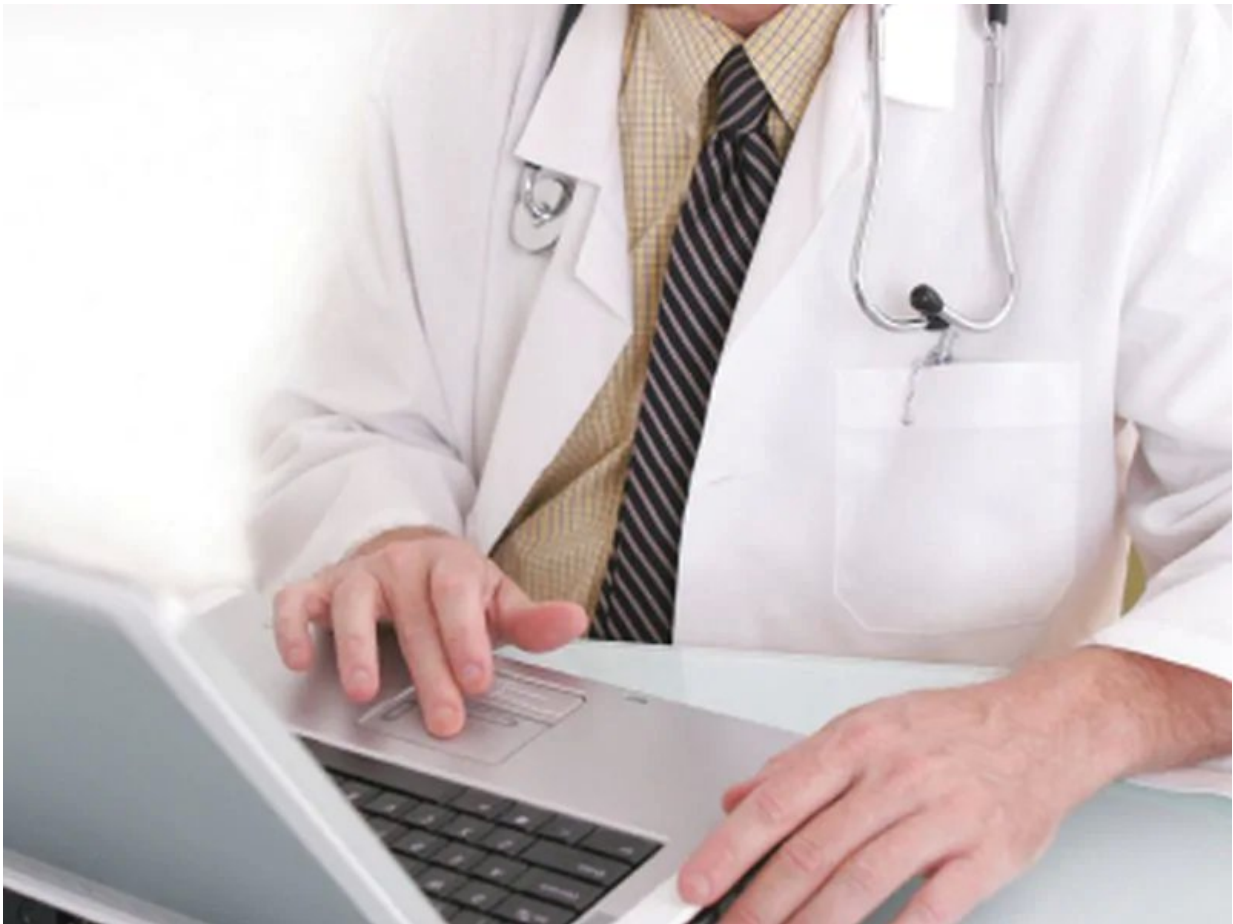


# Three financial metrics can improve practice performance

August 3 2018

---



(HealthDay)—By understanding three indices and metrics, physicians

can change the financial outcome of their medical practice, according to a report published in *Medical Economics*.

A collection rate represents the measure of the practice's effectiveness in collecting reimbursements. A practice can determine how much is being lost to write-offs, untimely filing, non-contractual adjustments, and inferior collection practices by comparing the difference between allowed amounts and actual reimbursements.

A second metric is days in accounts receivable (A/R), which is an industry standard for measuring how many days amounts owed to the practice will take to be paid. The industry benchmark is typically 30 days, with variation by specialty and payer mix. This is one of the best indicators of performance of the revenue cycle; regular monitoring can provide insight into the revenue cycle efficiency. It is important to consider factors that could impact this result, such as carriers that are slower to pay. Finally, the A/R aging analysis compares the actual accounts receivable aging with the expected accounts receivable aging. An inconsistent policy or procedure in collection performance is indicated by disproportionate percentages. Days in A/R and A/R aging show the ability of a practice to turn over A/R and collect money due.

Understanding the importance of these metrics is crucial for discovering the information that will allow movement toward higher [medical practice](#) performance.

**More information:** [Abstract/Full Text](#)

Copyright © 2018 [HealthDay](#). All rights reserved.

Citation: Three financial metrics can improve practice performance (2018, August 3) retrieved 6 May 2024 from <https://medicalxpress.com/news/2018-08-financial-metrics.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.