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and Controller Services

▽ SUPPORTING STRATEGIES E-BOOK

Key Bookkeeping Tips for Your Healthcare Practice

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From intricate billing and reimbursement requirements to delivering data to the CPA and board on time, healthcare and medical practice owners face a number of bookkeeping challenges.

Here are our top best practices for improving the health of your practice's bookkeeping.

1. Get financial data to your CPA on time.

Your CPA needs certain information about your practice's finances to prepare your taxes each year. Some practices, however, find it difficult to gather this information on time. As a result, the CPA receives the data late or in an incomplete form.

Make sure your practice has the capabilities to:

- Determine in advance what data your CPA requires
- Set up processes to derive that data with maximum efficiency
- Consistently deliver the data on time



2. Prepare professional reports for your board or other governing body.

If your healthcare practice has a board or other governing body, you must be able to provide the information they need to help you with strategic planning and advise you on ways to enhance your business.

Talk to your board to find out what specific information they need and when. Then, structure your processes so that you can easily obtain this information and present it to the board. For example, a board might request information that isn't in the standard financial reports and requires additional research, such as:

- Days in accounts receivable (the number of days that a patient invoice is outstanding before it is collected)
- A breakdown of revenue and/or receivables by payor type (e.g. Medicare or Blue Cross)
- Cash-flow forecasting (which is important because collections are typically delayed)

If you know in advance what information the board is looking for, you can set up processes that will derive the data. With the right infrastructure in place, fulfilling their requests in a timely manner should never be a problem.



3. Gain insight into the financial status of your practice.

Making better business decisions requires having an in-depth understanding of your practice's financial health. By instituting the necessary processes, you'll be able to track payments and reimbursements as well as consistently produce timely, accurate and customizable financial reports.

Using best-of-breed cloud bookkeeping tools will help make it easier to achieve all of the above. With these insights, you can make data-driven decisions about payor mix, staffing, service line/procedure profitability, reasonable compensation (if structured as an S corporation), compliance with partnership agreements/bonuses and more.



4. Understand how to reduce lost revenue and enhance cash flow.

In most businesses, a collection cycle that's 60 days out would be a bright red flag. In healthcare practices, it's the norm due to factors like complicated billing codes and the lag time inherent in insurance reimbursements.

When accounts receivable falls behind accounts payable, cash-flow problems can arise very quickly. It's critical to know what has and has not been collected — and why — at all times. For instance, if you fail to resubmit a claim that had originally been submitted with an incorrect code, it will become uncollectible after a set timeframe.

How can you best manage this reality? Start by regularly analyzing medical billing and financial data to determine the breakdown between accounts receivable and accounts payable. At the end of every month, review billing reports to make sure the revenue that has been recorded on the books matches what has been billed through the medical billing system. In addition, monitor cash collected and compare that number to what the third-party billing system reports as being collected and what remains outstanding.

Consistently reviewing the accounts receivable aging report can also help. This report highlights accounts that are over 90 days old, thus simplifying the identification of potential billing and collections concerns. By addressing these issues in a timely manner, you can enhance cash flow and boost profitability.

5.

Find a long-term, team-based solution.

Do you count on a single individual for bookkeeping services? Your practice could be in trouble if he or she gets sick, moves on to another job, retires or otherwise becomes unavailable. Ramping up a replacement bookkeeper can be time-consuming and costly. Having a one-person bookkeeping team also makes it harder to institute the checks and balances needed to minimize the likelihood of errors — and even theft.

Therein lies one of the main advantages of seeking out a firm that uses a team-based approach to bookkeeping. Having multiple professionals on your account means you don't have to worry about staff turnover or training new people. If a team member is temporarily or permanently unavailable, another qualified expert is always ready to step in. And should your practice go through a growth spurt, more personnel can be added to keep up with your needs.



Focus on What Matters Most

Don't let the weight of bookkeeping and other back-office management challenges impede the potential of your healthcare practice. By reading this e-book, you've already made progress in avoiding that pitfall. Following these best practices will help you improve the efficiency of your practice so you can focus on what matters most: your patients.

About Supporting Strategies

Supporting Strategies has provided efficient and effective outsourced bookkeeping services and operational support to growing businesses since 2004. Our clients get the support they need, when they need it, at a price they can afford, allowing them to focus on their core business. Supporting Strategies' skilled, experienced professionals use secure, best-of-breed technology and a proven process to deliver a full suite of services, including accounts payable, accounts receivable, bookkeeping, financial reporting and payroll administration. We have offices across the country. For more information, please visit www.supportingstrategies.com.