
By William Stuckert
President and CEO
CDO Squared, Inc.

1. AVERAGE REIMBURSEMENTS

Understanding your revenue and cash flow analytics is key to segmenting your geographic footprint for optimized profitability. Since not all locations provide the best margins, understanding the payer mix and geo-economic impact will help you avoid lower margin areas and provide a plan for staging your fleet in areas that provide maximum profitability. While the majority of private ambulance companies pick up and drop off at hospitals, nursing homes, assisted living, dialysis centers, homes, and doctor's facilities, don't assume that just because you are in an affluent zip code that it will provide a good payer mix for maximum reimbursement. Only revenue analytics can help you understand the true value of that location—which in turn helps you schedule your staff and stage assets geographically to be available for more profitable calls. As the analytics provide insight into the most profitable reimbursement mix, you'll be able to better manage your unprofitable BLS transports, versus highly profitable ALS and CCT transports.

2. PAYER MIX

With the Affordable Care Act, payer mixes are rapidly changing and ambulance companies must keep a watchful eye on areas that may have been profitable in the past but less profitable today. With the push by many states to move Medicaid patients into Commercial Managed Medicaid programs requiring prior authorizations for all non-emergency calls, ambulance companies must choose a payer mix that provides a balance between reasonable profitability and those with a level of reimbursement almost equal to Charity care that many states have set their fee schedules. Understanding the payer mix of the areas you operate in will help you make sound business decisions. Also marketing to those facilities that provide reasonable reimbursements and a reasonable payor mix can have a huge impact on your overall operation. Validating and measuring your facilities operational metrics, including: ambulance positioning, crew scheduling, acceptable response times for pick up, and transport time is key to successfully marketing to those facilities and building solid business relationships. By understanding your payer mix, you are also able to grow your business more intelligently by deciding where to add more units and staff for the best return on investment.

3. CLAIMS DENIAL

In today's managed-care environment, claims that used to be rapidly approved at 100% of billed charges are now more likely to be denied or paid incorrectly. Examples include: Payments sent to patients, lower percentage of billed charges without a contracted fee schedule, lack of prior authorization or approval, timely-filing. With the ability for Managed Medicaid and Medicare patients to change commercial insurance frequently, ambulance companies now have huge amounts of data to track. That's why an ambulance company must use advanced revenue cycle management (RCM) tools to track and analyze all the desperate data. Without those tools, ambulance companies can miss a large amount of the revenue they are due. Look for RCM tools that track historical payers by patient and not by run, with multiple eligibility dates and payers within the patient accounts of your frequent fliers. Don't just dismiss denials, find an RCM system that has the ability to analyze denials and build work lists with accountability for unpaid claims that are completely written-off or underpaid for any reason. Improving your collections workflow and processes with an RCM tool set based on the 2016 healthcare environment is the first step. An effective RCM system will provide insight into the intake process. This allows you to get better eligibility information and payor requirements before the patient is picked up. It also lets you know who to bill and assures that you will get paid before the run begins.

4. UHU

Understand your unit hour utilization. It's a simple formula that divides the number of assignments by staffed unit hours. Instead of only dividing assignments by unit hours, we have developed proprietary algorithms that include the payer mix as a weighted calculation using fee schedules and reimbursement trends to give you an enhanced view of your operational effectiveness. While some companies shoot for a .50 UHU, if they're not analyzing their payers through weighted averages, in 2016 even a .5 UHU can spell trouble in many urban markets. That's why we use a system called UHU-Plus™, that provides an enhanced view of profitability.