### Value Proposition - Outsourcing Revenue Cycle, Accounting and Information Technology

#### Necessary Data Points Needed to Complete Assessment

**Revenue Cycle Metrics:**
- Annual Patient Volume
- Annual Gross Revenue
- Annual Net Revenue
- Accounts Receivable Balance, Gross
- Accounts Receivable Balance, Net
- % of Accounts Receivable Greater than 90 days
- Number of Open Accounts

**Revenue Cycle Costs:**
- Pre-authorization
- Transcription
- Coding
- Electronic Claims Submission
- Electronic Remittances Advices
- Patient Statements
- Postage
- Pre-Collection Services
- Revenue Cycle Personnel Costs
  - Salaries and Wages, Employee Benefits and Taxes

**Information Technology Costs:**
- Original Cost of Health Information System (HIS)
- HIS Annual Maintenance Fee
- System Support and Maintenance Fees

**Accounting Services Costs:**
- Annual Accounting Expense (excluding audit & tax filing)

### Value Proposition - Outsourcing Revenue Cycle, Accounting and Information Technology Definitions

**Revenue Cycle Metrics:**

**Annual Patient Volume**
The number of patients that have had surgery during the most recent twelve months or calendar year

**Annual Gross Revenue**
Gross revenue (before statutory or contractual adjustments, discounts, write-offs or bad debts) generated during the most recent twelve months or calendar year

**Annual Net Revenue**
Net revenue (after statutory or contractual adjustments, discounts, write-offs or bad debts) generated during the most recent twelve months or calendar year

**Accounts Receivable Balance, Gross**
Total amount of accounts receivable before allowances for uncollectible accounts, reserves for contractual, statutory adjustments, discounts and write-offs

**Accounts Receivable Balance, Net**
Total amount of accounts receivable after allowances for uncollectible accounts, reserves for contractual, statutory adjustments, discounts and write-offs

**% of Accounts Receivable Greater than 90 days**
The percent of total accounts receivable balance that is older than ninety days

**Number of Open Accounts**
The total number of accounts that have a balance (both debit and credit balances) in accounts receivable
Revenue Cycle Costs:

**Pre-authorization**
Annual costs incurred to pre-authorize patients for services with insurance companies, payors and government entities

**Transcription**
Annual costs incurred for transcription services - transcribing of services performed for each patient

**Coding**
Annual costs incurred to code patient services (procedure and diagnosis)

**Electronic Claims Submission**
Annual costs incurred to electronically submit claims to insurance companies, payors and government entities

**Electronic Remittances Advices**
Annual costs incurred to receive electronic remittances from insurance companies, payors and government entities

**Patient Statements**
Annual costs incurred to send monthly statements to patients for self-pay and patient portion of bills

**Postage**
Annual costs incurred to deliver hardcopy claims, patient statements and to communicate with payors and patients

**Pre-Collection Services**
Annual costs for pre-collection services, including pre-collection letters to patients and account follow-up services performed by an outside entity

**Revenue Cycle Personnel Costs**
- **Salaries and Wages**
  Annual salaries and wages paid to employees responsible for revenue cycle functions, i.e. pre-authorization, transcription, coding, billing, payment & adjustment posting, account follow-up and collections
- **Employee Benefits and Taxes**
  Annual employee benefit and taxes related to employees responsible for revenue cycle functions

Information Technology Costs:

**Original Cost of Health Information System (HIS)**
Total cost incurred to purchase health information system license and server to host the application

**HIS Annual Maintenance Fee**
Maintenance and support fees typically charged by health information system software vendors

**System Support and Maintenance Fees**
Annual costs incurred to have an I.T. consult provide hardware and software support and system maintenance services

Accounting Services Costs:

**Annual Accounting Expense (excluding audit & tax filing)**
Annual costs incurred to prepare monthly financial statements, reconcile bank accounts, prepare budgets, prepare board reports, etc.