



COLLEGE of AMERICAN
PATHOLOGISTS

Ultimate KPIs to Include in a Pathology Operations Scorecard

Moderators:

Karim Sirgi, MD, MBA, FCAP

Robin M. Zweifel, BS, MT(ASCP)

Panelists:

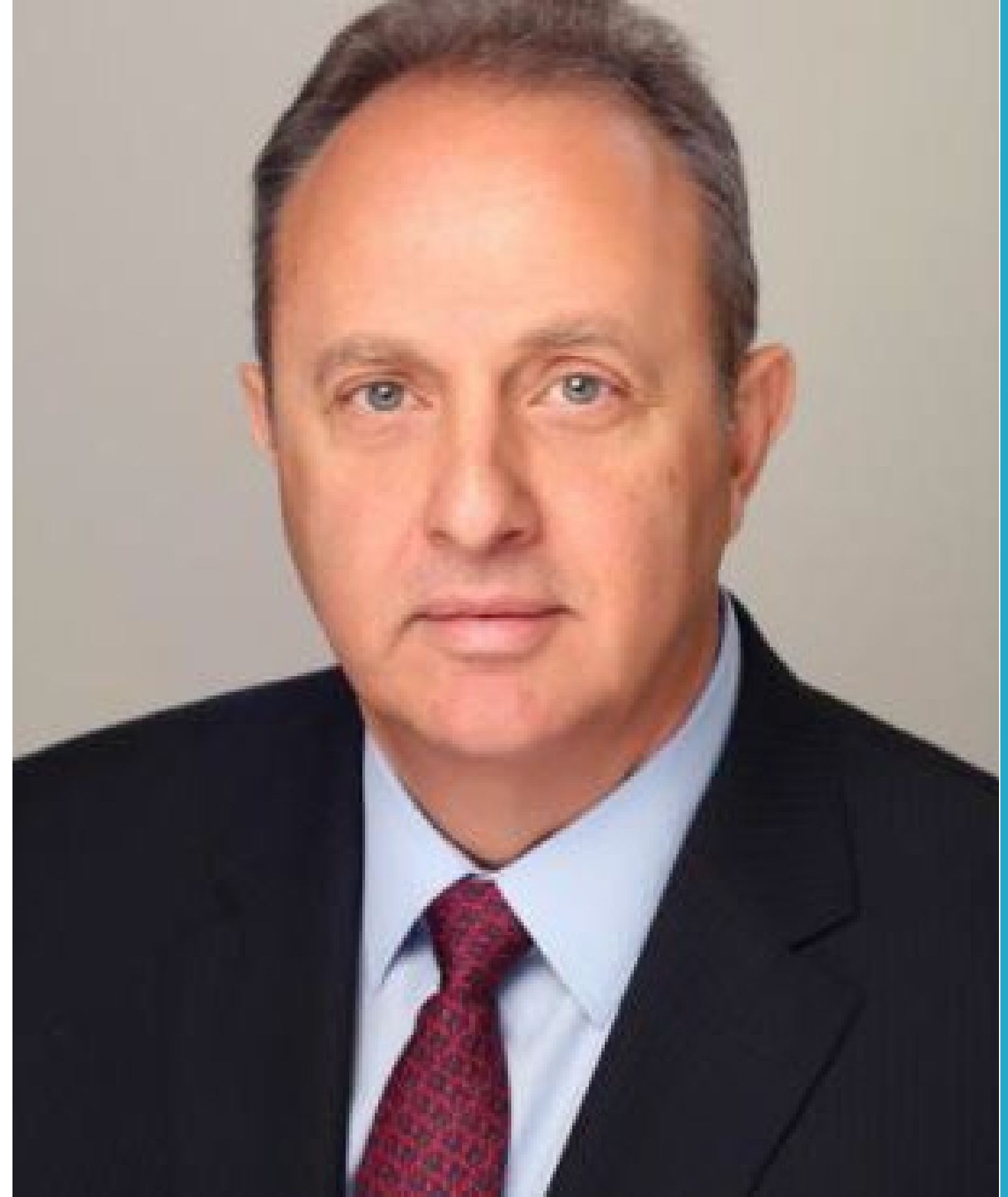
Robert H. Tessier, MPH

Diana Richard, BA

July 30, 2024

Karim E. Sirgi, MD, MBA, FCAP

- **Chair – Practice Management Committee**
- **Owner - CEO Sirgi Consulting LLC Denver, CO**
- **Chief Science Officer, BreathTech**
- **Chair, Colorado Delegation to CAP House of Delegates**
- **Past-President, CAP Foundation**
- **Board certified AP/CP and Cytopathology**
- **Fellowships in Cytopathology and Surgical Pathology**



Robin M. Zweifel, BS, MT(ASCP)

- Director, coding and billing compliance at BioReference®
- Subject matter expert - Clinical Laboratory, Cytology and Pathology with 10 years of advisory services focused on Molecular Pathology
- Member of the College of American Pathologists (CAP) Practice Management Committee (PMC)
- Advisory Member to Board of American Pathology Foundation (APF).
- Editor-in-Chief of Pathology Services Coding Handbook



Robert H. Tessier, MPH

- **Senior Reimbursement Consultant- HBP Services**
- **50 years consulting and managing pathology and radiology practices.**
- **Co-Founder - *Panel of National Pathology Leaders, a think tank advancing innovation in pathology and laboratory medicine.***



Diana Richard, Senior Director, Pathology and Strategic Development, XiFin Inc.

- **Over 17 years of experience in pathology billing**
- **Anatomic Pathology Subject matter expert**
- **Maintains strategic-support role for XiFin's anatomic pathology customers**
- **Facilitates routine data studies of reimbursement trends, publishing outcomes through presentations, webinars, blogs, and conference posters**



Disclaimer

The information presented today represents the opinions of the panelists and does not represent the opinion or position of the CAP.

This should not be used as a substitute for professional assistance.

The information in this presentation is provided for educational purposes only and is not legal advice.

Key Performance Indicators (CAP 2021)



Months in Accounts Receivable

- Average number of days between DOS and payment with full adjustment applied.
- Higher days indicates possible delays in receiving payment, however, it may be justified.
- Days in AR benchmarks should be validated based on your practice's current payer and test mix.

Scorecard	
Grade	Months
A+	0.8
A	1.0
B+	1.2
B	1.5
C	≥2.0

CAP Formula

Total A/R Balance

Average Daily Charge

Accounts Receivable over 90 Days by Date of Service

- AR over 90 days have a significant risk of Timely Filing Denials
- Lingering AR could be driven by:
 - Unworked denials
 - High appeals volume
 - Unclean AR (e.g. write-offs)

Scorecard

Grade	AR > 90 Days (DOS)
A+	10%
A	15%
B+	18%
B	20%
C	≥ 25%

CAP Formula

Dollar Value of Segment

Dollar Value of Total A/R

Processing in the Month of Service

- % of charges processed in the month of service
- Driving forces:
 - Electronic vs paper orders > charges
 - Lag time for file transmission from EMR/LIS to RCM (e.g. maintaining a 2 week lag to ensure the demographic information is the most current)
 - Practices that have a population based on hospital setting (IP/OP) may have more challenges getting correct information quickly.

Scorecard	
Grade	Processing/Date of Service
A+	75%
A	70%
B+	65%
B	60%
C	≤ 50%

Processing in the Month of Service- Example

MONTH OF SERVICE:														
Report Date	PRIOR	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total Processing
wRVUs														
		801	792	687	722	917	713	875	721	837	786	810	507	9,168
CHARGES														
Jul-23	27,000	225,000												252,000
Aug-23	4,000	45,000	210,000											259,000
Sep-23	2,800	3,000	49,000	205,000										259,800
Oct-23	800	855	570	39,000	208,000									249,225
Nov-23	700		285	2,500	45,000	231,190								279,675
Dec-23					1,215	78,665	185,000							264,880
Jan-24	700				570	1,140	39,500	219,750						261,660
Feb-24				285	285	75		65,000	175,000					240,645
Mar-24					570			2,500	95,000	205,000				303,070
Apr-24	3,000		1,085		240		1,140	3,950	2,500	77,000	210,500			299,415
May-24										570	62,000	220,000		282,570
Jun-24						2,800	2,800			3,400	570	67,000	177,000	253,570
Total by MOS	39,000	273,855	260,940	246,785	255,880	313,870	228,440	291,200	272,500	285,970	273,070	287,000	177,000	3,205,510
<i>% Chrgs Processed in Curr. Month</i>		82%	80%	83%	81%	74%	81%	75%	64%	72%	77%	77%	N/A	Goal = 75%

Collection Agency Liquidation

- Evaluate using a 6-month delay
- Trends success in collecting during traditional billing cycle
- Higher success by collection agency may indicate RCM is turning over accounts too quickly, or without proper follow-up
- Lower success may also indicate ineffectiveness of the collection agency

Scorecard	
Grade	Liquidation
A+	10%
A	15%
B+	20%
B	25%
C	≥ 30%

Reimbursements as a % of Medicare (Hospital Based)

- Blues and Commercial Carriers
- Reimbursements are heavily dependent upon specific state and history of practice fees
- Many independent laboratories (POS 81) experience average reimbursements at or below Medicare

Scorecard		
Grade	Professional Component	Global
A+	3.0 X	3.0 X
A	2.5 X	2.5 X
B+	2.0 X	2.0 X
B	1.5 X	1.5 X
C	Medicare	Medicare
D	Medicaid	Medicaid

Denial Rate

- Measures the effectiveness of your revenue cycle management process
- % of claims denied by payers
- A LOW denial rate = good cash flow
- Confirm how denials are adjusted –
e.g. Bad Debt vs Contractual Adjustments
 - Ensure tracking is comprehensive of all denials, not just a single adjustment category
- Benchmark should be validated based on your practice's current payer and test mix. Some practices may experience lower denial rates, depending on mix of esoteric testing.

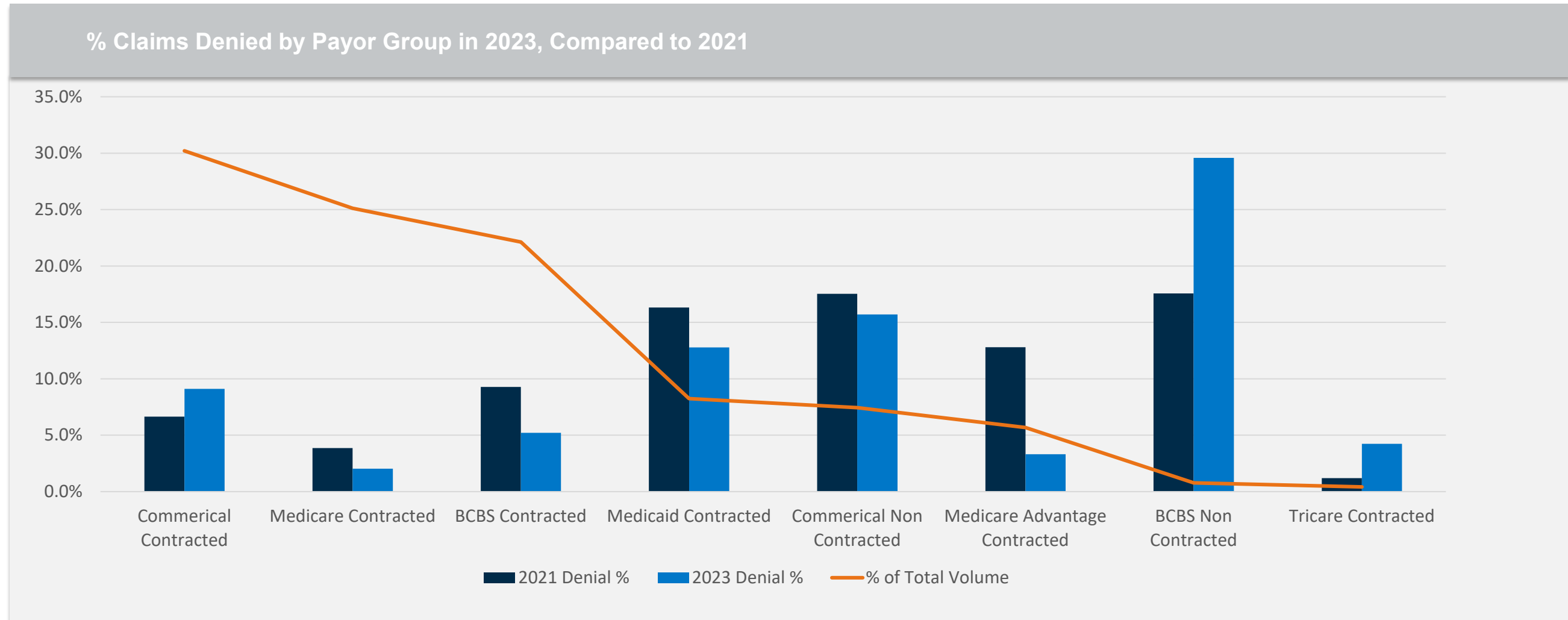
Scorecard

Grade	
A+	8%
A	10%
B+	15%
B	20%
C	25%

CAP Formula

$$\frac{\text{Total Denied Charges}}{\text{Total Billed Charges}}$$

Risk of Denial: Averages by Payor Group, Anatomic Pathology



*XIFIN DATA

Appeal Trends by Segment

Segment	Appeal Payments as % of Total Insurance Payments Received		Average Payment Amount per Appeal	
	2023	2021	2023	2021
Clinical	0.43%	0.11%	\$96	\$121
Molecular	11.17%	6.56%	\$1,584	\$1,420
Pathology	1.50%	1.12%	\$249	\$327
Overall Average	7.38%	3.39%	\$541	\$623

*XIFIN DATA

Appeal Trends and Successes: Anatomic Pathology

Appeal Type	% of Total Appeals Filed	% of Appeals Paid after 1st Attempt	% of Appeals Paid after 2nd Attempt	% of Appeals Paid after 3rd Attempt	Avg Payment per Appeal (Paid and Unpaid)	Avg Payment per Successful Appeal
Overall Averages		25.1%	2.5%	0.5%	\$69.82	\$248.69
Additional Information	27.9%	23.3%	2.0%	0.2%	\$68.71	\$269.32
Medical Necessity	20.6%	25.9%	2.1%	0.5%	\$50.42	\$176.75
Out of Network	16.6%	25.0%	1.9%	0.5%	\$64.15	\$234.25
Prior Authorization	12.8%	18.2%	1.2%	0.0%	\$53.70	\$275.31
Other	8.8%	37.1%	4.8%	1.8%	\$144.00	\$329.42
Timely Filing	4.4%	13.5%	3.8%	0.5%	\$31.42	\$176.86
Duplicate	2.6%	22.2%	2.7%	0.1%	\$80.62	\$322.49
Bundling	2.0%	54.5%	9.4%	3.6%	\$117.21	\$173.86
Frequency	2.0%	16.8%	2.3%	0.5%	\$90.04	\$459.49
NonCovered	1.7%	39.7%	0.3%	0.0%	\$42.17	\$105.25
Maximum Benefits	0.6%	36.0%	13.1%	3.8%	\$268.24	\$507.01

*XIFIN DATA

Bad Debt Rate

- Percentage of AR that a practice has to write off that they will not be able to receive payment.
- Increase of out-of-pocket patient bills and deductibles has led to an increase in bad debt.
- According to a report by Healthcare Financial Management Association, bad debt can make up to 2.02% of a hospital's revenue.
- It should be noted that many billing companies can manipulate what is categorized under Contractual Adjustments. **This may mislead bad debt percentages.**
- Benchmark should be validated based on your practice's payer and test mix. Some practices may experience lower denial rates, depending on case mix.

Scorecard	
Grade	
A+	5%
A	8%
B+	10%
B	13%
C	16% +

CAP Formula	
$\frac{\text{Total Uncollectable Charges \& Write-Offs}}{\text{Total Net Charges}}$ <p><i>(Gross Charges – Contractual Adjustments)</i></p>	

Comprehensive Report Card- Practice A (Norm)

KPI	Actual Score	Scorecard Result
Months in AR	1.5	B
AR Over 90 Days	28%	C
Processing in Current Month	50%	C
Collection Agency Liquidation	25%	B
Reimbursement as % of Medicare	1.5	B
Denial Rate	15%	B+
Bad Debt Rate	14%	B-

Comprehensive Report Card- Practice B (High)

KPI	Actual Score	Scorecard Result
Months in AR	1.0	A
AR Over 90 Days	10%	A+
Processing in Current Month	70%	A
Collection Agency Liquidation	15%	A
Reimbursement as % of Medicare	2.25	A-
Denial Rate	12%	A-
Bad Debt Rate	9%	A-

Other KPI Considerations

- **Unbilled Claims Percentage: <10% of total volume received in a month**
 - Impacted by missing/incorrect patient demographics, front-end edits (e.g. MUEs), and absence of other required criteria, such as ordering and rendering physician
 - Calculated by dividing number of claims / claims rejected for missing information
- **Average Days to Bill First Claim: 2 days from date of receipt into RCM system**
 - Impacted by TAT on fixing unbilled errors

Considerations When Evaluating Billing Fees

- **Billing costs can range between 6.5% to 8% (potentially less for Global billing)**
- **For practices outsourcing their billing services, expense considerations may include:**
 - Size of practice can determine a rate – smaller practice will typically have a higher rate
 - Global billing may be billed at a lower rate or included depending on the agreement
 - Professional Component Clinical Pathology (PCCP) billing may be billed at a different rate
 - Some billing companies charge extras such as custom programming, postage, shredding, and telephone costs, etc. into their pricing. Other companies include this in their percentage fee.
- **For practices performing their billing in-house:**
 - Stronger technologies may have higher fees, but allow for scalability and reduction of required resources needed to support the RCM process
- **Lower cost is not always the best approach**

Membership

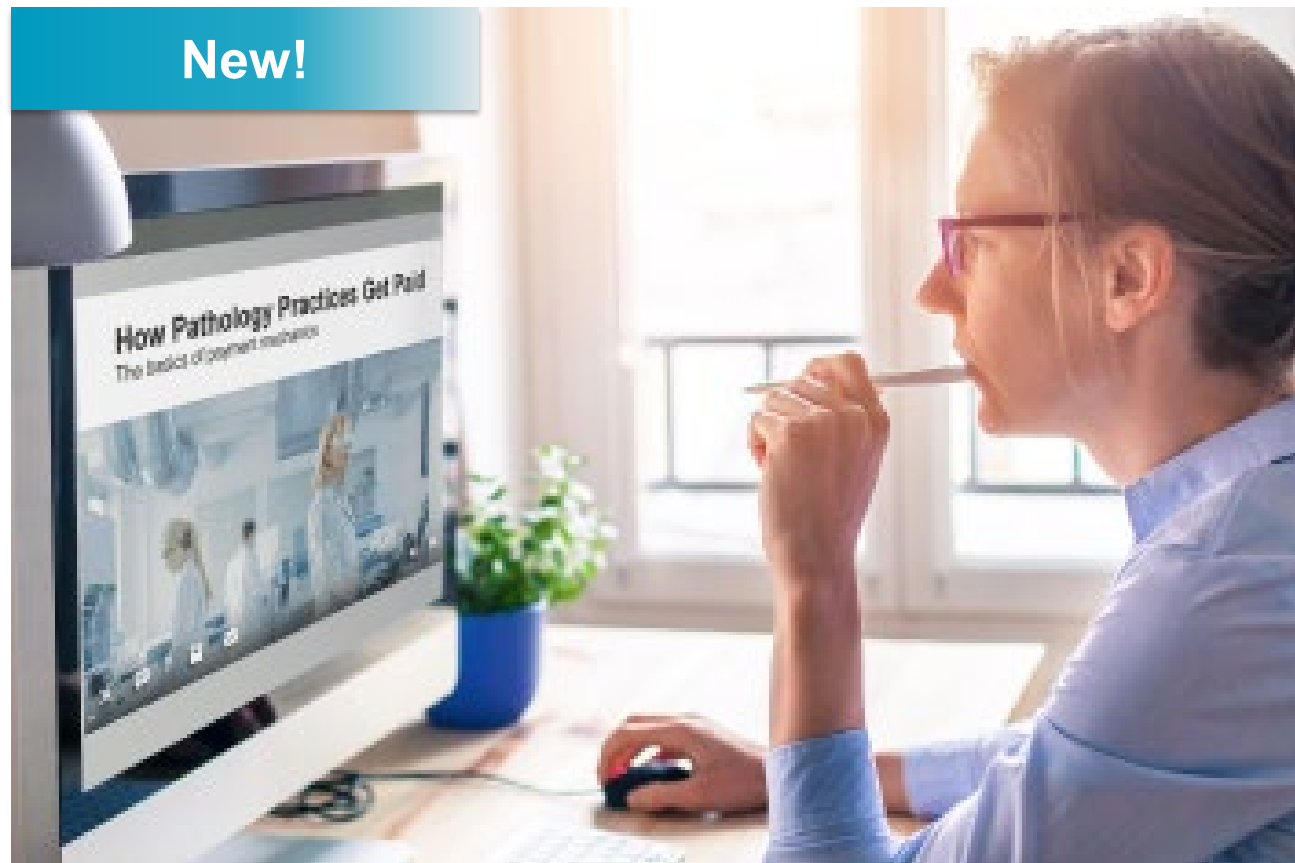
Did you find this information useful?

This program was funded by your CAP membership. Please be sure to keep your membership current so we can continue to bring timely and relevant resources like this to you.

Visit cap.org to renew your membership or email membership@cap.org.

Pathology Business Fundamentals

Essential online courses to help grow your management skills to lead your practice



1. Relative Value Units (RVU's)—Understanding the Basics
2. How Pathology Practices Get Paid
3. Revenue Cycle Management
4. Analysis and Interpretation of Billing Reports
5. Basic Practice Cost Analysis
6. Capacity Management and Workflow Analysis
7. Basic Contracting and Fee Analysis
8. Basic Budget Development

Learn more
and register



Additional Resources

- **Practice Management Webpage**
 - <https://www.cap.org/member-resources/practice-management>
- **Previous and Upcoming Roundtables/Webinars**
 - <https://www.cap.org/calendar/webinars/listing/practice-management-webinar>
- **Articles Authored by Members of the CAP Practice Management Committee**
 - <https://www.cap.org/member-resources/articles/category/practice-management>
- **Practice Management Networking Community**
 - <https://www.cap.org/member-resources/practice-management/practice-management-networking-community-application>
- **Practice Management Frequently Asked Questions**
 - <https://www.cap.org/member-resources/practice-management/frequently-asked-questions>



Starting a New Job?

Join the Job Prep Bootcamp December 2024 for a fast-paced interactive review of cases and panel discussions on professional development courses.

Learn More



Tap into the tools you need for every step of your career journey

The CAP's **Pathology Career Development Toolkit** consolidates key resources you'll need as you establish yourself as a pathologist.

Learn More:



Member log-in required



We value your feedback!



If after attending this discussion and later you applied any of what you learned to your practice, please share your feedback of how it worked for your practice at <https://www.cap.org/member-resources/practice-management/practice-management-inquiry-form> .



Watch for the session evaluation form. Your feedback is important!



COLLEGE of AMERICAN
PATHOLOGISTS