



**e-Blast December 2009 - SPECIAL HOLIDAY ISSUE**



**Happy Holidays**

This is a time when families gather together from near and far to celebrate the holiday season. As we enter into this season of joy and look forward to the New Year, it is important to recognize those people who make a difference in our lives. ARI would like to thank all of our colleagues and clients for improving the quality of life for their patients. We would also like to thank the family members of our colleagues and clients who are serving in the military for protecting our freedom. The ARI team wishes you all a very happy, healthy, safe holiday season!



**Mediware Acquires Advantage Reimbursement**

Advantage Reimbursement was acquired by Mediware of Lenexa, Kansas on December 11, 2009. In a Press Release on September 16, 2009 Kelly Mann, President and CEO of Mediware stated "The ARI acquisition adds an outsourcing business that manages reimbursement and collections throughout the United States to Mediware's product portfolio." ARI will operate as a wholly owned subsidiary of Mediware as Advantage Reimbursement, LLC. Jeanne Lugli, ARI General Manager since its inception states "I am thrilled about becoming part of the Mediware team. It will be great for our employees and our customers". For more information please visit our website at [www.advantage-reimbursement.com](http://www.advantage-reimbursement.com).



**It's All About Giving**

How many times in our lives have we heard the saying "it is better to give than receive"? Small acts of kindness can have a large impact on peoples' lives, especially during tough financial times. Advantage Reimbursement was invited to attend a fundraiser at Infusion Resource in East Providence, Rhode Island for the original Director of Pharmacy and her husband. Infusion Resource provides home infusion therapy to homecare patients in their ambulatory suite and in patient homes. Unfortunately, the Director of Pharmacy and her husband are both battling cancer. Advantage Reimbursement was honored to attend the event and make a contribution to the fund. Pictured on left are Bernie Lambrese, Owner and C.O.O. of Infusion Resource, Brenda Langlais, Manager, ARI and Tricia White, Sr. RC. ARI.

**DSO Management**

Days Sales Outstanding: How much time does it takes to turn your revenue into cash? You would be surprised at how many home infusion and RT/DME companies do not have any idea what their DSO is, how it is derived or what they can do to reduce he DSO.

Know your DSO: Reimbursement rates are lower and the days to collect are shorter. Just as you expect your paycheck to be presented to you in a timely manner so that you can pay your bills, your organization expects to be paid for services rendered in a timely manner so that they can pay their bills. One of the ways an organization can regulate cash flow is by DSO management.

### How is the DSO calculated?

There are several ways to calculate DSO. You can calculate a gross or net DSO or a blended mix. By way of example assume that the Billing Month is April and that the amount of Accounts Receivable outstanding on April 30 was \$900,000. Assumption is that you have a 5% bad debt reserve. Therefore, the AR amount would be reduced by \$45,000 (which represents the Bad Debt Reserve of 5%). The resulting AR that will be used in the calculation of DSO would be \$855,000. The amount of Net Sales made in January, February and March was \$300,000 per month. The DSO would be calculated as follows:

$$\$855,000 / (\$300,000 + \$300,000 + \$300,000)/90 = 85.5 = \text{DSO}$$

In the past the DSO for the infusion industry was continually quoted as 120 days due to the complexity. As time went on and some standards were developed, the average is much closer to 80-90 days. However with electronic billing and an expert team of billers and collectors DSO's for home infusion continue to decline. DSOs for RT/DME have always been typically much lower.

### What things can you do to manage your DSO?

There are many things you can do to reduce or manage the DSO. First and foremost, make sure your staff is well trained in the intake process and the billing and collections process and that you have a specific process for the staff to follow. Your staff should have a clear understanding of how their role can impact the DSO. Here are some guidelines for your staff to follow:

- *Payer coverage:* Understand what (if anything) a payer will reimburse before you take the patient on service. Determining what is covered and what is not covered will lead to more accurate revenue reporting and less bad debt write-offs. Not all payers even cover home infusion therapy including some state Medicaid plans. Your success hinges upon attaining the proper payer coverage.
- *Delivery Confirmation:* A bill cannot be created until delivery is confirmed. While it is important to validate you have proof of delivery, once you do, the delivery should be confirmed. Don't hold all deliveries to confirm once per week, etc. The sooner the delivery is confirmed, the sooner you can create the bill.
- *Authorizations:* Make sure you determine whether or not an authorization is required for the services you are rendering UP FRONT, what the authorization covers, how long the authorization is good for and when it will expire. Typically you must obtain authorizations prior to services being rendered. Tracking authorizations is equally as important. Be sure you have good tracking system for authorizations. If your technology does not enable you to track information you must have a manual process. Many payers will not authorize a retroactive request.
- *Self Pay:* Collect as much self-pay money up front as possible. Prior to services, the patient or family member is motivated to make a payment to obtain services in a timely manner. Once on service your chances of collecting money from the patient or a family member are significantly reduced. In many instances the cash becomes uncollectible. Make sure your staff members are well trained in making payment arrangements up front and that they are given the tools necessary to do an effective, professional job.
- *Electronic Claims:* Send claims electronically whenever possible. The turnaround time is much quicker. Whenever you can eliminate human intervention, which is always required with paper claims, do so!
- *Get it right the first time:* Make sure your collectors are carefully reviewing claims that were either partially paid or denied and that this information is communicated to the billers. All too often billers will keep sending the same claim out month after month without correcting any errors that caused the claim to reject or be partially paid.
- *Timely Filing:* Clearly this is money left on the table which should have been collectible. Put a process in place to ensure all claims are on file and in process within the specified deadline. You should be able to run a report from you system, or you can subscribe to a third party vendor, such as Rock Pond Solutions who are able to build custom reports based on your needs.

### **Quote of the Month**

"Generosity is giving more than you can, and pride is taking less than you need." *Kahlil Glibran*

## Tips of the Month:

### Filing a Medicare Claim.

**Medicare allows you over two years in some instances to file a claim.** Once the claim is filed you often only get 120 days for a timely appeal. Get it right the first time.

Any claims for **10/01/07-9/30/08** (that have not been filed) have a filing limit of 12/31/09. Review your aging to ensure everything is on file before time slips away!

### Medicare Training Requirement.

**Medicare requires completion of Fraud, Waste and Abuse Training by December 31, 2009.**

The Centers for Medicare and Medicaid Services (CMS) requires Part D Plans to have a comprehensive plan to detect, prevent and control fraud, waste and abuse (FWA) in the Medicare Part D program. An element of the plan includes fraud, waste and abuse training and education. Medicare Part D contracted pharmacies and their employees must participate in fraud, waste and abuse training annually. For more information see:

[http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/PDBManual\\_Chapter9\\_FWA.pdf](http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/PDBManual_Chapter9_FWA.pdf).

### How Well Do You Know Your Colleagues/Reimbursement Partners?

If you recall in our first e-Blast we mentioned the "Wizard of Oz" when referring to how well we know the person behind the curtain. The author, Lyman Frank Baum was born in New York and the main character in the story, Dorothy Gale came from Kansas. This month's employee "Behind the Curtain" has something in common with the author and main character of the story.



### Behind the Curtain: Introducing Tricia White

A native New Yorker, Tricia arrived in Kansas 11 years ago so that her daughter, Samantha could prepare for U.S. gymnastics competitions. In 2002 Tricia began her career in the home care/DME industry working for Coram Healthcare. When she received her first payment on a claim she had processed she knew right away that this was the career for her. In 2006, Coram sold their DME business and Tricia was

retained by ARI as a consultant working on collection projects.

So how did she end up in Massachusetts? ARI had a full time Sr. Reimbursement position available in the Andover, MA office and offered Tricia the position. Tricia's Medicare DME expertise would compliment many other talents and expertise within the ARI office. Tricia decided to re-locate so that she would be closer to her New York roots and would be able to see her mom and her extended family more often. Tricia also saw that joining the ARI team would be a great business opportunity for her.

Each time we interview a candidate for "Behind the Curtain" we often find their outside activities are very different than what we might have imagined. Tricia enjoys on-line poker and has become a millionaire (in fake chips only). Tricia also loves to drive her own motorcycle, is an amateur photographer and is learning Arabic.

When we asked Tricia what she liked best about working at ARI, Tricia had so much to share. The highlights were that she loves working for a small company that is growing, has seen great opportunities for advancement and has the flexibility to showcase her talent. She told us that "everyday is an adventure" and "the talent base is immeasurable". She attributes this to Jeanne Lugli, GM who has provided "training that is invaluable". On a final note, Tricia was happy to share with us as her eyes glistened "my daughter has decided to move back east to live with me". What a nice Christmas gift Tricia will be receiving this year!

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