

Practice At a Glance Instructions

1. Certain fields in the spreadsheet are locked or protected so that you do not erase some of the formulas or calculations.

You only need to enter data in the yellow highlighted areas. The remaining fields will calculate automatically.

2. The spreadsheet is set up to be completed on a rolling basis, not on a year-to-date basis. This means that you will have data on the past 12 months at all times. This means that you will sometimes have data for the previous year and current year included on the sheet (the only exception is if the current month is December). Starting with January data, you will have data for January of the current year and 11 months of data from the previous year. The bold line under the month shows data from the previous year and data above the bold line includes data from the current year.

2. This form can be used to track data for the following;

- a. Each provider on an individual basis
- b. Each provider at each practice location
- c. Special cost centers such as lab, cosmetic, products, etc.
- d. Practice totals for all providers, all services

3. Definitions

Gross charges: This includes the total of all charges entered into the system during that month.

W/O (write-offs): This includes all write offs and adjustments included on your adjustment report.

Net Receipts: This includes all money posted during that month. This includes patient payments and insurance payments.

A/R Total

(Insurance Only): This is the total amount of unpaid insurance claims that are in the system for all categories (e.g., current, 31 to 60 days, 61 to 90 days, and over 90 days). Your goal should be to have no more than 150 percent (1.5 times) of your gross charges in your A/R total. (For example, if your gross monthly charges are \$100,000.00 then your A/R Total Insurance Only amount should be no more than \$150,000.00 or 1.5 times your monthly gross.)

A/R Change: The spreadsheet will automatically calculate this total. It represents how much the A/R increased or decreased from the previous month.

>90 Insurance Only: This amount represents the total amount of unpaid insurance claims that are in the system for all categories over 90 days (e.g., 91 to 120, 121 to 150, 151 to 180 and so on. Add all categories and represent this as one total).

%A/R over 90 days: The spreadsheet will automatically calculate this total. This number represents the total percentage of your insurance revenue that remains unpaid over 90 days. Your goal should be to have no more than 10% of your A/R in the Insurance Only total more than 90 days. This amount will be automatically filled in by the computer when filling in your data.

of Charges: Enter the number of CPT codes (line-items) you billed that month

4. Number crunching

You will want to calculate several ratios:

- a. Adjustment ratio
- b. Collections ratio

Adjustment ratio: This represents the amount your office writes off per month as well as your average for the past 12 months.

Current month adjustment ratio: Divide the write off amount by the gross charges. In our sample sheet look at the January data. You would divide \$24,446 by \$69,730 = 35%. Your collection ratio for January would be 35%.

Annual adjustment rate: Add up all the adjustments for the 12 months represented on your sheet. Divide those by the total gross charges for the same period. In our sample sheet, your collection ratio for year would be: \$339,236 divided by \$1,114,484.57 = 30%.

Collections ratio: This figure is usually figured on a quarterly, semi-annually or yearly basis. To obtain this number, you take your gross and subtract the

adjustments (e.g., W/O). This is your adjusted gross. You then divide the net receipts by the adjusted gross to obtain the collections ratio.

In our example we'll determine the annual collections ratio. Take the gross charges for the entire 12-month cycle (\$1,114,482.00). Subtract the total adjustments for the 12-month cycle (\$339,236.00). That amount equals your adjusted gross \$775,246.00 (e.g., \$1,114,482 minus \$339,236 = \$775,246.00.) Then divide the adjusted gross by the net receipts to obtain your collection ratio (e.g., \$775,246 divided by \$775,078 = 100%. In our example the practice's collection ratio is 100%.

Days in A/R: This number is obtained by taking the gross charges and dividing by the A/R total. Let's use two examples in our sample sheet.

Monthly for January: Divide \$69,730 by \$64,785.00 = 1.07 and multiply by 30 days = 32.10. 32.10 is the number of days it takes for a claim to be paid from the date of service until it's in the bank.

Annual Average: Divide \$1,114,482 by \$1,225,403 (totals for 12 months A/R) = 0.90 Multiply 0.90 x 30 days = 27 days in A/R.

There you have it. Your Practice at a Glance.