



2015-2016 Program Materials

# **A Holistic Look at the Ambulance Service Revenue Cycle:**

***From Dispatch to Dollars - and  
Call Intake to Compliance***



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abc360 General Sessions

**A HOLISTIC LOOK AT THE  
AMBULANCE SERVICE REVENUE  
CYCLE:  
FROM DISPATCH TO DOLLARS – AND  
CALL INTAKE TO COMPLIANCE**



**The Ambulance Revenue Cycle  
Defined**

The financial progression of an ambulance agency's accounts receivable, from the time of the call until the time it gets paid.



**The Ambulance Revenue Cycle  
Defined**

The ambulance revenue cycle encompasses all of the administrative, operational, clinical and technological functions that contribute to the capture, management, and collection of patient service revenue.



**The Ambulance Revenue Cycle**

- Impacted by many drivers and variables
- But, it's all interconnected
- Even activities you don't think of as "revenue cycle-related" have an impact

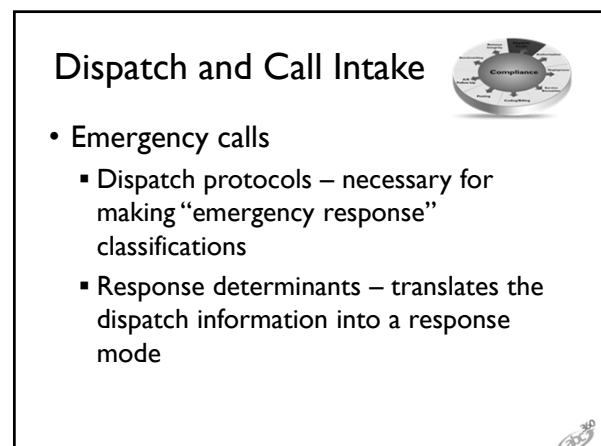
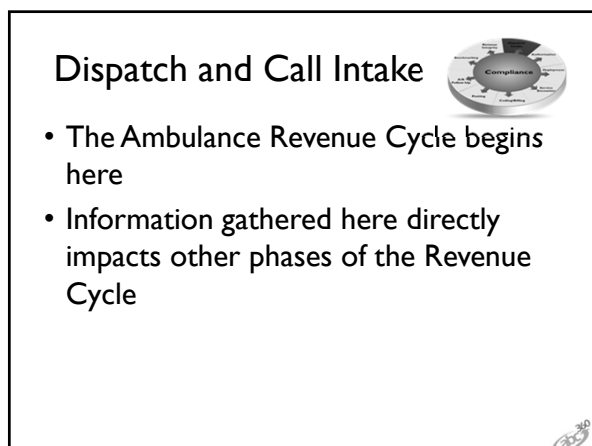
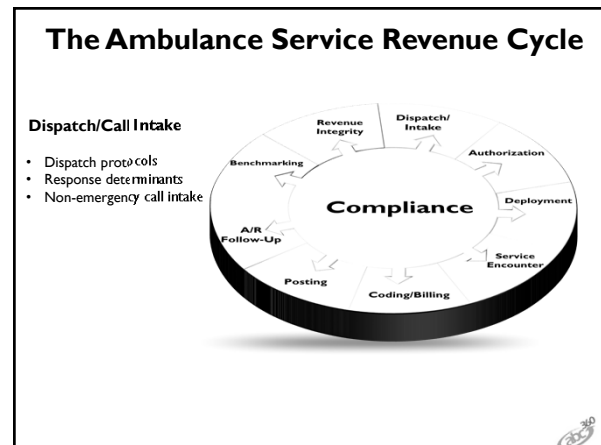
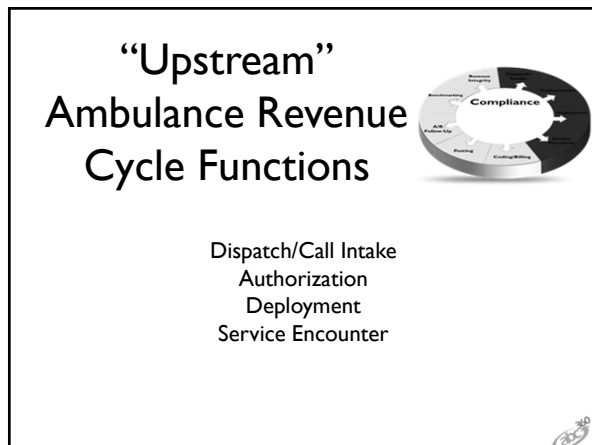
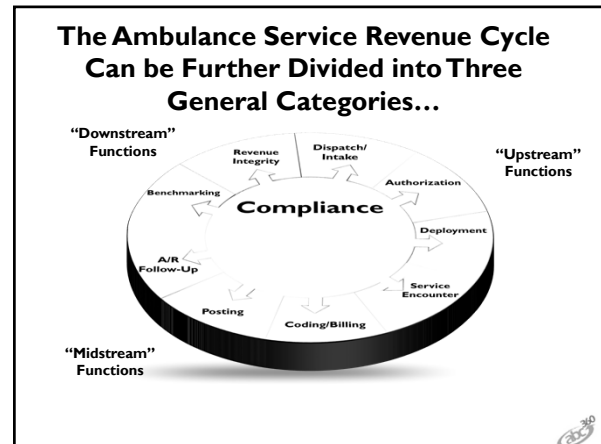
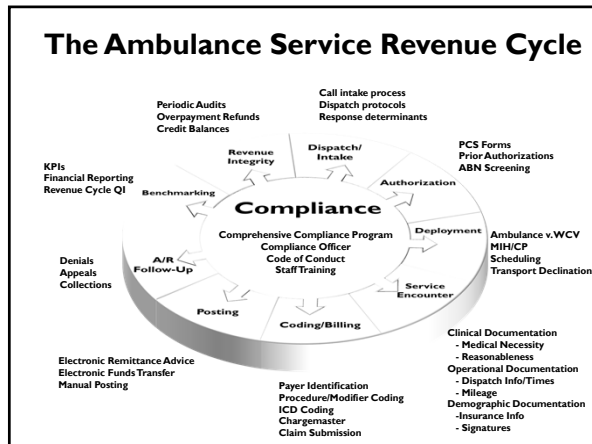


**"Holistic"**



"When the parts of something are intimately interconnected and can be understood only with reference to the whole."





## Dispatch and Call Intake



- Non-emergency calls
  - Pre-screening for medical necessity, reasonableness, etc.
  - Allows for appropriate deployment decisionmaking later in the Revenue Cycle

## Revenue Cycle Case Study #1

ABC Ambulance receives non-emergency transport requests on its 7-digit number directly from local SNFs. In order to minimize the time spent processing each request, ABC dispatchers only ask for the patient name, pickup time and destination.

ABC Ambulance allows the SNF to designate whether it wants a wheelchair van or ambulance to complete the transport.

## Revenue Cycle Case Study #1

The ABC Ambulance compliance officer did an internal audit and determined that 27% of all non-emergency ambulance transports originating from SNFs did not meet Medicare's medical necessity criteria and could have safely been transported by wheelchair van.

## Revenue Cycle Case Study #1

The lack of non-emergency medical necessity screening procedures has created an Ambulance Revenue Cycle problem.

If the non-medically necessary claims have been billed, ABC Ambulance must identify and refund overpayments.

If those trips haven't been billed, ABC Ambulance is unlikely to collect its charges from the patient or the patient's family.

## The Ambulance Service Revenue Cycle

### Authorization

- PCS Forms
- Prior Authorization
- ABN Screening



## Authorization



- PCS forms
  - Scheduled, repetitive non-emergency transports require PCS prior to the transport
  - May also require prior authorization by the MAC

## Authorization



- Managed care
  - Some non-emergency managed care transports might require prior authorization
  - Also, some state Medicaid NEMT brokers require prior authorization



## Authorization



- ABN screening
  - Medicare Part B transports require an Advance Beneficiary Notice of Noncoverage for transports that are not “reasonable and necessary”



## Authorization



- By definition, an **advance** beneficiary notice and **prior** authorization must be obtained before the transport occurs
- Reimbursement might not be available at all if these are not obtained



## Authorization



- If you are able to identify non-covered services in advance, you can shift the payment process to the Upstream portion of your revenue cycle



## Time of Service Payment

Call intake staff can obtain payment in advance...

Crews can accept payment at time of service...



You just saved yourself a bunch of Revenue Cycle time!



Improving efficiency in one  
aspect of the Ambulance  
Revenue Cycle can  
improve efficiency in  
others

## Revenue Cycle Case Study #2

PCS forms are faxed to the ABC Ambulance dispatch center by hospitals, SNFs and other facilities. Because the call intake specialists are not trained on Medicare's coverage guidelines, the PCS forms are not reviewed by the billing staff until after the transport is completed and the PCRs are submitted.

## Revenue Cycle Case Study #2

One of the billers, who handles ABC's non-emergency claims, was out on vacation for a week. Upon her return, she notices that the PCS forms for one of her repetitive dialysis patients was signed by a RN.

ABC Ambulance cannot bill any of those repetitive transports to Medicare since the PCS forms are not signed by an attending physician.

## Revenue Cycle Case Study #2

The lack of Revenue Cycle awareness and training on the call intake side has left the billing office without third party insurance coverage for non-emergency ambulance transports.

ABC Ambulance's Revenue Cycle is taking another hit.

## The Ambulance Service Revenue Cycle

### Deployment

- Ambulance vs. WCV
- MIH/CP
- Scheduling
- Transport Declination



## Deployment



- Ambulance vs. Wheelchair Van
  - Agencies that run both need to have a process in place to get the right vehicle to the right patient at the right time
  - Agencies that don't operate WCVs may need to institute a "transport declination" policy and refer out those patients who don't meet medical necessity requirements

## Deployment



- Mobile Integrated Healthcare/Community Paramedicine
  - Some agencies are utilizing MIH/CP as a means to reduce inappropriate ambulance utilization
  - “Frequent flyers” and 911 system abusers



## Deployment



- Scheduling
  - For non-emergency transports, this is an important aspect of the revenue cycle
  - Unit Hour Utilization (UHU) is an important metric in system efficiency
  - Basically measures how many paying customers you transport per unit hour



## Revenue Cycle Case Study #3

ABC Ambulance deploys vehicles (ambulances vs. WCVs) based on the facility's request. ABC regularly shows up at a local SNF with an ambulance as requested, but often finds upon assessing the patients that many could safely be transported by WCV. ABC completes the transport by ambulance so as not to anger the facility, which is an important source of business to ABC Ambulance.



## Revenue Cycle Case Study #3

What are ABC Ambulance's Revenue Cycle options?

-Bill the facility?

*Unless the patient falls under Medicare Part A, the facility is not financially responsible for these trips.*

-Bill the patient?

*Good luck with that. Some estimates state that between 65-80% of SNF residents are indigent.*

-Bill Medicare?

*What's the word for that again?*

*Oh right, that's fraud.*



## Revenue Cycle Case Study #3

What are ABC Ambulance's Revenue Cycle options?

-Bill the facility?

*Unless the patient falls under Medicare Part A, the facility is not financially responsible for these trips.*

-Bill the patient?

*Good luck with that. Some estimates state that between 65-80% of SNF residents are indigent.*

-Bill Medicare?

*What's the word for that again?*

*Oh right, that's fraud.*



## Revenue Cycle Case Study #3

This creates both Revenue Cycle *and* compliance problems for ABC Ambulance. If ABC Ambulance writes them off, it takes a financial hit, and it has a potential anti-kickback issue on its hands, since it is effectively providing these services to the SNF for free in order to keep it as a good customer.

On the other hand, if ABC attempts to bill these trips, it has overpayments and potential false claims liability.





## The Ambulance Service Revenue Cycle

### Service Encounter

- Clinical Documentation
  - Medical Necessity
  - Reasonableness
- Operational Documentation
  - Dispatch Info
  - Times
  - Mileage
- Demographic Documentation
  - Insurance Info
  - Signatures



### Service Encounter



- The last phase of the “Upstream” Revenue Cycle functions
- This is where the rubber meets the road

### Service Encounter



- Crew documentation
  - This is one of the most critical components of the revenue cycle
  - We tend to think of field providers as *operational*, but, in fact, what they do or fail to do constitute the most important parts of your Revenue Cycle!

### Clinical Documentation

- Medical necessity
  - Crews must provide thorough and complete clinical documentation so that all factors that impact medical necessity are accurately addressed
  - A good PCR will allow a biller to make medical necessity determinations promptly so the appropriate payer (patient vs. insurer) can be billed

### Clinical Documentation

- Medical necessity
  - If the PCR clearly and thoroughly documents that the patient did not meet medical necessity criteria, it's still a good PCR – it's just a bad trip!

### Clinical Documentation

- Reasonableness
  - In addition, the crew documentation must also make clear the purpose of the trip
  - What test, procedure or intervention does the patient require that necessitates transport?

## Operational Documentation

- Nature of dispatch
- Response times
  - Both of these determine “emergency” vs. “non-emergency” level of service in the coding phase of the Revenue Cycle
- Mileage
  - Odometer readings
  - In tenths of a mile



## Demographic Documentation

- Insurance info
  - Capturing this at the time of service is critical
  - Even if your agency relies on hospitals to obtain this info, it is far better to be self-sufficient and capture this info at the time of service (or call intake for non-emergencies)



## Demographic Documentation

- Patient Signatures
  - The time of service is the single best opportunity to obtain this necessary signature
  - If the patient is physically or mentally incapable of signing, an authorized person who can sign for the patient is almost always present at the time of service



## And don't forget crew signatures and credentials...

The provider billed for ambulance service Basic Life Support (BLS), emergency transport from a scene of accident or an acute event to a hospital [redacted]. The ambulance records for this provider were electronically generated and the author of record was identified with credentials of “medic.” There was no clarification by the author of the level of medic and the reviewer was unable to determine if the provider met vehicle requirements for ambulance staff and the documentation did not meet ambulance provider signature guidelines.



## Revenue Cycle Case Study #4

When looking at QI data from its Clinical Documentation Improvement (CDI) program, ABC Ambulance determined that its crew members obtain qualifying signatures of the patient or, when the patient is incapable of signing, another authorized signer, only 65% of the time.



## Revenue Cycle Case Study #4

There are four billers at ABC Ambulance. Each spends about an hour a day chasing down signatures for the calls in which no signature was obtained. This equals about 20 hours of total biller capacity per week.



## Revenue Cycle Case Study #4

Through its CDI program, ABC Ambulance spent 6 months focusing on re-educating crews and improving signature capture at the time of service. Its field signature capture rate went from 65% to 90%.

The billers now spend a total of 4 hours per week chasing down signatures after the fact.

That freed up 16 hours of billing capacity.

## Revenue Cycle Case Study #4

ABC Ambulance used this newfound capacity to reduce the amount of time it takes to get initial bills out the door.

ABC reduced its Days in A/R from 42 days to 35 days.

Now it gets paid, on average, a week faster than it used to.

## “Midstream” Ambulance Revenue Cycle Functions

Coding and Billing  
Posting  
A/R Follow Up



## The Ambulance Service Revenue Cycle

### Coding and Billing

- Payer Identification
- Procedure/Modifier Coding
- ICD Coding
- Chargemaster
- Claim Submission



## Coding and Billing

- Payer Identification
  - Medicare/Medicaid?
  - Commercial insurance?
  - Self-pay?
  - Facility charge?



## Coding and Billing

- Procedure/Modifier Coding
  - Making appropriate level-of-service determinations
    - Emergency/Non-Emergency
    - BLS/ALS/SCT
  - Covered or non-covered?
    - Appropriate modifiers (GY, etc.) if non-covered



## Coding and Billing



- Chargemaster
  - Your agency should compile a master list of all charges associated with all codes
  - Base rates, mileage, etc.
  - Include facility charges, contracted rates, etc.
    - Watch AKS issues with discounts!

## Coding and Billing



- ICD Coding
  - ICD-10 for dates of service on or after 10/1/2015
  - ICD-9 for dates of service before 10/1/15
  - *Regardless* of the date claim is submitted
  - Follow any applicable LCDs (Novitas)

There were about 14,000  
ICD-9 codes.  
There are almost 70,000  
ICD-10 codes.

That's like...

...trying to code with the  
New York City phone book on your lap.

## Managing ICD Coding

- Most ambulance claims require **one** ICD-10 code to process
  - Notable exception: Novitas requires two
- You can use an ICD-9 Ambulance Condition Code crosswalk to narrow this list down to a manageable subset of codes

Like the one in here...



## Managing ICD Coding

- But seriously, review the documentation, pick an appropriate code, and move on!
  - Pick two if you're in Novitas – and there are only four choices for the second one
- We've seen ICD coding literally cripple many Ambulance Revenue Cycles



## Coding and Billing



- Claim Submission
  - Ensure claims are submitted in appropriate format
  - Minimize and eliminate rejections from technical claim errors



## Revenue Cycle Case Study #5

After implementing ICD-10 codes, ABC Ambulance found that coders spent an average of 32.6 minutes per claim. Billing productivity plummeted.

ABC Ambulance implemented an abbreviated, ambulance-specific ICD-10 code list, and coder time-per-claim dropped to 12.4 minutes.



## The Ambulance Service Revenue Cycle

### Posting

- Electronic Remittance Advice
- Electronic Funds Transfer
- Manual Deposits/Posting



## Posting



- Not the most exciting part of the Ambulance Revenue Cycle
- But it's vital!



## Posting



- Electronic Remittance Advice
- Electronic Funds Transfer
  - Both of these enhance automation and accuracy in the billing cycle
- Manual posting/deposits
  - May be necessary for self-pay accounts



Accept as many forms of payment in as many phases of the revenue cycle as possible...

## Revenue Cycle Case Study #6

ABC Ambulance receives about 85% of its receivables via EFT. As its payments process has become more automated, it has paid less attention to manual posting.

In fact, the average time it takes to manually post payments has gone from 3 to 7 days at ABC Ambulance.

## Revenue Cycle Case Study #6

ABC Ambulance found that it was spending precious hours of its billers' time working accounts that had already been paid...only the billing staff didn't know they had been paid because of the delays in posting manual payments.

## Revenue Cycle Case Study #6

By making manual posting a priority, ABC Ambulance billers were able to completely eliminate the inefficient practice of chasing money the company had already received.

## The Ambulance Service Revenue Cycle

### A/R Follow-Up

- Denials
- Appeals
- Collections



## Accounts Receivable Follow-Up



- Denials
  - Review your denied claims closely
  - Spot trends
  - High rate of incorrect denials?
    - Fix the problem with the payer!
  - High rate of correct denials?
    - Fix the problem with your agency!

## Accounts Receivable Follow-Up



- Appeals
  - Determine those denied claims which have a likelihood of success on appeal
  - Factor in the time involved in appeals

## Accounts Receivable Follow-Up



- Collections
  - Have a collections policy
  - Implement a hardship waiver policy

## Accounts Receivable Follow-Up



- Collections
  - Remember that the law requires “reasonable collection efforts” (not sham or token efforts) to collect patient balances
    - Exception for municipal copayment waivers recognized by the OIG

## Revenue Cycle Case Study #7

It was the practice of ABC Ambulance’s Billing Department to ask the MAC for a redetermination on claims that ABC thought should have been paid, but beyond that, ABC Ambulance does not pursue Medicare appeals at any level.

After implementing a strategy to pursue appeals through the ALJ level, ABC found that 65% of their denied claims were being overturned and allowed on appeal.

## “Downtown” Ambulance Revenue Cycle Functions



Benchmarking  
Revenue Integrity

## The Ambulance Service Revenue Cycle

### Benchmarking

- KPIs
- Financial Reporting
- Revenue Cycle QI



## Benchmarking



- The process of:
  - Consistently monitoring Key Performance Indicators (KPIs) over time
  - Making meaningful comparisons
  - Using that information to continuously improve the Ambulance Revenue Cycle



## Benchmarking



- Key Performance Indicators (KPIs)
  - Monitor those aspects of your Revenue Cycle that are important to your agency



## Some Helpful Revenue Cycle KPIs

- Net Collection Ratio
- Days in A/R
- Average Revenue Per Transport
- Denied Claims Ratio
- Days to Final Bill
- Net Days Revenue in Credit Balance
- Billing Error Rate
- Claims Billed for Denial
- Emergency/Non-Emergency Claims Ratio



## External Benchmarking

- You can also compare your utilization to other agencies in your area, your state and across the country
- Utilize CMS annual payment data



## Revenue Cycle QI

- Continuous improvement of the Ambulance Service Revenue Cycle is the goal
- Remember that the Revenue Cycle is highly interconnected
- Improving one aspect of the Revenue Cycle can improve efficiency in others



## Revenue Cycle Case Study #8

ABC Ambulance was regularly having to use its bank line of credit to meet its monthly operating expenses like payroll and vehicle loans.

ABC implemented a Revenue Cycle QI program, and included benchmarking selected KPIs. As part of this process, ABC started looking at Days in A/R as one of its first KPIs.





## Revenue Cycle Case Study #8

ABC Ambulance was shocked to discover that its Days in A/R was 52 days. This means it takes about 52 days for ABC Ambulance to replace its cash after it pays its bills.

Once it became aware of the impact that Days in A/R had on its cash flow, ABC Ambulance focused on reducing trip-to-bill time, implementing time-of-service payment, improving coding practices and making its follow-up process more efficient.



## Revenue Cycle Case Study #8

After six months, ABC's Days in A/R went from 52 days to 40 days.

After a year, their Days in A/R went to 32 days.

As a result, ABC was able to dig out of the cash flow hole by gradually decreasing the use of their bank line of credit and paying off the balance. ABC was finally able to start focusing on its capital improvement needs for ambulance replacement and facility upgrades.



## The Ambulance Service Revenue Cycle

### Revenue Integrity

- Periodic Audits
- Overpayment Refunds
- Credit Balances



## Revenue Integrity



- A key component of the Revenue Cycle is ensuring that your reimbursement was proper
- Making sure you can keep what you got!



## Periodic Audits

- It is imperative to perform regular billing audits



## Periodic Audits

- Internal
  - Example: once a month, evaluate a random sample of claims for medical necessity, reasonableness, mileage, etc.



## Periodic Audits

- External
  - Example: twice a year, have a qualified claims consultant perform a random audit

## Overpayments and Credit Balances

- Identify overpayments and refund within 60 days
- Ensure that credit balances are returned to the patient
  - Follow state escheat laws if you can't locate the recipient of the funds

## The Ambulance Service Revenue Cycle

### Compliance

- Comprehensive Compliance Program
  - Compliance Officer
  - Code of Conduct
  - Staff Training



## Compliance Program



- Compliance should infuse every part of the Ambulance Revenue Cycle

## Compliance Program



- Compliance Officer should oversee and lead the organization's compliance efforts – but compliance has to be everyone's responsibility
- Everyone in the organization has a role in overall compliance

## Compliance Program



- Dispatch/Intake ⇔ Screening/Authorization
- Field Staff ⇔ Complete/Accurate Documentation
- Coders ⇔ Accurate Level-of-Service Coding
- Billers ⇔ Timely Claim Submission and Posting
- Managers ⇔ Revenue Integrity and QI
- Compliance Officer ⇔ Compliance Program Function

### Hidden Revenue Cycle Drivers

- Re-engineer call intake
- Invest in crew documentation training
- Monitor billing and compliance performance



### Summary

- The Ambulance Revenue Cycle has many moving parts
- Remember that all aspects – Upstream, Midstream and Downstream – can all directly affect your revenue cycle
- It's not all on the billers
- Excellence in all phases is required

