

Charge Capture Audits – A step in the management of your practice's revenue cycle

By Laura S. Tarlow MBA, CMPE

Why implement a charge capture auditing tool

With continual economic pressures on every practice, it is easy to understand that every charge for every service and billable product counts towards the bottom line of your practice. Charge capture is one of the many important steps in managing your practice's revenue cycle. Regardless of whether your office is responsible for billing or you outsource your billing, the questions to ask about charge capture are:

1. What tools do you have in place to insure that you have billed every charge?
2. Who is responsible for using the tool?
3. How often is the tool applied?
4. What trends, if any, occur? and
5. What do you do with the results of the applied tools?

The above questions are important for every practice whether you are a solo practitioner or in a group practice. Consider that if you miss one charge per day, it can quickly add up to significant lost practice income. Depending on the type and quantity of missing charges those losses can equate to the salary cost of one-half to as much as two or more office staff. It is easy to understand how the daily demands of running a practice can detract from: establishing a charge capture tool, assigning a person to apply the tool, and giving the authority to the assigned individual to act upon the results. Practice complexities can readily make the task seem overwhelming. Some of these complexities include: (1) multiple charge submission methods (e.g. office forms, patient admission discharge forms with scribbled notes, scraps of paper listing patient names, and various electronic methods with iPads, smartphones and EHR); (2) multiple office locations; (3) multiple hospitals or ASCs each with different scheduling software; (4) multiple treatment areas within hospitals (ER, procedure areas, surgical suites, various inpatient units, etc.); (5) multiple staff handling the paper and charge forms; and (6) the lack of standardize office workflows which in turn can foster individual practitioners styles. Each of these factors brings another element to the charge capture audit process. Sources of information along with the manner in which it is given to the staff to act upon are complexities that may be a turnoff to even starting the charge capture audit process.

The typical response to a complex situation is to seek shortcuts. One often used shortcut is to compare the current month's charges against past performance. If the charges for the current month are approximately the same as the prior month, would you even consider a change could be missing? How do you adjust this type of monthly charge benchmark when your fee schedule changes or the type of services (e.g. case mix) provided changes? If a provider takes a vacation day or a week off, you might incorrectly attribute the reduction in billed charges to the vacation rather than to a misplaced or not

submitted charge. If you are in the fortuitist position of seeing volume growth in your practice, in using an average charges per month method the growth may mask lost charges. Using average billed charges as your benchmark to determine adequacy of charge capture is not a tool. Not convinced of the need to routinely audit your practice? Then consider an experiment of randomly auditing one month of charges. With a score of 100% charge capture, you can consider limiting the extent and frequency of auditing your practice. However any score less than 100% merits employing a routine charge capture audit tool.

What is the ideal charge capture tool?

1. It should be an independent routine audit (i.e. uses more than one source of information to compare to another source of information);
2. Compares what was billed for a period of time to all the patient encounters for that same time period;
3. Quickly and easily tells you what is missing; and
4. Provides ability to spot trends, if any, of the missing charges for further corrective action

Typical Charge Capture Tools

In the simplest form a charge capture tool is an audit that compares the charges submitted for a month to your schedule(s) of patients seen.

- With a paper schedule, the best you can do is to manually compare a list of the billed events in date of service order to each day of the schedule.
- With an Outlook schedule system you can export the schedule to an Excel format, sort the list by date of service, and alphabetize the patients. Then compare this list to a similar sorted list from the billing system. With multiple service locations and/or multiple providers, this can become a time consuming task.
- With an electronic schedule system, you can export the information to Excel sorting it to match the billing system sorted list and then proceed with a manual review.

The larger the practice, in employing any of the above methods, it will be apparent that it is a time consuming exercise to confirm all services were billed.

Proposed Charge Capture Audit Tool

This proposed tool employs an electronic copy of your scheduled patients and applies various Excel formulas to compare the schedule to the billed charge list to quickly identify the missing charges for further research by the office personnel. With this tool it shifts the work effort from a tedious search function to a focus on obtaining the missing charges. This tool, once the mechanics are understood, can readily be expanded to compare the scheduled services provided to the services billed to identify discrepancies in codes billed, providers, or any other variable contained in both the schedule and the billing system. A sample of the tool for your use is provided to the membership through this link:

[@msnj.com](#). Below is sample of the tool highlighting the three records that require

further review by the office. Of those, two are missing charges while the third had a bill submitted with a CPT that differed from what was scheduled.

Office / ASC/ Hospital Schedule				Charge Submission List of Patients Billed		
DOS	Patient	CPT	Audit Results: Billed =Yes; Not Billed = Review	DOS	Patient	CPT
8/1/2011	ADAMS, SYLVIA	38570	YES	8/1/2011	ADAMS, SYLVIA	38570
8/2/2011	HERTZ, WENDY	58353	YES	8/1/2011	JONES, JENNA	99024
8/2/2011	TOMPKINS, AMANDA	38570	YES	8/1/2011	JONES, SERENA	58353
8/4/2011	SULLIVAN, ALLISON	38570	YES	8/1/2011	SMITH, AMANDA	ANTE
8/1/2011	WEISS, ABBY	99203	YES	8/1/2011	WEISS, ABBY	99203
8/2/2011	HERNANDEZ, MARIA	99212	REVIEW	8/2/2011	APPLEBAUM, LAURA	59610
8/2/2011	WILLIAMS, ELIZABETH	57452	YES	8/2/2011	HERNANDEZ, MARIA	99211
8/4/2011	JACKSON, SANDRA	59430	YES	8/2/2011	HERTZ, WENDY	58353
8/4/2011	RODRIQUEZ, YOLANDA	99385	REVIEW	8/2/2011	OHARA, PATTIE	99211
8/1/2011	JONES, SERENA	58353	YES	8/2/2011	TOMPKINS, AMANDA	38570
8/1/2011	LEAHY, JENNIFER	59610	REVIEW	8/2/2011	WILLIAMS, ELIZABETH	57452
8/2/2011	APPLEBAUM, LAURA	59610	YES	8/4/2011	GRIFFEN, TAYLOR	59610
8/4/2011	GRIFFEN, TAYLOR	59610	YES	8/4/2011	JACKSON, SANDRA	59430
8/1/2011	JONES, JENNA	99024	YES	8/4/2011	SULLIVAN, ALLISON	38570
8/1/2011	SMITH, AMANDA	ANTE	YES			
8/2/2011	OHARA, PATTIE	99211	YES			

When to run the reports

Recognizing that charges for the last week of a month may take a few days to be entered into the billing system, you should consider running the reports the second week of the month for the prior month's work. A key determinant as to when you run the report is the desire to avoid having any rejections attributed to timely submission. While Medicare has a one year charge submission window, some payors in the state have a 60 to 90 day window. For services in the beginning of the month, running the report 35-45 days after the event, has already whittle away at the charge submission window.

If you have a provider that procrastinates with charge submissions, running these reports will highlight that fact. A provider that is continually late with his/her charge submissions should not be the excuse for a delay in running the charge capture report. Routinely running the reports the second week of the month gives you the best opportunity to confirm the service occurred and if any are found to be missing, it gives you the best opportunity to obtain in a timely manner the specifics for billing the correct service.

Patterns – the key to changing office behavior relative to charge capture

The goals of implementing a routine charge capture audit are two-fold:

- (1) to insure every billable event is billed; and
- (2) eliminate the causes of lost charges.

The first goal is accomplished by applying the tool on a routine basis to identify missing charges. The second goal of reducing and hopefully eliminating lost charges requires you to identify any patterns associated with the missing charges (e.g. a particular provider, a particular type of charge such as inpatient consults, a particular facility, etc.) and then determine the root cause for the patterns. By reporting on the missing charges by provider, by facility, and by type of service you are more likely to see patterns. If you are having trouble getting the attention of a provider, one of the best motivators is to convert the lost charges in to lost dollars. Extrapolation of this information to represent a year's worth of lost charges can be an eye opener. If you have a charge submission procrastinator, there is a practice cost associated with chasing that provider until they complete the charge submissions. Of course procrastinating too long will result in complete revenue loss if you get hit with a timely submission rejection. Timely submission rejections are becoming more and more difficult to overturn in your practice's favor. Why put your practice in that position?

Conclusion

Adding a monthly charge capture audit tool to your office routine will assist you in capturing every billable event in a timely manner. With a commitment to the routine audits it will create an awareness and increased accountability by the office staff and providers that charge capture is important to the practice's bottom line. Automating the tool to the degree your computer systems allow, makes this monthly task easier. The easier the tool the greater probability the tool will be employed. With repeated use of the tool, patterns may evolve which give you the opportunity to identify the root causes for the errors and to put into place corrective action. It will also create your internal benchmarking statistics of how well you perform charge capture each month. The goal with the tool is to control as much of your practice charge submission operations as is possible to enable you to make the most of this revenue cycle management step.

If your office is not comfortable with extracting the data from the various scheduling sources and/or applying the Excel formulas, you can contact the MSNJ to engage a consultant to create the one time set up of the tool for your practice.

Excited about the tool? Enter a contest to win a free consultation to set up the tool for your office. Enter by emailing info@msnj.org with subject line "MPMS Tool Contest." Contest entry date ends November 30, 2011.

About the author: Laura Tarlow, MBA CMPE is a consultant for MSNJ. She has over thirty years' experience serving in executive level positions in hospital administration, physician practice management and managing a full service billing and practice management company. She has authored papers and lectured on practice management for national and state organizations.