

Accounts Receivable – Commercial & MHS Methodologies

Presented By
Mr. Don Borchert & Chris Eaton

28 August 2018 0800-0900 EDT

30 August 2018 1400-1500 EDT

For entry into the webinar, log into: https://federaladvisory.adobeconnect.com/ubo_webinar **Enter as a guest with your full name and Service or NCR MD affiliation for attendance verification.**

Instructions for CEU credit are at the end of this presentation.

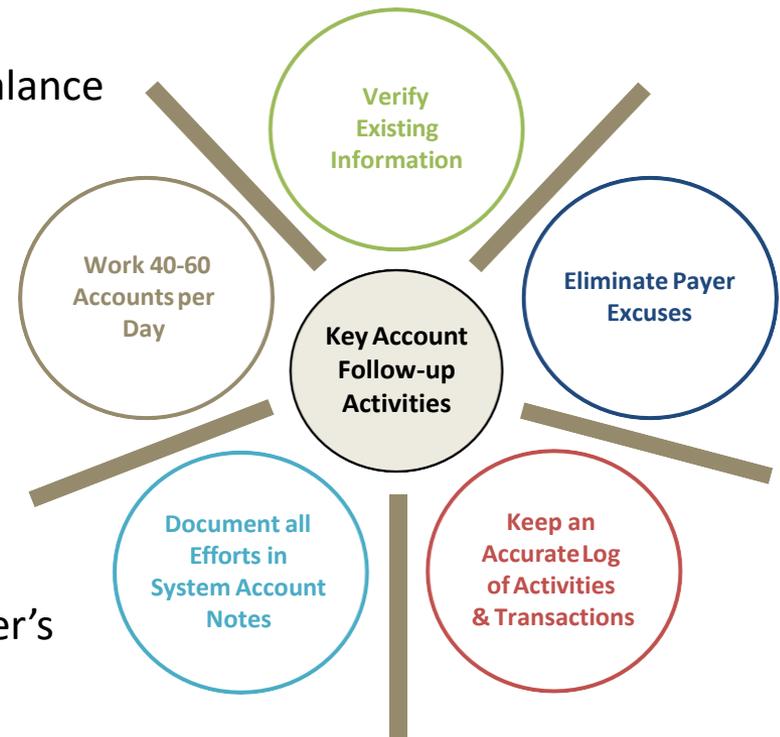
View and listen to the webinar through your computer or Web-enabled mobile device. Note: The DHA UBO Program Office is not responsible for and does not reimburse any airtime, data, roaming or other charges for mobile, wireless and any other internet connections and use.

If you need technical assistance with this webinar, contact us at webmeeting@federaladvisory.com

You may submit a question or request technical assistance at any during a live broadcast time by entering it into the "Question" field of Adobe Connect.

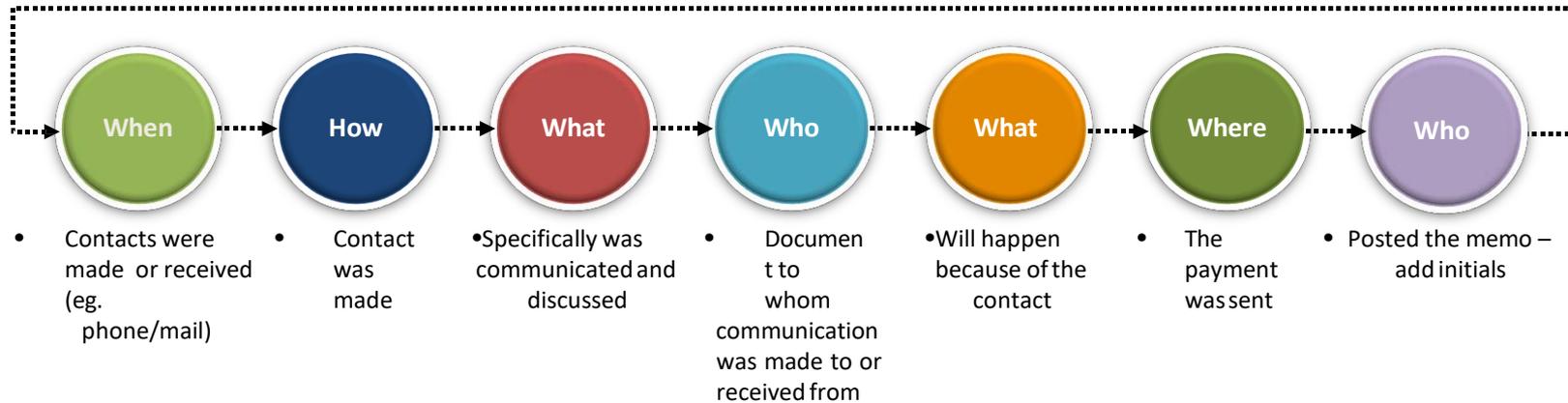
- Commercial Accounts Receivable
 - Follow-up
 - Overview and Management
 - The Basics
 - Workflow
 - Ideal Activity
 - Best Practices
 - Common Issues and Opportunities
- MHS Accounts Receivable
 - DoD Resources
 - Service Financial Statements
 - MHS Financial Statements Policy
 - UBO Cost Recovery Programs
 - Intragovernmental Financials
 - Non-Federal Receivables from the Public
 - Services and NCR MD Workflow Models

- Initial claim follow-up begins once a claim is billed and received by the payer. Once a claim is billed, effective follow-up seeks to bring accounts to full resolution
- Resolution is defined as bringing an account to a \$0 balance through:
 - Cash collections
 - Administrative/contractual adjustment
 - Referral to bad debt placement
- Many providers use both in house collectors and outside collection agencies
- Methods of assigning accounts for follow-up include:
 - Aged Account (i.e. over 90 days or based on payer's timely filing period)
 - High dollar amount
 - Payer source (i.e. Medicare, Medicaid, HMO)
 - Alpha split



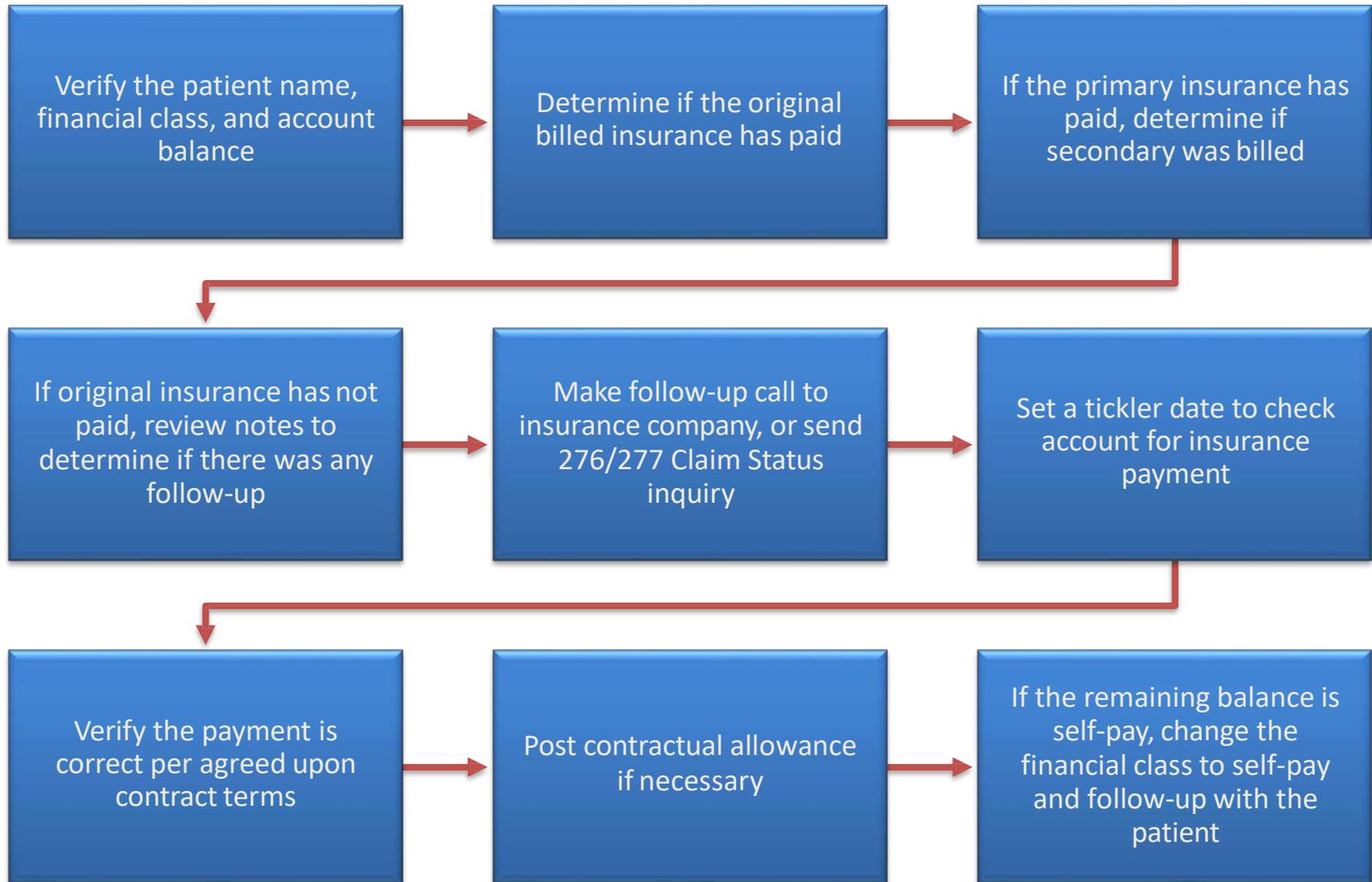
- Insurance follow-up is performed based on the status of the claim. Initial status updates should occur to ensure that the claim has been received and in-process for payment by the payer. Commercial practices often use auto claim status updates since many providers are able to automatically generate and submit HIPAA 276 queries and receive 277 responses from the payer. Additional methods a provider may use to identify claims status include:
 - Payer on-line websites for claims information (i.e. Blue Cross/Blue Shield, Aetna, United Healthcare)
 - Medicare claim status via Florida Shared System – Claims inquiries
 - Submitting a written inquiry letter (i.e. certified mail, internet)
 - Contacting the payer’s claims department (i.e. phone calls)
- Traditional methods of follow-up include prioritizing accounts by aged, dollar value and specific payer contract terms. Suggested methods used to increase the speed of cash collections include:
 - Determine the timely filing guidelines based on the specific payer’s contract terms to ensure aged accounts are followed up timely
 - Work high dollar accounts to accelerate cash
 - Government payers, such as Medicare, generally adjudicate clean claims in less than 30 days

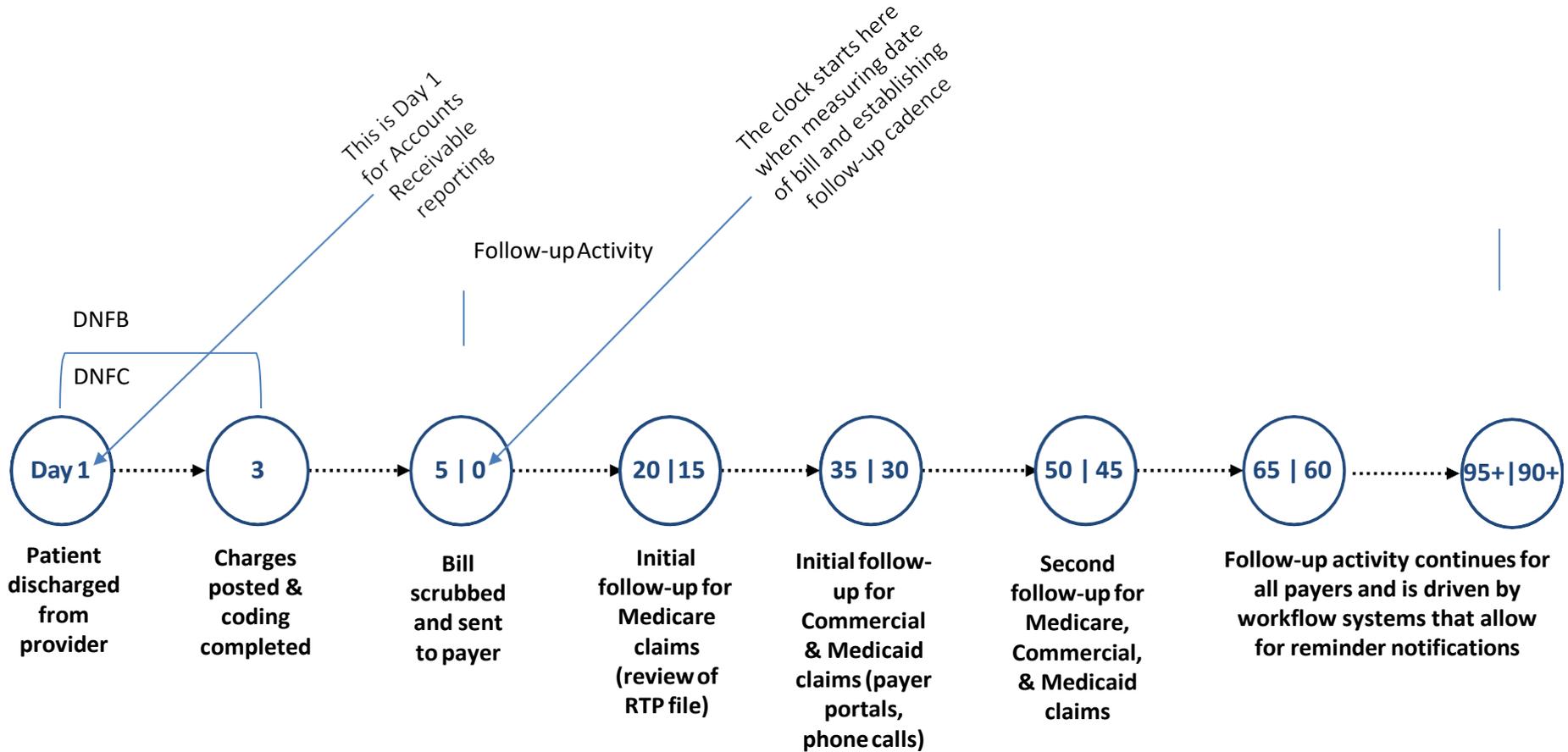
Effective follow-up is dependent on documenting all pertinent activity, including:



Five Steps to Successful Follow-up and Collections:

1. Know the account and amount you are collecting
2. Read historical account comments and activities
3. Be confident; control the conversation
4. Be respectful, but don't be satisfied with no resolution
5. Document all your efforts







UBOs may maximize the success of follow-up efforts by:

- Follow well defined/developed **policies and procedures**
- Implementing **performance standards** for personnel
- Providing **training** to personnel in the appropriate collection techniques (self-pay and third-party payer accounts)
- Incorporating electronic **workflow automation**
- Use of **online web tools** to facilitate follow-up
- Ensuring **documentation of all efforts** in the patient accounts system of record

Prioritization of Workflow

Issues

- Significant amount of claims billed daily with numerous payers and procedures
- Lack of time and resources for follow-up and focus on small balance accounts for patient and insurance claims
- Discharged, Not Final Billed (DNFB) & Discharged, Not Final Coded (DNFC)

Opportunities

- Account follow-up is best performed when the organization/facility has defined processes and procedures, such as:
 - Define standardized account flow based on payer and payment pattern
 - Electronic workflow automation to queue up accounts for follow-up at specific intervals
 - Management reporting capability to track accounts that exceed predetermined threshold for receiving payment
 - Identification of dollar value and age threshold for follow-up and write-off

There are two types of A/R in governmental accounting:

- ❑ Intra-Governmental (often referred to as interagency, e.g., Coast Guard, VA)
 - Disputes regarding claims against other federal agencies (e.g., Coast Guard, VA) are to be resolved per Code of Federal Regulations 4 CFR 101 – Federal Claims Collections Standards

- ❑ Public (e.g., civilian emergencies, Third Party Collections)
 - Need to establish an allowance for bad debt
 - Gross versus Net (reduced amount)

- DoD Financial Management Regulation (FMR), Volume 4, Chapter 3, “Receivables” dated February 2016
- DoD Financial Management Regulation (FMR), Volume 6B, Chapter 10, “Notes to the Financial Statements” dated April 2013
- Located at OSD (Comptroller) Web site:
<http://comptroller.defense.gov/fmr.aspx>

- A/R are reported on the annually audited financial statements
- Service Financial Statements located at OSD(Comptroller) Web site: <http://comptroller.defense.gov/ODCFO/cfs2017.aspx>
- Medical A/R previously was NOT being reported by the SMA activities

- Accounts Receivable Policy Memorandum signed on 8 May 2008
- Establish policy for the recognition (“as rendered”), classification, recording, aging, collection, disposition and reporting of accounts receivable in order to improve the accuracy of financial statements
- Compliance with DoD’s Financial Management Regulation (FMR) and Generally Accepted Accounting Principles (GAAP)

Third Party Collections (TPC)



Medical Services
Account (MSA)

Medical Affirmative
Claims (MAC)

- Third Party Collections (TPC)
 - Total Third Party Collections (TPC) Billings in FY 2017 were \$305 million
 - Total TPC Collections from insurers in FY 2017 were \$144 million
- Medical Services Account (MSA)
 - Combination of both Intra-governmental A/R (e.g., Coast Guard, VA) and Public A/R (e.g., civilian emergencies)
 - Total MSA amount collected for medical care provided in MTFs for FY 2017 was \$278 million
- Medical Affirmative Claims (MAC)
 - Medical Affirmative Claims (MAC) A/R is all Public A/R (e.g., insurance companies, liable individuals)
 - Total MAC amount collected for medical care provided in MTFs for FY 2017 was \$13 million
- ***ALL funds collected are retained by your MTF***
 - ***TPC funds are in addition to the MTF's O&M budget***



- FY 2018 (as of 31 March 2018) Intra-Governmental Accounts Receivable
 - SMA-Army (\$397.3 Million)
 - SMA-Navy (\$7.8 Million)
 - SMA-Air Force (\$0.0 Million)
 - SMA-NCR Medical Directorate (\$55.2 Million)

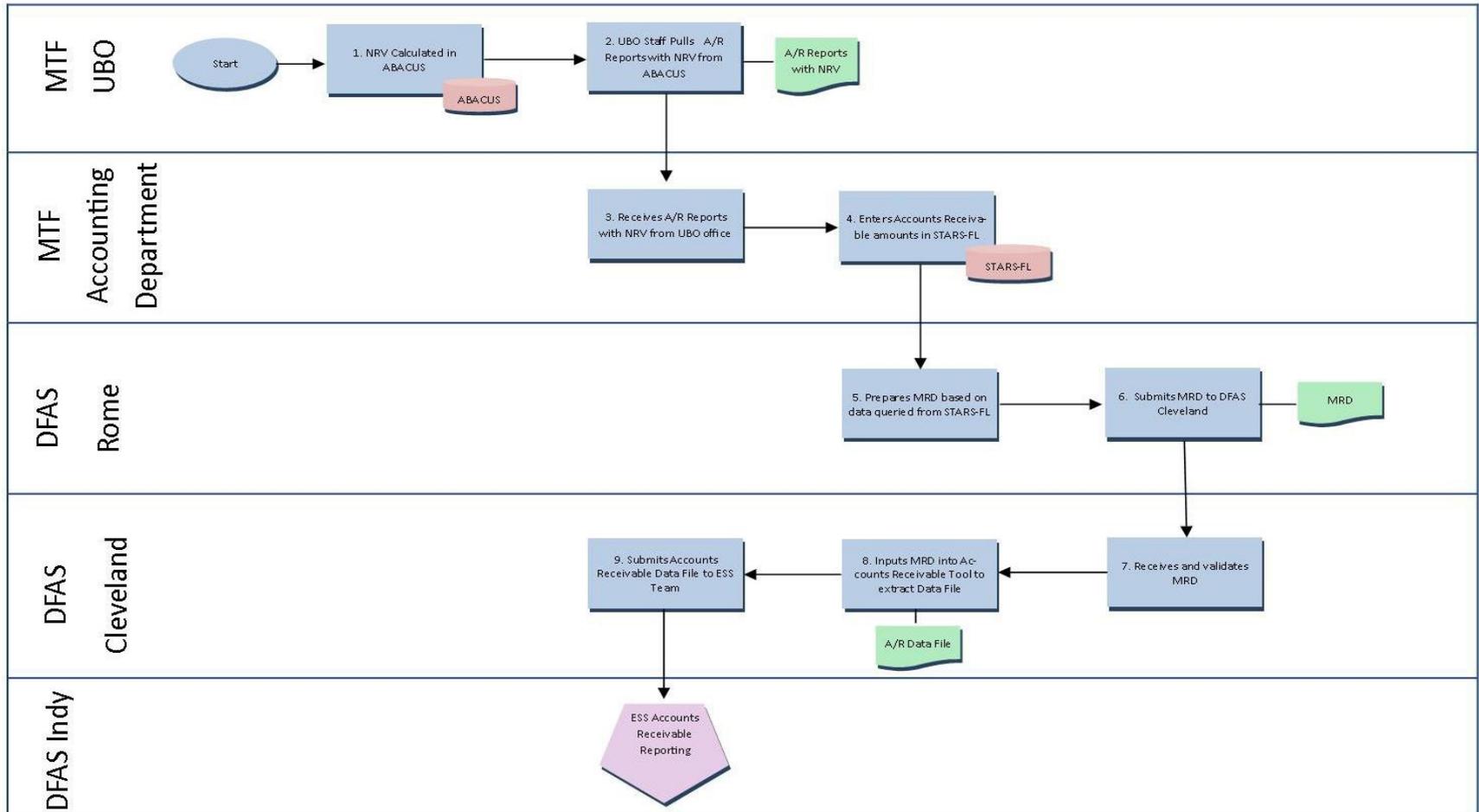
- FY 2018 (as of 31 March 2018) Nonfederal Receivables from the Public, Net (reduced by Allowance for Estimated Uncollectibles)
 - SMA-Army (\$150.4 Million)
 - SMA-Navy (\$11.9 Million)
 - SMA-Air Force (\$94.4 Million)
 - SMA-NCR Medical Directorate (\$74.8 Million)

- SMA – Navy (BUMED)
- SMA – Army (MECOM)
- SMA - Air Force
- SMA – National Capitol Region Medical Directorate

BUMED Public Accounts Receivable

Step	Description of Event
1	Net Realized Value (NRV) Calculated in ABACUS
2	Uniform Business Office (UBO) Staff at each MTF pulls A/R Package with NRV amount from ABACUS
3	The UBO gives the A/R Package with NRV amount to MTF's Accounting Department
4	MTF Accounting Department enters NRV into STARS-FL
5	DFAS Rome prepares Monthly Receivables Data (MRD) from files that are queried from STARS-FL.
6	MRD is uploaded to portal for DFAS Columbus to be consolidated.
7	DFAS Cleveland receives and validates the MRD.
8	DFAS Cleveland inputs MRD into Accounts Receivable Tool to extract Data File
9	DFAS Cleveland submits Accounts Receivable Data File to the ESS Team at DFAS Indy

BUMED Public Accounts Receivable



Legend



Process



System



ESS Work Flow

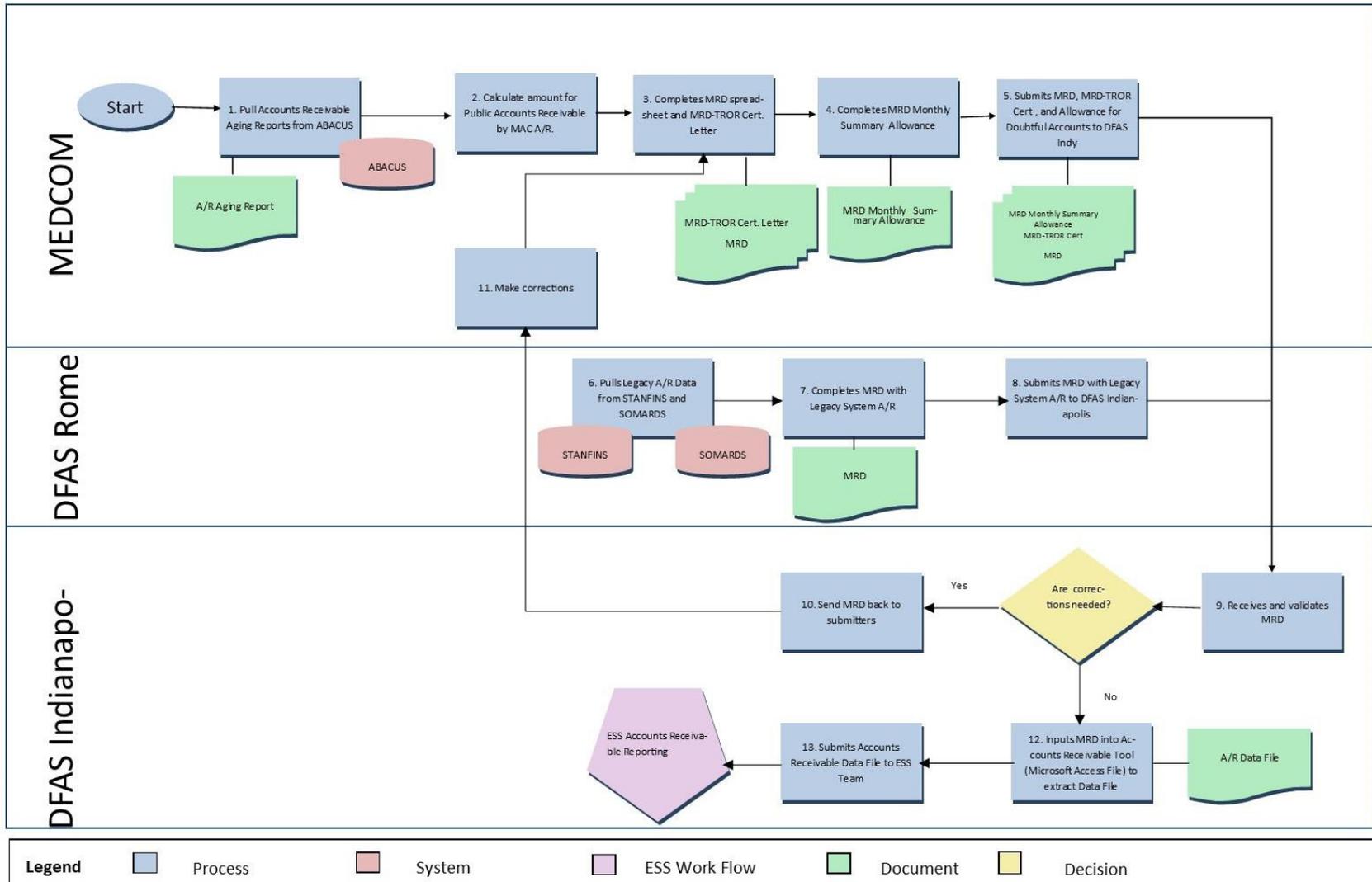


Document

MEDCOM Public Accounts Receivable

Step	Description of Event
1	MEDCOM pulls Accounts Receivable Aging reports from ABACUS.
2	MEDCOM calculates amount for Public Accounts Receivable after removing Medical Affirmative Claims (MAC) Accounts Receivable.
3	MEDCOM completes Monthly Receivables Data (MRD) spreadsheet and MRD- Treasury Report on Receivables(TROR) Certification Letter.
4	MEDCOM completes MRD Monthly Summary Allowance
5	Mr. George Crichton at MEDCOM submits Allowance for Doubtful Accounts spreadsheet, MRD spreadsheet, and MRD-TROR Certification Letter to DFAS Indianapolis
6	Mr. Richard Regan at DFAS Rome pulls Legacy A/R Data from STAFINS and SOMARDS
7	DFAS Rome completes MRD with Legacy A/RData
8	DFAS Rome submits Legacy A/R Data MRD to DFAS Indianapolis
9	Ms. Brenda Harvey at DFAS Indianapolis receives the MRD and validates data.
10	Resubmits to MEDCOM if corrections are needed.
11	Submitter makes any necessary correction. Return to step 3.
12	Inputs MRD into Accounts Receivable Tool (Microsoft Access Tool) to extract Data File
13	Submits Accounts Receivable Data File to ESS Team

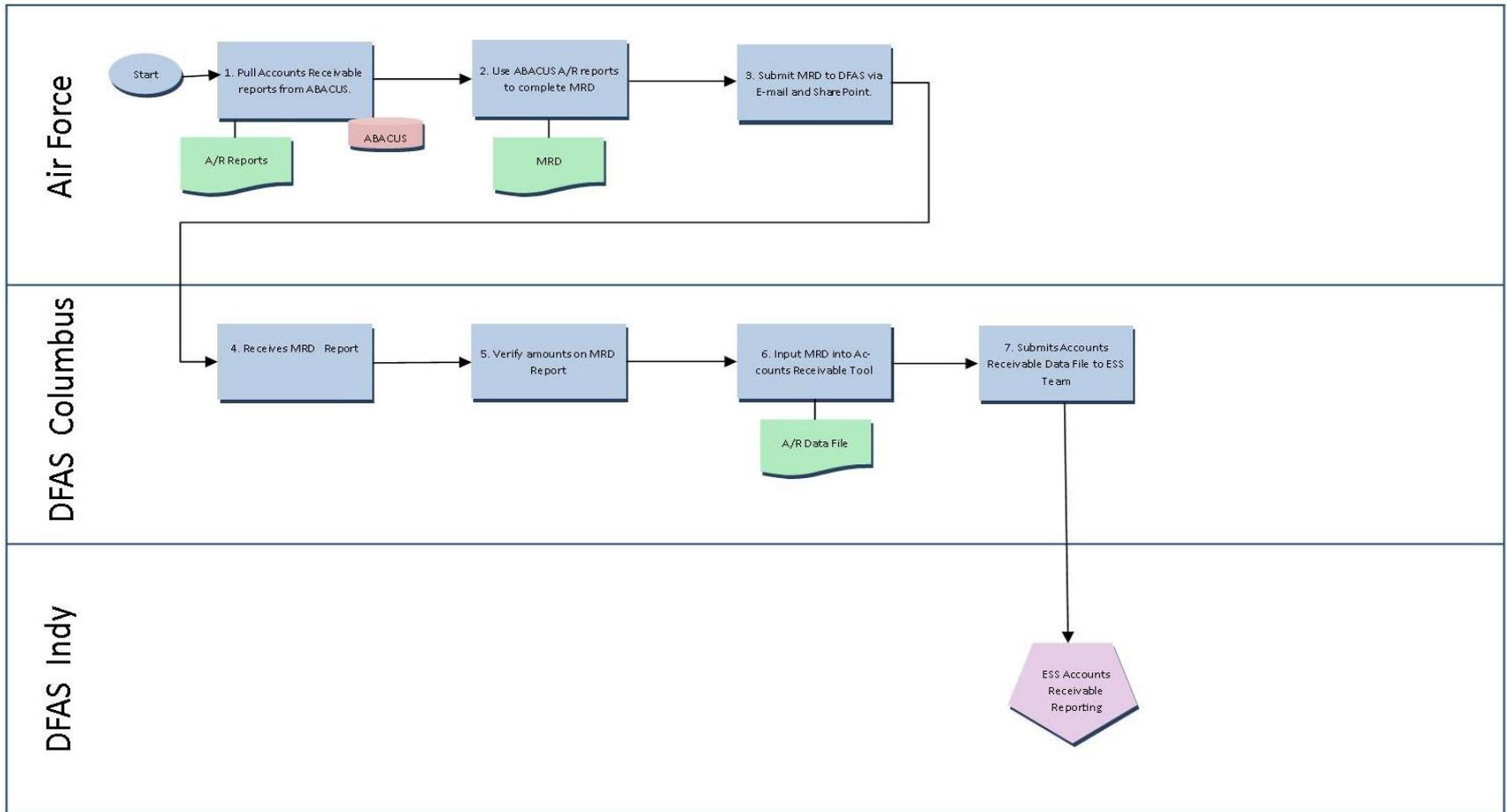
MEDCOM Public Accounts Receivable



Air Force Public Accounts Receivable

Step	Description of Event
1	Air Force pulls Accounts Receivable reports from ABACUS.
2	Air Force uses ABACUS reports and Fed Debt reports to complete Monthly Receivables Data (MRD) report to include Third Party Collections (TPC) and Medical Service Account (MSA).
3	Amalia Bozoki at Air Force submits MRD report to Vonjia Shannon at DFAS Columbus via E-mail and SharePoint.
4	Vonjia Shannon receives MRD report.
5	DFAS Columbus verifies amounts on MRD report.
6	DFAS Columbus inputs MRD into Accounts Receivable Tool (Microsoft Access File).
7	DFAS Columbus submits the Accounts Receivable Data File to the ESS Team at DFAS Indy.

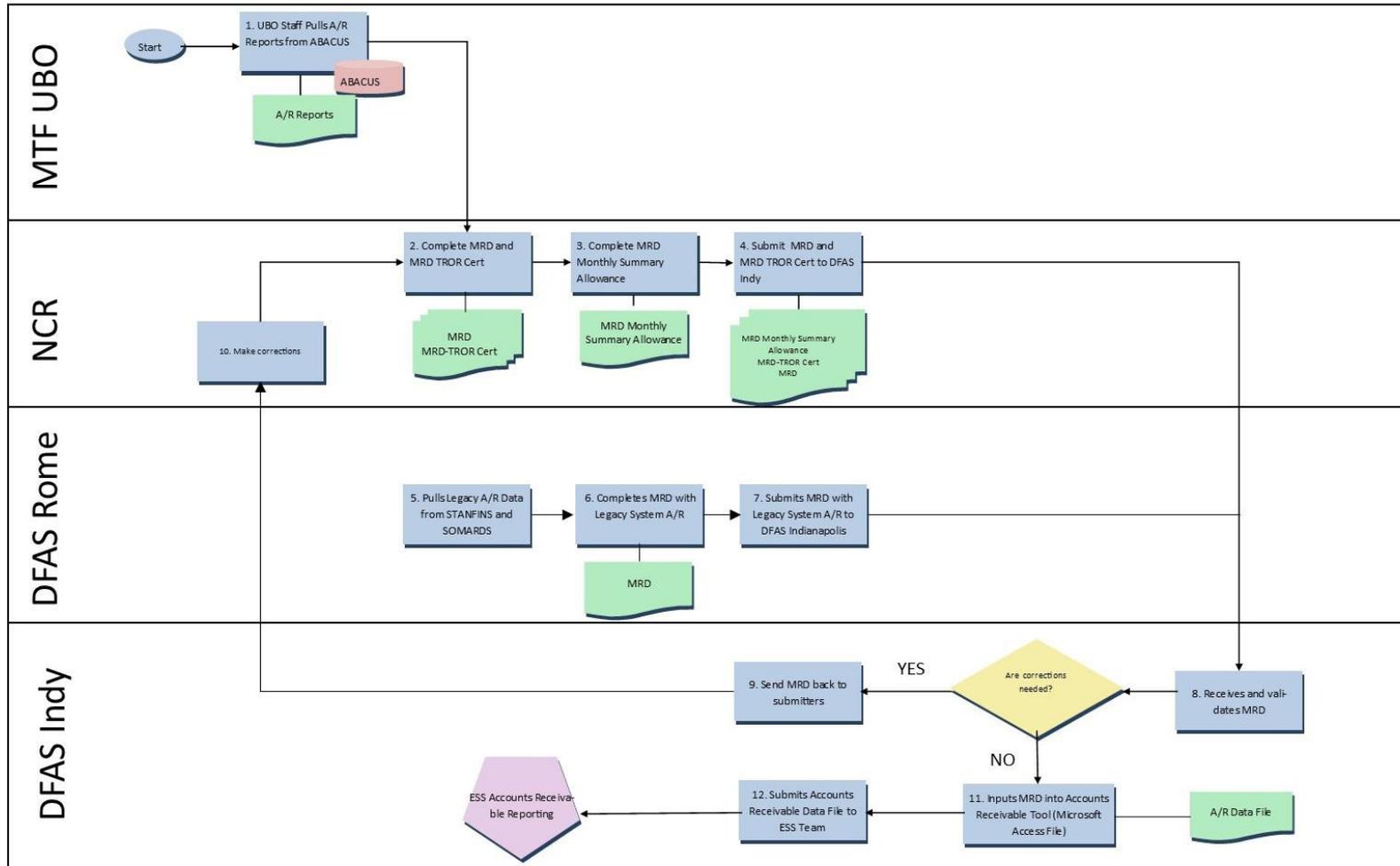
Air Force Public Accounts Receivable





NCR Public Accounts Receivable	
Step	Description of Event
1	UBO Staff at Walter Reed and Ft. Belvoir pull A/R report from ABACUS.
2	NCR completes Monthly Receivables Data (MRD) spreadsheet and MRD-TROR (Treasury Report on Receivables) Certification Letter based on Medical Service Account (MSA) and Third Party Collections (TPC) information from A/R reports.
3	NCR complete MRD Monthly Summary Allowance
4	Denise Pabon at NRC submits MRD Monthly Summary Allowance, MRD spreadsheet, and MRD-TROR Certification Letter to DFAS Indy
5	Mr. Richard Regan from DFAS Rome pulls Legacy A/R Data from STAFINS and SOMARDS
6	DFAS Rome completes Legacy A/R Data MRD
7	DFAS Rome submits Legacy A/R MRD to DFAS Indianapolis
8	Ms. Brenda Harvey at DFAS Indianapolis receives the MRD and validates data.
9	Resubmits to NCR if corrections are needed.
10	Submitter makes any necessary correction. Return to step 2.
11	Inputs MRD into Accounts Receivable Tool (Microsoft Access Tool) to extract Data File
12	Submits Accounts Receivable Data File to ESS Team

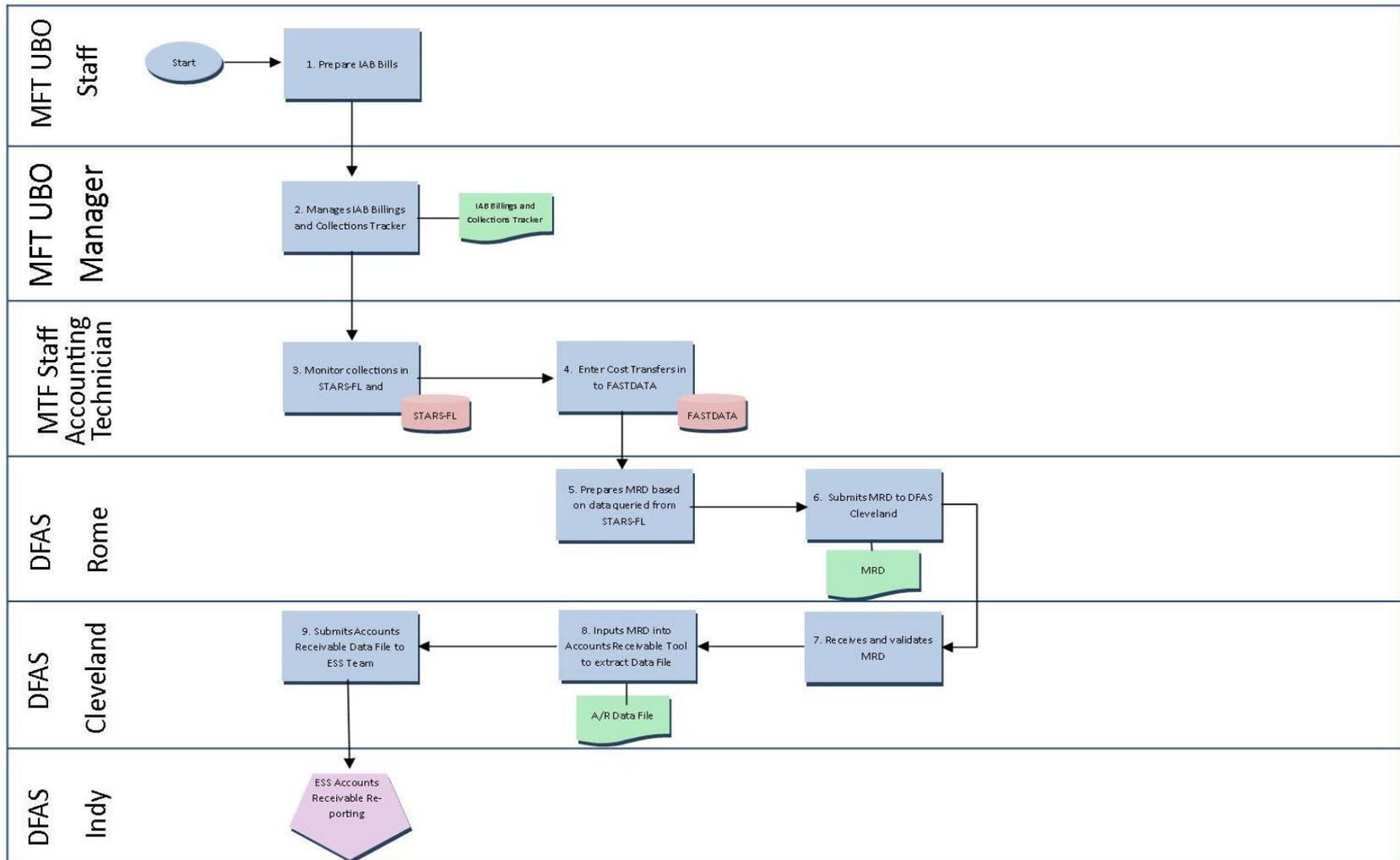
NCR Public Accounts Receivable



BUMED Intragovernmental Accounts Receivable

Step	Description of Event
1	MTF UBO Staff prepared Intra-Agency Billing (IAB) bills
2	MTF UBO Manager manages (IAB) Billings and Collections Tracker as collections are received.
3	MTF Staff Accounting Technicians monitor collections in STARS-FL, Enter Work Estimates into STARS-FL
4	MTF Staff Accounting Technicians enter Cost Transfers to in FASTDATA
5	DFAS Rome prepares Monthly Receivables Data (MRD) from files that are queried from STAFS-FL.
6	MRD is uploaded to portal for DFAS Cleveland to be consolidated.
7	DFAS Cleveland receives and validates the MRD
8	DFAS Cleveland inputs MRD into Accounts Receivable Tool to extra Data File
9	DFAS Cleveland submits Accounts Receivable Data File to ESS Team at DFAS Indy.

BUMED Intragovernmental Accounts Receivable

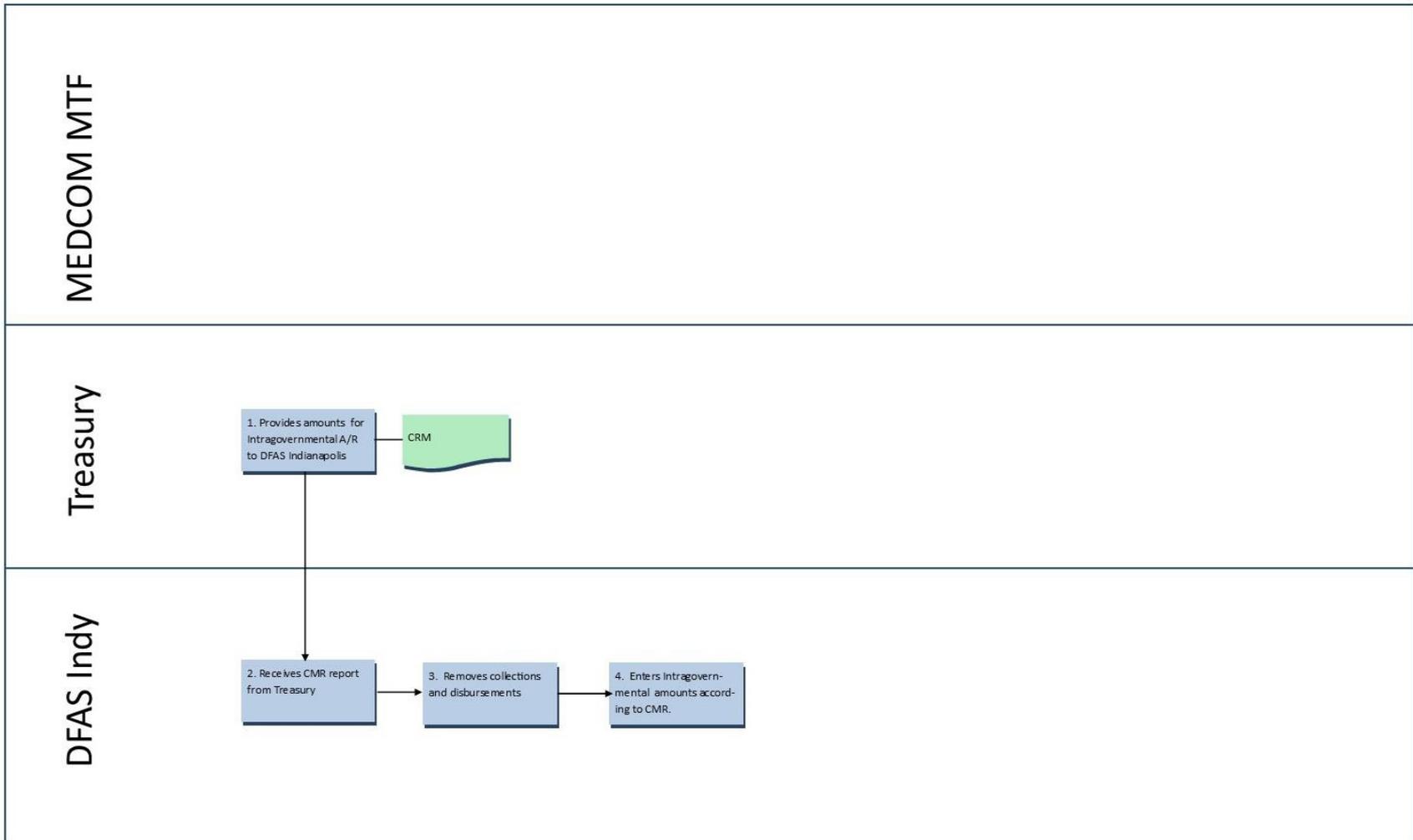


Legend Process System ESS Work Flow Document

MEDCOM Intragovernmental Accounts Receivable	
Step	Description of Event
1	Treasury provides amounts for Intragovernmental A/R to DFAS Indianapolis via Cash Management Report (CMR) report.
2	DFAS Indianapolis receives the CMR report
3	Collections and Disbursements are removed from Intragovernmental A/R
4	Collections and Disbursements are returned to Intragovernmental A/R based on amounts from CMR

[EY Audit Support Team, DHA A/R Working Group, May 2018]

MEDCOM Intragovernmental Accounts Receivable



Legend



Process



System



Decision

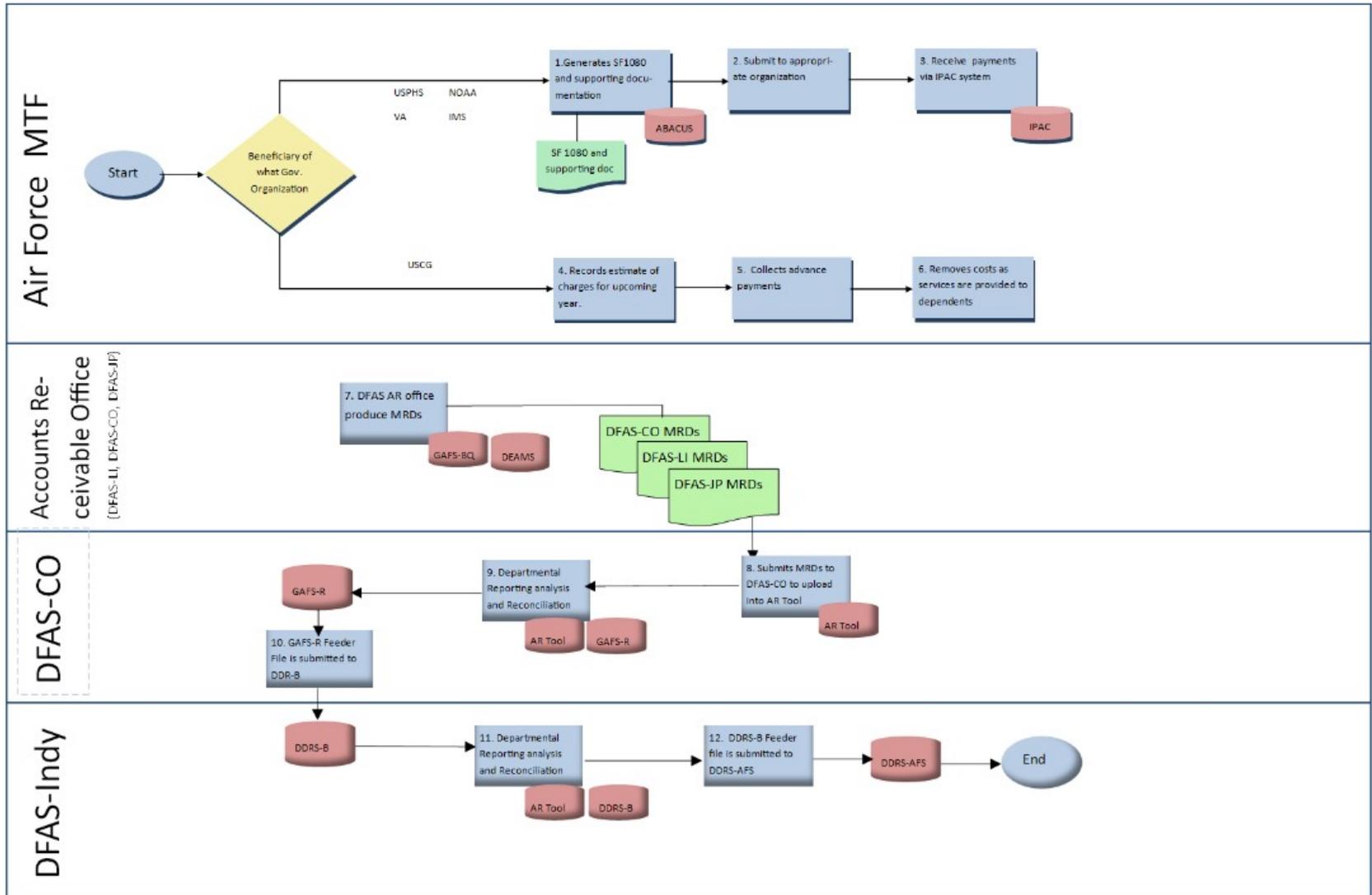


Document

Air Force Intragovernmental Accounts Receivable	
Step	Description of Event
1	For Government Agencies: USPHS, VA, NOAA, and IMS: Generate SF 1080 and supporting documentation
2	Submit to appropriate organization
3	Receive payments via IPAC
4	For USCG: Record estimate of charges for upcoming year
5	Collects advance payments
6	Removes costs as services are provided to dependents
7	DFAS Accounts Receivable office produce MRDs with data extracted from GAFS-BQ and DEAMS
8	MRDs are submitted to DFAS Columbus Departmental Reporting to upload to the AR TOOL
9	Quarterly, DFAS-CO extracts the federal AR balances from GAFS-R and the AR TOOL, and performs an analysis and reconciliation
10	The GAFS-R Feeder file is submitted to DDRS-B
11	Quarterly, DFAS-Indy extracts the federal AR balances from DDRS-B and the AR TOOL, and perform an analysis and reconciliation
12.	DDRS-B Feeder file is submitted to DDRS-AFS for reporting

[EY Audit Support Team, DHA A/R Working Group, May 2018]

Air Force Intragovernmental Accounts Receivable

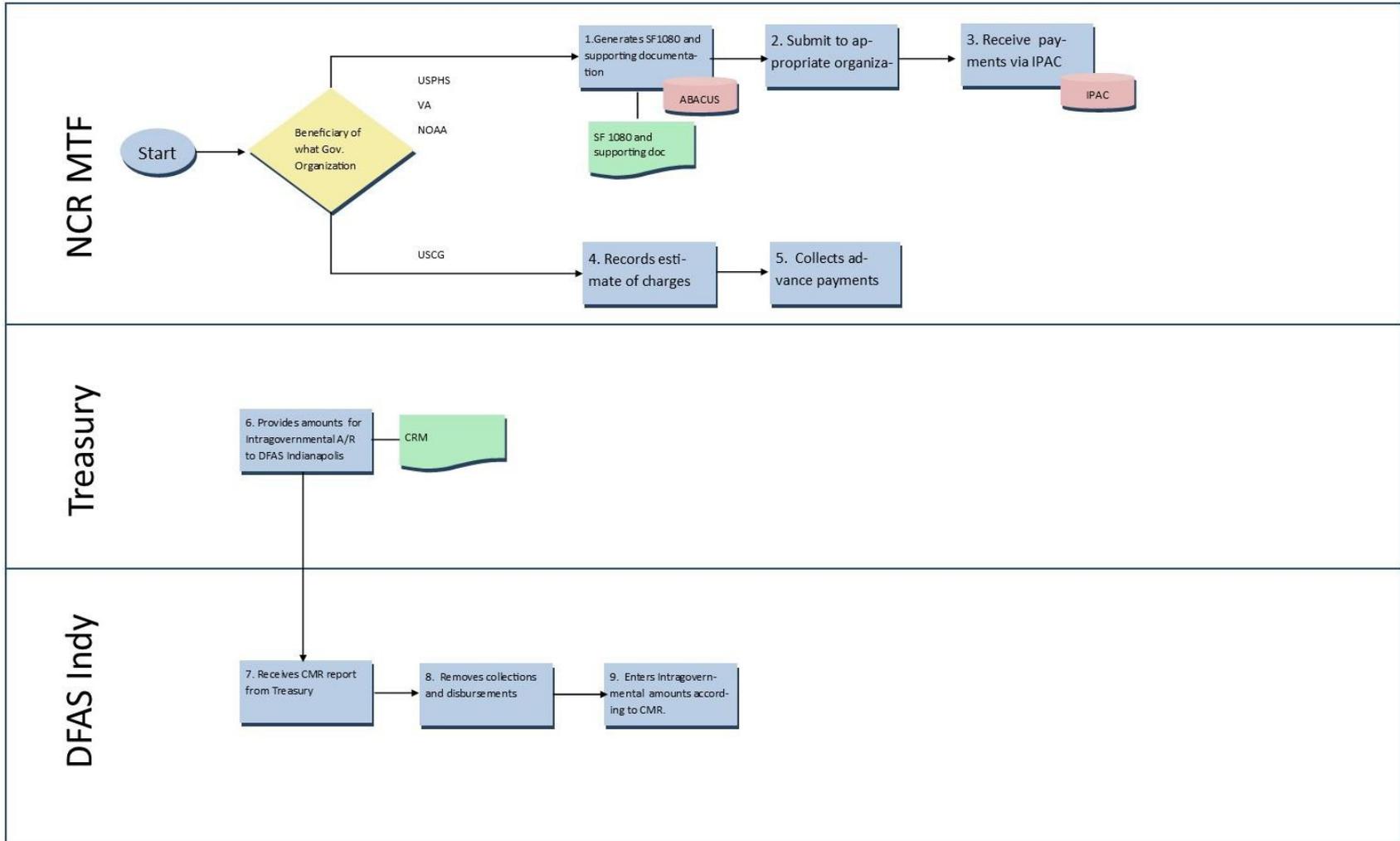


NCR Intragovernmental Accounts Receivable

Step	Description of Event
1	For Government Agencies: USPHS, VA, NOAA, and IMS: Generate SF 1080 and supporting documentation
2	Submit to appropriate organization
3	Receive payments via IPAC
4	For USCG: Record estimate of charges for upcoming year
5	Collects advance payments
6	Treasury provides amounts for Intragovernmental A/R to DFAS Indianapolis via Cash Management Report (CMR) report.
7	DFAS Indianapolis receives the CMR report
8	Collections and Disbursements are removed from Intragovernmental A/R
9	Collections and Disbursements are returned to Intragovernmental A/R based on amounts from CMR

[EY Audit Support Team, DHA A/R Working Group, May 2018]

NCR Intragovernmental Accounts Receivable



Legend



Process



System



Decision



Document



Kearney & Company's May 2018 Observations to date

- 1.) Service Medical Activity does not have a process to record medical A/R for patients after services are rendered. Service Medical Activity has elected to record medical A/R and associated revenue upon the receipt of cash collections for the associated billing.

- 2.) Patient eligibility and billing is reliant on the accuracy of data within DEERS for determination. If DEERS records are not up to date, Service Medical Activity runs the risk of ineligible patients receiving care who are not insured by a third-party insurer.



Kearney & Company's May 2018 Observations to date

1.) During Kearney's walkthrough related to intragovernmental receivables at MTF, staff at MTF indicated that MTF is unable to collect the full amount billed to the Department of Veterans Affairs (VA) on a consistent basis. According to the Staff at MTF, the VA reviews the claims submitted and determines what the full amount to pay should be for services rendered by MTF. Kearney is aware of similar situations being reported in the past and will be looking to gain an understanding of the business relationship between the Service Medical Activities and the VA.



Kearney & Company's May 2018 Observations to date

1.) Service Medical Activity does not have the ability to readily produce detailed level entity-wide receivable reports from ABACUS, impeding its ability to support its recorded AR balance.



Kearney & Company's May 2018 Observations to date

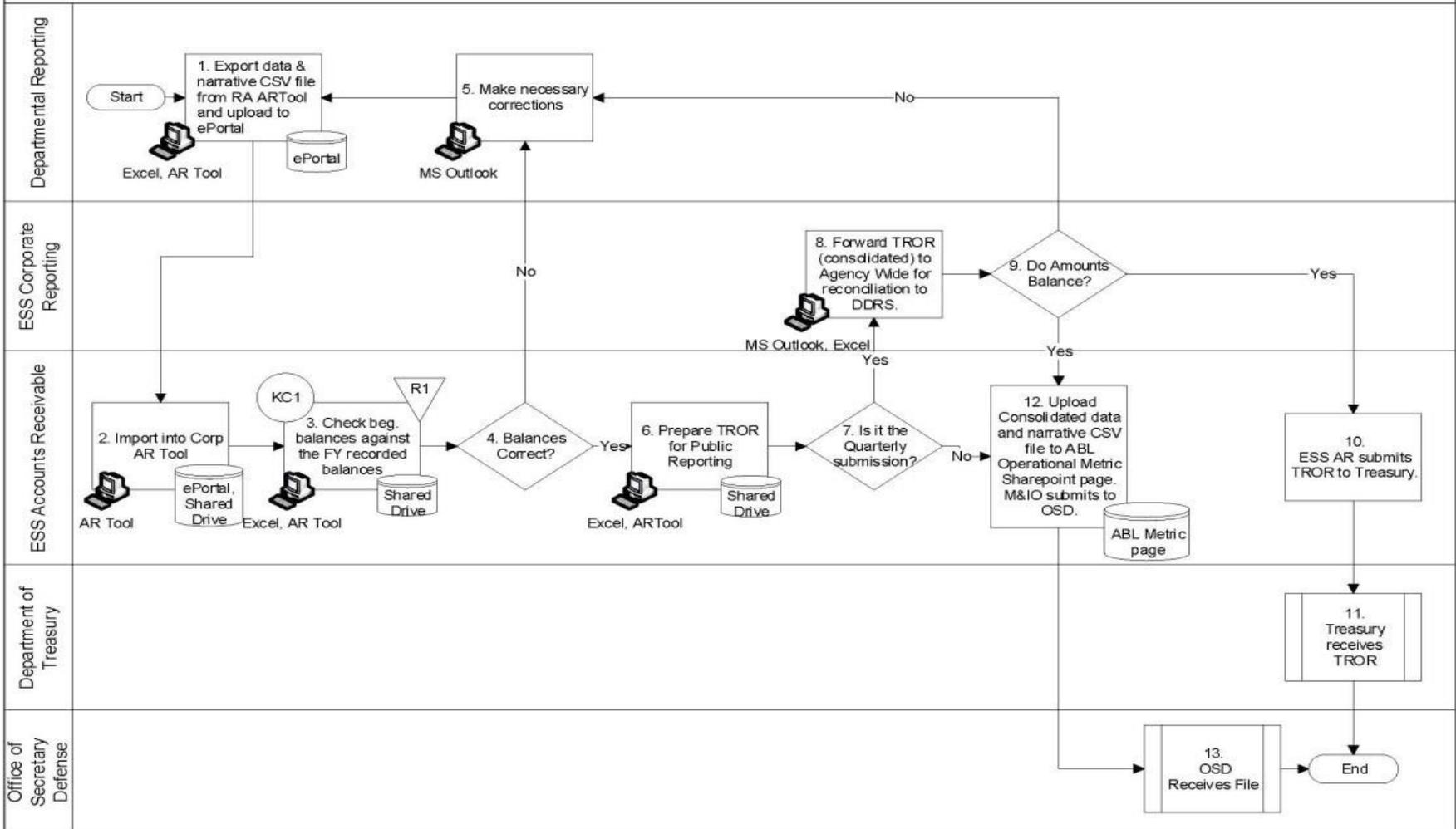
1.) Service Medical Activity does not have a process in place to record medical A/R for patients after services are rendered. Service Medical Activity has elected to record medical revenue upon the receipt of collections for the associated billing.



Executive Support System (ESS) Workflow Process

Accounts Receivable – Reporting Receivables – ESS Accounts Receivable Reporting

3102PM07182017





Thank You

Questions?



This in-service webinar has been approved by the American Academy of Professional Coders (AAPC) for 1.0 Continuing Education Unit (CEU) credit for DoD personnel (.mil address required). Granting of this approval in no way constitutes endorsement by the AAPC of the program, content or the program sponsor. There is no charge for this credit.

- **Live broadcast webinar (post-test not required)**
 - Login prior to the broadcast with your: 1) full name; 2) Service affiliation; and 3) e-mail address
 - View the entire broadcast
 - After completion of both of the live broadcasts and after attendance records have been verified, a Certificate of Approval including an AAPC Index Number will be sent via e-mail to participants who logged in or e-mailed as required. This may take several business days.
- **Archived webinar (post-test required)**
 - [View the entire archived webinar \(free and available on demand at <https://health.mil/Military-Health-Topics/Business-Support/Uniform-Business-Office/UBO-Learning-Center/Archived-Webinars>\)](https://health.mil/Military-Health-Topics/Business-Support/Uniform-Business-Office/UBO-Learning-Center/Archived-Webinars)
 - Complete a post-test available *within* the archived webinar
 - E-mail answers to UBO.LearningCenter@federaladvisory.com
 - If you receive a passing score of at least 70%, we will e-mail MHS personnel with a .mil email address a Certificate of Approval including an AAPC Index Number
- The original Certificate of Approval may not be altered except to add the participant's name and webinar date or the date the archived Webinar was viewed. Certificates should be maintained on file for at least six months beyond your renewal date in the event you are selected for CEU verification by AAPC
- For additional information or questions regarding AAPC CEUs, please contact the AAPC.
- Other organizations, such as American Health Information Management Association (AHIMA), American College of Healthcare Executives (ACHE), and American Association of Healthcare Administrative Managers (AAHAM), may also grant credit for DHA UBO Webinars. Check with the organization directly for qualification and reporting guidance.