and monitoring of the billing cycle, consisting of patient charges and collections, is one of the most important duties that must constantly be performed by management to ensure the economic success of the oncology practice. All operational aspects and responsibilities associated with the billing cycle need to be organized and communicated to staff personnel in writing. The establishment of written billing cycle operational standards allows management to objectively hold staff accountable for their performance based on their individual job descriptions in the performance of their duties.

There are three key financial indicators that should be calculated, trended, and monitored on a monthly basis to assess the thoroughness, timelines, and effectiveness of the oncology practice billing cycle.

ADJUSTED FEE FOR SERVICE (FFS) PERCENT COLLECTION

To calculate the adjusted fee for service percent collection – divide the year-to-date collections by the year-to-date (charges minus the year to date adjustments):

YTD COLLECTIONS YTD (CHARGES – ADJUSTMENTS)

The adjusted fee for service percent collection is a measurement of the thoroughness of the collection process and should range between 97 to 100% trended over time.

NET PERCENTAGE OF COLLECTION

To calculate the net collection percentage – divide the year-to-date collections by the year-to-date charges:

YTD COLLECTIONS YTD CHARGES

The calculation of net percentage of collection should be used to monitor and trend the amount collected of the charges for the individual practice and is not comparable to other practices.

DAYS-IN-RECEIVABLE

To calculate days-in-receivable – divide the current accounts receivable balance by (total annual payments plus adjustments) divided by 360 days:

CURRENT A/R BALANCE (TOTAL ANNUAL PAYMENTS + ADJ.)/360

Days-in-receivable indicates the number of days it would take for the entire accounts receivable to be paid in full at present collection rates and is indicative of the timelines of the collection process. In today's computerized business world, the days-in-receivable should be less than 50 days. Any practice greater than 60 days is in need of professional assistance.

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