Key Performance Indicators – The Key to a Successful Practice

HCMS
Harris County Medical Society

If you can't measure it, you can't manage it. Key Performance Indicators (KPIs) are metrics that can help determine if revenue cycle management processes are efficient and effective.

KPIs help physicians and management assess the strengths and weaknesses of their revenue cycle, productivity of staff and providers, and effectiveness of office processes and procedures. They are necessary to guide strategic planning and future decisions.

With value-based care on the rise and patient responsibility increasing, it is imperative to have tools for monitoring a practice's performance and diagnosing problems. KPIs can be used to measure the performance of the practice and can be used to increase accountability of staff as well as outsourced billing and practice management companies.

Some of the more important KPI's are:

- A/R Over 120 (patient and payer)
- Days in A/R
- Payer Mix Ratio
- Net Collection Ratios
- Denial Rates
- Overhead Ratio
- Missed Appointments/No-Show Rate
- Average Revenue and Average Cost per Patient
- Billing Lag Days

HCMS has developed a KPI resource to track and trend the results. This resource can be found on our Tools and Resources page under Resources and Tip Sheets (https://www.hcms.org/Practice-Resources/Grids/). (*Note:* there are 3 tabs to this spreadsheet).

If you have any questions about these formulas, email them to paymentadvocacy@hcms.org. For more HCMS tools and grids to assist your business, go to the HCMS website.

Remember to review billing reports at least monthly to monitor financial performance. Trend each measure over time to identify and address trends before they become problems. Being proactive, rather than reactive, is vital to remaining solvent in this industry.

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Sources: MGMA, AAFP,