

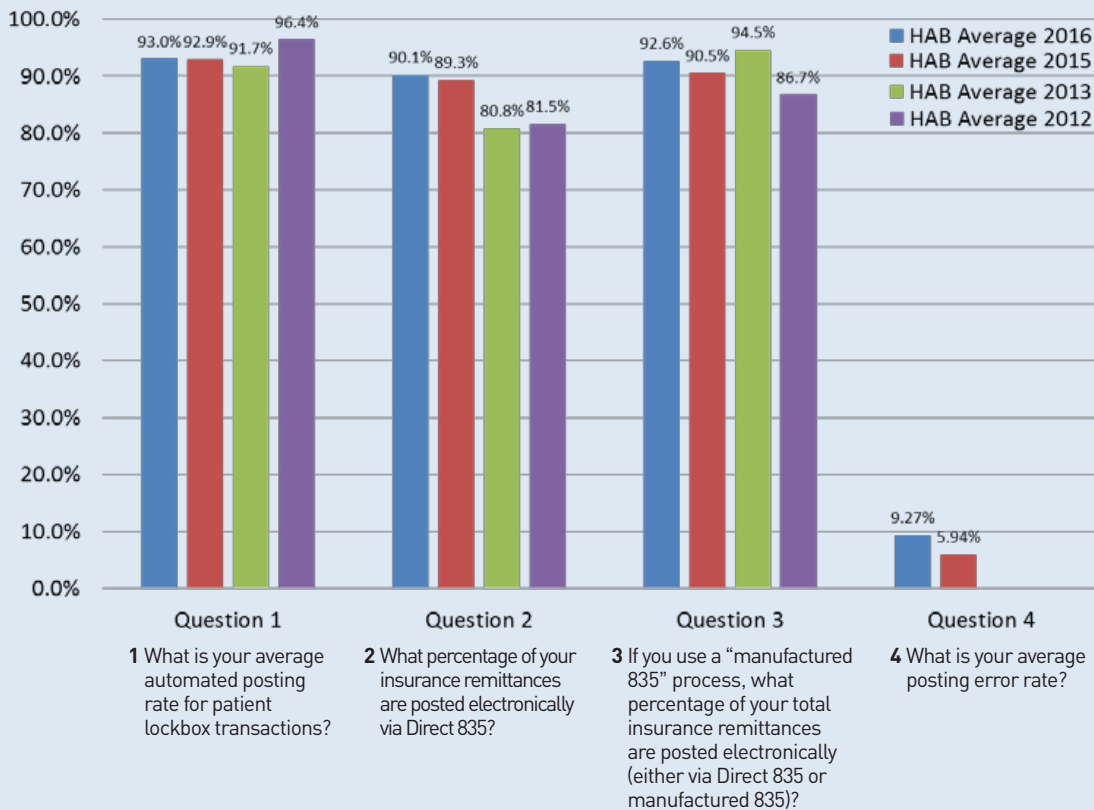
# BENCHMARKING CASH POSTING AUTOMATION

## PNC Healthcare 2016 Survey Shows Mixed Results



Each year, PNC surveys our Healthcare Client Advisory Board members regarding their cash posting processes. The purpose of the survey is to track trends in cash posting automation and associated cost reduction. The PNC Healthcare Client Advisory Board is composed of 20 representatives from 17 large health systems across the U.S. The survey results provide excellent benchmarks for other health systems seeking efficiency and cost reduction through posting automation, in addition to helping Advisory Board members track their own progress against their peer group.

Comparison of Survey Averages Since 2012



### WHAT IS YOUR AVERAGE AUTOMATED POSTING RATE FOR PATIENT LOCKBOX TRANSACTIONS?

The patient lockbox automated posting rate remained nearly flat compared to the 2015 average (93% versus 92.9%). The highest posting average (96.4%) was measured in 2012. Reasons for this fluctuation may include mergers with less-automated healthcare providers and conversions to new systems like Epic, which change posting processes.

### WHAT PERCENTAGE OF YOUR INSURANCE REMITTANCES ARE POSTED ELECTRONICALLY VIA DIRECT 835?

System upgrades may also account for the significant increase in use of electronic remittances (Direct 835s), as newer systems can process electronic remittances more efficiently. The average for 2016 was 90.1%, versus an average of 81.5% in 2012.

### IF YOU USE A “MANUFACTURED 835” PROCESS, WHAT PERCENTAGE OF YOUR TOTAL INSURANCE REMITTANCES ARE POSTED ELECTRONICALLY (EITHER VIA DIRECT 835 OR MANUFACTURED 835)?

The combined effect of Direct 835 and “manufactured” 835s on automated posting also showed improvement over 2015 (92.6% in 2016 versus 90.5% in 2015). Several survey participants reported Direct 835 enrollments in excess of 95% of total insurance claims and two survey participants reported total electronic posting (Direct 835s and manufactured 835s) in excess of 98% of total insurance claims.

### WHAT IS YOUR AVERAGE POSTING ERROR RATE?

The question about posting error rates was added in 2015. The average reported error rate increased to 9.27% in 2016 (from 5.94% in 2015). This question showed significant variations among the survey participants, with reported error rates ranging from a high of 20% to a low of .01%. Issues causing higher error rates (reported anecdotally) included inconsistencies in payer data related to recoupments or adjustments and increased use of bank and other bill payment services that cause patient payments to be received with incorrect account numbers.



### WHAT IS YOUR AVERAGE REVENUE CYCLE COST TO COLLECT, USING THE HFMA STANDARD MINUS HEALTH INFORMATION MANAGEMENT (HIM) COSTS?

Cost to collect was flat from 2015 to 2016 at \$0.027 for every revenue dollar collected. This metric, which is a standard HFMA measurement, ranged from a low of \$0.022 per dollar collected to a high of \$0.03 per dollar collected among 2016 survey participants.

### WHAT IS YOUR AVERAGE COST TO POST, MEASURED BY DIVIDING TOTAL COSTS TO POST PAYMENTS BY TOTAL CLAIMS POSTED?

The related metric, cost to post, increased to \$0.267 from \$0.237 per claim. Anecdotal evidence from Advisory Board members suggests that this increase was driven primarily by mergers with less automated health systems.

### WHAT ARE YOUR AVERAGE DAYS IN UNPOSTED CASH?

The wide variation in results, ranging from 0.3 days in average unposted cash to 38 days in unposted cash suggests either uncertainty on the part of respondents in how to measure unposted cash or issues with regional payers that may have slowed the cash posting process. The survey average of 10.9 days is probably not meaningful due to the wide variation in individual responses.

## PROGRESS — AND MIXED RESULTS

Despite mixed results, the 2016 Cash Posting Survey shows continued progress in automating cash posting, and offers a benchmark regarding what is achievable in the area of automated remittance posting. Several respondents reported automated posting of insurance claims at rates exceeding 95% and two respondents reported 98% automated posting rates.

The fact that cost to collect and cost to post have not decreased significantly may point to one or more of these factors:

- Successful organizations may have reached their limits in terms of reducing expense in areas related to cash collections. Even in revenue cycle offices with 98% automation, FTEs are still required to work exceptions.
- Revenue increases derived from automation (such as collecting more denials) may have been offset by changes in payer reimbursement models that reduce revenue, negating the effect of cost reductions in the calculations for cost to collect and cost to post.

## ADDITIONAL POTENTIAL FOR COST REDUCTION

These factors suggest that healthcare providers may need to look to areas outside of cash posting for cost reduction or revenue enhancement opportunities. Improving follow-up activities through projects such as automating document image import and improved denial prevention could increase revenue and improve metrics.



### READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. To learn more about how we can bring ideas, insight and solutions to you, please contact your PNC Healthcare representative or visit [pnc.com/healthcare](http://pnc.com/healthcare).

Results described herein were experienced by these PNC Advisory Board Member survey participants. Results for other organizations may vary.

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