Affinity HEALTH SERVICES
Senior Community Management and Consulting

Third-Party Billing/ Days Sales Outstanding

CLIENT PROFILE

Affinity Health Services was engaged to provide third-party billing services for a Senior Living Community consisting of two large nursing facilities and Independent Living apartments.

CHALLENGE

The nursing facilities struggled with attracting and maintaining skilled billing specialists, which led to significantly high Days Sales Outstanding (DSO), cash flow issues, and bad debt. Specific challenges included:

- Limited billing specialist personnel, and other business office staff were unable to add additional assignments to complete the third-party billing
- Minimal corporate support to stay current on industry updates and on-going training
- Lack of business office billing and collection policies and procedures
- Years of inaccurate aging balances with no formalized bad debt policies

These challenges resulted in **$14,212,432** in Accounts Receivable

SOLUTION

Affinity conducted a comprehensive business office assessment, evaluating business office roles and responsibilities, offering training opportunities, establishing billing and collection policies and procedures, implementing bad debt reserve practices, and conducting an audit of billing software setup. The following steps were initiated.

- Affinity Health Services assumed the third-party billing for skilled residents and Part B services on an interim basis to backfill open positions
- Revision of business office staff roles and responsibilities
- Training in billing practices and collection policies and procedures
- Implementation of a comprehensive aging review process
- Revamped Triple Check process
- Corrected billing set up in Point Click Care
- Reviewed accounts for bad debts and established a proper bad debt reserve
- Rebilling of old account receivable

After the significant improvement in Medicare/Managed Care Days Sales Outstanding performed by Affinity billing specialist, the facility determined it was in their best interest to engage Affinity Health Services billing specialists for all their third-party billing needs.

RESULTS

Accounts Receivable/Cash Flow

- Affinity Health Services assumed the function of third-party billing reducing outstanding receivables by 28% or $3,930,563.

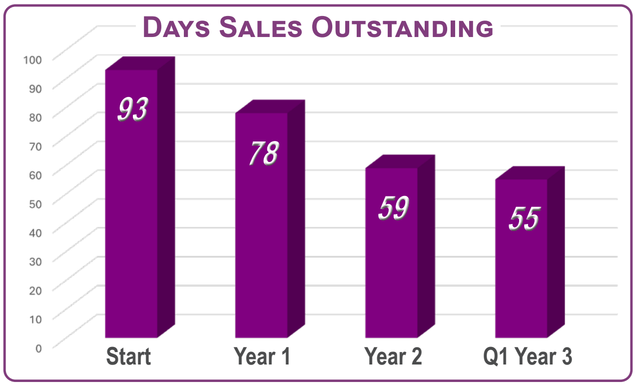
Business Office Personnel Realignment

- Two vacant business office positions were eliminated
- The remaining business office staff were able to concentrate on the completion of Medicaid applications, reducing Medicaid pending and ensuring private pay collections

Days Sales Outstanding (DSO)

The client was fully supportive of all initiatives, and together we established a goal of 55 DSOs after two years in the engagement.

- Year one DSOs dropped from 93 days to 78 days
- Year two DSOs decreased from 78 to 59 days in year two
- In March of 2023, the client was successful in meeting the goal of 55 days



Through this collaborative partnership, the facility was able to save money in salaries and benefits while significantly increasing cash flow—**an impact of more than $4 million.**

CLIENT FEEDBACK

"We have a contract with Affinity for operational, clinical, and financial consulting services. We just had a mock survey that was quite helpful in showing us a few ways we can improve our operations. We subsequently added an insurance billing amendment to our contract. Affinity billing services has decreased our financial office expenses and has made us significantly more effective and efficient in terms of Accounts Receivable Management."

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