
Key Performance Indicators and Metrics for ASCs to Measure Effectiveness of Billing Operations



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ASCs must track KPIs daily, weekly, monthly, and annually. ASC performance must be measured to keep your business and patients healthy. Financial benchmarks can help you monitor and improve your ASC's clinical and financial performance.

However, monitoring, analysing, and comparing ambulatory surgery center metrics to industry averages is the key to business success. This article covers benchmarking analysis with ROI ratios to accurately assess and optimise your ASC's performance.

ASCs can improve revenue cycle performance by monitoring and analysing KPIs. This helps identify issues that lower revenue and profits faster and implement data-driven solutions.

Track ASC Key Performance Indicators Effectively With the 4Cs

Clear, consistent, consequential, and connected KPI stats improve revenue cycle management.

Ambulatory surgery centers looking to improve revenue cycle management should start by identifying the most important KPIs. To stay profitable, ASCs must monitor their billing processes, from A/R average age to cash collections as a percentage of net revenue.

1) Clear-Cut

Your ambulatory surgery center needs clear data to benefit from KPIs. Thus, data should be simple to calculate. "Percent of A/R greater than 90 days" is an easy KPI to calculate.

Avoid revenue cycle management KPI calculations that raise questions. KPIs should explain how and why you arrived at a particular figure and decision based on the data.

2) Consistent

ASCs struggle to manage their revenue cycle because it takes time and effort. Regularly collect and analyse ASC KPI data. Monthly is good; weekly or daily is better.

Many ASCs only review revenue cycle performance once a year, making it hard to spot trends. You may discover an issue after it's escalated and caused unrecoverable revenue. Data analysis can detect and fix issues early.

3) Consequential

Measure processes that affect your ASC's revenue cycle. Tracking, collecting, and analysing may not be necessary if what's being measured doesn't affect your business's cash flow. Since data can be collected and measured indefinitely, it's crucial to identify the metrics that matter most

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to your revenue cycle goals and performance.

4) Connected

ASC revenue cycle improvements usually require an integrated approach. Operations and revenue cycle chain personnel are affected. Your KPI-centric plan must be supported by surgery center stakeholders, who must agree on calculations, buy into the process, and commit to data-driven improvements. The revenue cycle team must understand how their role contributes to improving performance. Teamwork is required.

Taking Your ASC Revenue Cycle Performance to a Higher Level

KPIs neatly organise the data needed to show your ambulatory surgery center's revenue cycle management process's strengths and weaknesses, but if you don't track them, you could be in the dark. Remember the four Cs before diving into data and analytics. They will help you improve ASC revenue cycle performance.

Ambulatory Surgery Center Metrics To Measure Effectiveness Of Billing Operations

ASCs help patients receive efficient and affordable healthcare. ASCs need efficient billing to stay afloat. ASCs use KPIs and metrics to evaluate billing processes. This article discusses the KPIs and metrics ASCs should track to assess billing efficiency and accuracy.

Benchmarking Analysis: ASC Metrics to Include

Assessing your ASC's financial health requires tracking KPIs over time and comparing internal metrics to industry benchmarks. Doing so shows your strengths and weaknesses compared to comparable facilities.

The Ambulatory Surgery Center Association (ASCA) Clinical and Operating Benchmarking Survey and AAAHC benchmarking studies are two external benchmarking resources. Let's discuss ASC benchmarking analysis.

Profitability Ratios

Measure the profitability ratios of your center, which will show you how your operations are performing. Included in the section metrics are:

- Margin of profit as a proportion of net revenue. More is better! Keep a profit margin of 20%. Depending on your market, surgical specialty mix, cases, operating costs, and other factors, it may be higher or lower. Profit averages 25%.
- Return on total assets shows how profitable an investment was. The industry average is 37% per year.
- Return on owner's equity is a way to measure the return on investment. The annual average of an industry is 82%.
- Contribution margin, the percentage of net revenue available to cover fixed costs, has a wide range of possible values depending on center-specific factors such as capacity and specialty mix.
- Operating expenses as a percentage of net revenue. Consistency matters here. Rework your payer contracts if your metrics are off and your net revenue is low. It's possible that you have overstaffed your center. Personnel costs for net revenue average 25–28%, and medical supplies per case 20–25%.

Asset Management/Activity Ratios

Asset management and activity ratios measure how well your ASC manages and uses its assets. Track this:

- Accounts receivable average revenue days determine service payment terms. ASCs prefer 20–25 days for invoice-to-payment. The industry annual average is 41 days.
- Inventory turns, or annual inventory turnover. The industry average is seven times per year, but it should be 11–12.
- Revenue-generating fixed/total asset utilisation. Industry averages are 1–2.

Debt Management Ratios

Debt management ratios measure your ASC's debt and leverage. To calculate yours, measure:

- The debt-to-asset ratio. Industry debt to total assets averages 38%. Remember that higher numbers increase risk.
- Industry average debt coverage ratio is 1.0. (Less is better!)
- Times the interest earned, which shows how well a center can pay back its debts. The number should be as high as possible. The average for the industry is 14%.

Liquidity Ratios

Liquidity ratios show a center's obligations. Short-term solvency determines liquidity. Remeasure without inventory. Annual industry averages are under two.

A/R Age

Finally, A/R ageing categorises unpaid invoice balances by time. Percent per ageing categories are industry averages, not best practices. Ideally, the highest percentage of unpaid invoices falls in the 0-30 day range.

Annual averages for A/R ageing are:

- 0-30 days - 53.4%
- 31-60 days - 17.2%
- 61-90 days - 8.2%
- 91-120 days - 5.4%
- More than 120 days - 15.8%

Maximising Your ASC's Profitability and Effectiveness

By measuring your ASC's effectiveness, you can identify areas for improvement, gain better control over your revenue cycle performance, and offer top-quality care for the patients you see in your facility.

[Outsourcing ASC billing services](#) to specialised companies has many benefits. It helps ASCs improve accuracy and efficiency by using experienced billing professionals. ASCs can save money by outsourcing by not investing in billing software, training, or staff salaries. Billing companies also keep up with healthcare regulations and ensure compliance, reducing errors and audits.

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