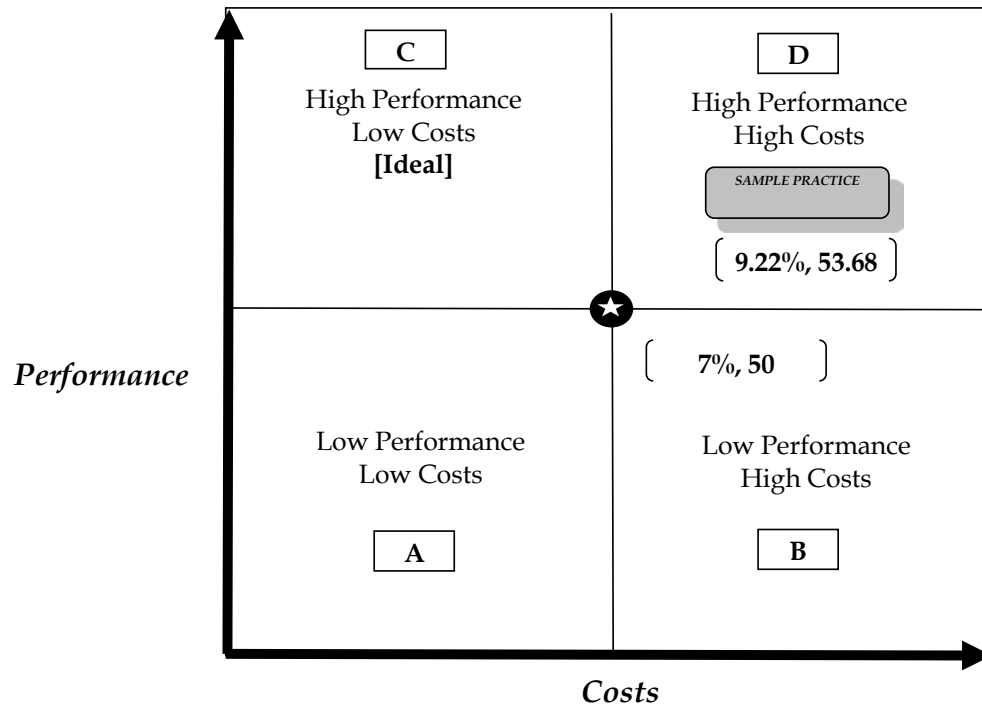


Cost Performance Ratio

an evaluation tool for your billing operation



This chart, which measures billing performance and costs, can be used to determine if performance challenges are a result of your investment into your billing operation or service. If this is the case (ie, practice A), intervention (ie, additional investment) can be targeted to improve performance. If this is not the case (ie, practice B), the practice can proceed with performance improvement initiatives with the understanding that investments are adequate or more than adequate. Practice C is ideal. Practice D may wish to explore means of cost reduction, while avoiding any negative impact on performance.

-- Elizabeth Woodcock, MBA, FACMPE, CPC

Performance measured by days in A/R. Other performance measures include percent of A/R over 120 days and adjusted collection rate. Costs measured by billing costs as a percent of collections. Another cost measure includes cost per claim.



= Industry Average

Note: Performance and costs depend on specialty. Contact Elizabeth at ewwoodcock@mindspring.com for more information on specialty-specific industry benchmarks.

A = Opportunities exist; investment needed.

B = Investment adequate, but performance not. Intervention needed to improve performance without adding costs.

C = Ideal; adequate investment returning a good performance

D = Good performance, but at a high cost; cost evaluation recommended.