White Paper

Charge Capture: Is it the Weak Link in Your Revenue Cycle?

Here's how to assess your program and make improvements

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Accurate coding? Check. Compliant billing? Check.

So, where is the revenue?

How many times has this question been raised during revenue cycle meetings?

The lack of a robust charge-capture program can have a significant impact on your bottom line. Many organizations neglect to focus on this aspect of the coding and billing process because claims are being submitted and paid. But overlooking missed, incorrect, and inconsistent charges is akin to leaving money on the table.

Obstacles to Successful Charge Capture

Effectively and comprehensively capturing charges has historically been difficult due to a number of challenges, including:

Decentralized charge capture responsibilities. Clinical departments, Charge Description Master (CDM) teams, physicians, and other responsible staff often do not coordinate charge-entry efforts. To further complicate matters:

- Clinicians typically are not expected to be well-versed on billing and coding guidelines. Even in instances where education is provided, clinicians are often not positioned to stay abreast of the ever-changing guidelines.
- CDM teams often rely on the business owners to notify them of new or discontinued services and supplies. Rarely do they have a working understanding of what or how services are performed within clinical departments.

- Business and clinical departments often do not have a formal feedback loop to communicate charge-capture issues. In many organizations, charges are missed as a result of incomplete clinical documentation, or limited sharing of information (e.g., denials, payment variances, edits, etc.) among the departments responsible.

Complacent charge-capture processes. Just like turning on a light when walking into a dark room, there are basic assumptions about what will happen next once a charge is entered. With electricity, when we flip the switch, we expect the light to turn on; we don't question whether the circuits are connecting or if there are barriers that could delay the bulb brightening the room. It's often the same with billing; when a charge is entered, we assume it's accurate and it will make its way to payment. Unfortunately, in the charge-capture continuum, processes sometimes break down, regardless of how successful they may have been initially.

Lack of stringent policies and procedures. If written policies are not in place which clearly define specific roles and responsibilities for charge capture and reconciliation, it's difficult to assess performance, or to know where or how to go about making improvements.

How Effective is Your Charge-Capture Program?

The strength of your charge-capture program has a direct correlation to appropriate and timely reimbursement. Use these questions to identify strengths and improvement opportunities in your program:

- Do you perform charge-capture audits for some or all clinical departments?
- How often is the CDM updated?
- Is education regarding charge entry/billing guidelines routinely provided to clinical and CDM staff?
- How are missed/late charges identified?
- Is there a formal multi-departmental feedback loop in place to address charge-capture issues?
- Does your organization have a current charge-capture policy?
- Do you have a formal charge-integrity team?

By comparing your answers to best practices, you can help identify improvement opportunities. Remember that ongoing education and a continuous feedback loop are essential due to changes in systems, staff, and regulatory and coding guidelines.

Best Practice Charge-Capture Programs

An effective charge-capture program assures appropriate and consistent charges to reflect the services performed. Key components include:

- Routine monitoring and audits
- Root-cause investigations to identify charge-capture variances
- Implementation of remediation processes to both resolve and prevent issues

I recommend a three-pronged approach to set your program on the right track:

1. Perform a Charge-Capture Audit
This involves an assessment of the charge-capture environment, including processes around the patient clinical encounter, charge creation, and billing processes; it includes:

- An analysis and evaluation of claims for incorrect and/or missing charges
- Identifying potential areas of charge-capture breakdown due to either missed or incorrect charges/codes from the CDM
- Review of the internal-control environment for preventing, detecting, and monitoring missing and late charges

A charge-capture audit will enable you to create a program that minimizes missed opportunities and enhances accuracy, productivity, profitability, cash flow, and compliance.

Overlooking missed, incorrect, and inconsistent charges is akin to leaving money on the table. The strength of your charge-capture program has a direct correlation to appropriate and timely reimbursement.

2. Educate Charge-Capture Teams
Continuous education is critical to a successful program. At a minimum, the following stakeholders should receive ongoing education:

- Nurses/clinical staff entering charges for services, including bedside procedures
- CDM staff responsible for adding/modifying line items in the chargemaster
- Physicians/clinicians responsible for documenting services and patient care
- Managed care teams responsible for pricing and contract negotiations
- Billing staff who resolve payment variances

3. Develop and Monitor Key Performance Metrics
Key performance metrics will enable you to track your organization's performance. These metrics offer crucial insights to help you quickly identify and resolve potential charge-capture issues, such as:

- Charge lag days
- Charge-related edits
- Coding/charge-related denials

Accessing Expertise

Many organizations seek assistance from external revenue-cycle experts to establish or support their programs. Change Healthcare specializes in all facets of creating charge-capture programs, including conducting audits and assessments, writing policies and procedures, and educating and training staff. We also offer Revenue Integrity and Centralized Coding services to help you improve the compliance and financial health of your health system, hospital, or physician practice.

To learn more, visit our website or call 844-798-3017.

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