Charge Capture: Does Your Process Ensure Accuracy of the Revenue Cycle?

By Paul Albano, PD, and Forest Britt, CMPE

As oncology practices work to succeed in today's environment of decreasing reimbursement and the increasing cost of new drugs, having an efficient and effective charge capture program in place is absolutely essential to practice success. Every oncology practice will readily admit that charge capture is an important process to perform in order to prevent lost charges for services provided.

Most practices have a process for evaluating charge capture accuracy, such as the following:

- Compare drug purchases versus drug charges
- Patient level comparison of dispensing records (Pyxis; Cardinal Health, Dublin, OH) versus billing records
- Drug quantities recorded on the encounter form compared with drug quantities billed

The first method gives a global snapshot of the drug volume being purchased versus utilized at a practice over a broad period of time, such as 6 months or 1 year. The second method compares drugs removed from Pyxis with patient encounter forms or billing records, and the third method compares encounter form information with billing records.

Each method has inherent limitations or loopholes that could allow missed charges, or over-billing, which is equally concerning. Comparing drug-specific purchases to charges over a time period helps quantify the variance or loss, but tracking down the variance can be cumbersome and time consuming and does not take into account changes in inventory on hand. Comparing patient specific dispensing records with encounter forms addresses missed charges, but does not capture billing/coding keying errors, inventory loss, or undocumented waste.

Many practices think that their current processes are capturing all errors or missed charges. However, there might still be an opportunity to further refine the process since even an additional 1% of identified missed charges or errors can be valuable in today's challenging reimbursement environment. This article reviews the key components to charge capture. We use as an illustration the Inventory Roll Forward Analysis process for ensuring accuracy of the revenue cycle.

Pharmacists at Oncology Pharmaceutical Services (OPS) have found the Inventory Roll-Forward Analysis to be a superior

tool for analyzing all drug inventory movement from the time of purchase until submitting billing for reimbursement. "The Inventory Roll-Forward is absolutely the most robust method for charge capture," said Nicky Dozier, PharmD, Director of Health Outcomes for US Oncology. "It captures not only what happens between the encounter form and the business office, but also accounts for a number of things the nursing and pharmacy staff would never otherwise see."

Experts outside the US Oncology network use similar methods as well. Ricky Newton, CPA, Director for Cancer Specialists of Tidewater (Chesapeake, Virginia) and oncology business consultant, agrees with using some type of analysis that looks at inventory, purchases, and charges on a regular basis to ensure accurate charge capture. He uses a software program (AnalyzeIt; International Oncology Network, Frisco, TX) that he developed and sells to evaluate charge capture accuracy. The software takes into account beginning inventory, purchases, and ending inventory and compares what was used to what was actually charged. "Through this process, I know, accurately every month if I missed charging for any drug, and if so I can go back and recapture those lost charges," says Newton.

According to Chet Freeman, DPh, OPS Pharmacy Manager, "One of the major advantages is how the charge capture program can bring various departments in a practice together." Many times nurses and the billing office work independently of one another and the Inventory Roll-Forward Analysis fosters teamwork and an understanding of how everyone plays a role in the success of the practice. "Whether you find \$50,000 of missed charges or validate that you had a clean month, it's a valuable process for the practice." Janet Baker, Practice Administrator, and Kim Ross, RN, Nurse Manager, for Oncology Specialists of Charlotte sit down with their OPS consultant pharmacist each month to review the results. "We have benefited greatly from having our OPS pharmacist do the monthly analysis. As busy as we are, we simply do not have the time or resources to do this ourselves every month."

One of the challenges in the Inventory Roll-Forward Analysis is converting purchased units to billing units. For example, Aloxi (MGI Pharma, Bloomington, MN) is purchased in units of 0.25 mg/5 mL single dose vials, which is billed as 10 J-code units of 25 µg each. While the mathematical calculation is not complex, having an automated Excel (Microsoft Corp, Redmond, Washington) spreadsheet with formulas to do the conversion is essential in making the process accurate and efficient. Newton uses his software for

this process and pharmacists at US Oncology rely on automated software, as well, to convert purchased units to billable units.

The process begins with monthly drug purchases being downloaded into a spreadsheet, and added to the beginning of the month inventory for each drug. The month's ending inventory is subtracted from this available quantity and any transfers in or out of stock are taken into account. The resulting figure represents what should have been billed for the month. When this calculated number is compared to the practice's J-code billing report for the month, a variance by J-code is identified. One additional tool that can help in tracking down variances is a log for drug wastage, compensated and noncompensated.

As an example of the process, assume you had 35 syringes of 200 μg of Aranesp on hand at the beginning of the month and purchased 100 syringes during the month, there should be a total of 135 available. The on hand inventory at the end of the month was 50. The calculation shows that you should have billed for 85 syringes or 17,000 J-code units, but the J-code billing report shows only 15,000 units billed. There is a variance of 2,000 J-code units. At a minimum, this represents over \$6,000 in possible lost revenue depending on payer fee schedules.

Example: Aranesp 200 μg converted to J-code units

Aranesp 200 μg	Beginning Inventory	Purchases	Ending Inventory	Calculated Billing	Billed	Variance
	7,000 μg	+ 20,000 μg	- 10,000 μg	= 17,000 μg versus	15,000 μg	= 2,000 μg

One practice we worked with had “flip-flopped” J-codes between two products and could have faced a loss of \$30,000 if the charge capture review had not been done. As mentioned previously, the process can also reveal overbilling. This happened at one site, but was identified through the analysis and the practice notified the payer proactively to correct the error.

With chemotherapy and biologic drugs accounting for as much as 75% of a practice's revenue and expense, ensuring accuracy of the revenue cycle is critical for practice success.

It's important not to become overly confident in your own processes. Until the process is fully automated, human errors will occur. According to Newton, “we have a very tight system and are running on electronic medical records and we still miss a drug (usually an erythropoiesis-stimulating agent) each month because we still have people inputting the information into the records at different phases.” One of the biggest challenges for practices is devoting the time and staff to perform the analysis every month. Newton says that he spends about an hour each month doing this reconciliation, but feels the time is well spent as he recovers tens of thousands of dollars a year due to mistakes that occur each month. Performing the analysis consistently is important, because the dollars missed can vary significantly month to month. One practice had less than \$2,000 in routine errors for several months, and then 1 month found more than \$29,000 in missed charges in a single month.

There can be a number of explanations for variances, such as lost charge tickets, uncompensated waste, and miskeyed quantities (ie, 10 v 100). The Inventory Roll-Forward process helps the practice capture all these errors.

While the mission of oncology practices is caring for patients with cancer, practices are best equipped to carry on this mission if they are thriving. A successful charge capture process is an important business strategy to enable your practice to thrive.

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