



## RCM Terminology & Glossary

**Solve Common RCM Problems for ASCs with the Right Resources**

If you're curious about how [end-to-end revenue cycle management services](#) and technology solutions could help your ASC, let's chat!

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## During Scheduling & Insurance Verification

<b>Patient Demographics</b>	Information collected at registration, including name, date of birth, and insurance details.
<b>Pre-Authorization</b>	Approval from an insurance provider before a procedure to ensure coverage.
<b>Eligibility Verification</b>	Checking a patient's insurance benefits and coverage before services are rendered.
<b>Co-Pay</b>	A fixed amount a patient pays at the time of service, as determined by their insurance.
<b>Deductible</b>	The amount a patient must pay out-of-pocket before insurance begins to cover services.
<b>Co-Insurance</b>	A percentage of costs a patient must pay after the deductible is met.
<b>Advance Beneficiary Notice (ABN)</b>	A document informing Medicare patients of potential non-coverage of a service.

## Coding and Billing

<b>CPT Codes (<i>Current Procedural Terminology</i>)</b>	Numeric codes assigned to medical procedures for billing.
<b>ICD-10 Codes (<i>International Classification of Diseases</i>)</b>	Diagnostic codes used for insurance claims.
<b>HCPCS (<i>Healthcare Common Procedure Coding System</i>)</b>	Codes used for Medicare and Medicaid billing, covering supplies and services.
<b>Modifier</b>	A two-digit code added to a CPT or HCPCS code to provide additional billing details.
<b>Charge Capture</b>	The process of documenting and submitting charges for services provided.
<b>UB-04 Form</b>	A standard claim form used for facility-based billing. These are usually used for commercial payers (Aetna, BCBS, Cigna, United Healthcare)
<b>CMS-1500 Form</b>	A claim form used for physician and outpatient billing. Typically, the form used for government payers (Medicare, Medicaid, Military)

## Claims and Reimbursement

<b>Claim Submission</b>	The process of sending a bill to an insurance company for reimbursement.
<b>Clearinghouse</b>	An intermediary between healthcare providers and insurance payers. It is responsible for electronically processing, verifying, and transmitting medical claims to ensure they are correctly formatted and meet payer requirements.
<b>Clean Claim</b>	A claim that is complete and submitted without errors, reducing delays in payment.
<b>Denial</b>	A rejected claim due to missing or incorrect information, lack of coverage, or other issues.
<b>Appeal</b>	A request to reconsider a denied claim.
<b>Electronic Funds Transfer (EFT)</b>	A method of electronically transferring payments from insurance companies, government payers, or other entities directly to a healthcare provider's bank account.
<b>Explanation of Benefits (EOB)</b>	A statement from an insurer showing what was covered and the patient's responsibility.
<b>Electronic Remittance Advice (ERA)</b>	A digital version of a paper remittance advice (RA) that healthcare providers receive from insurance companies or government payers after a claim is processed.
<b>Reimbursement Rate</b>	The amount an insurer agrees to pay for a procedure or service.
<b>Bundled Payment</b>	A single payment covering multiple services related to a procedure (Facility, surgeon, anesthesia).

## Accounting

<b>Accounts Receivable (A/R)</b>	Money owed to the facility for services rendered.
<b>Days in A/R</b>	The average time it takes to collect payment from insurers and patients.
<b>Revenue Integrity</b>	Ensuring accurate billing and coding for maximum reimbursement.
<b>Write-Off</b>	A portion of a bill that is not collected, either due to contractual agreements or uncollectible debt.
<b>Bad Debt</b>	Outstanding payments that are unlikely to be collected.
<b>Payment Posting</b>	Recording received payments in the billing system.
<b>Contractual Adjustment</b>	A reduction in the billed amount based on an agreement with an insurance provider.

## Income Statement

Term	Definition	Why it Matters
<b>Gross Patient Revenue</b>	Total charges for services provided before any deductions	<i>Indicates the volume of services performed and overall billing potential</i>
<b>Contractual Adjustments</b>	Deductions from gross revenue based on payer contract agreements (negotiated discounts)	<i>A high adjustment percentage could indicate underpayment or poor contract terms</i>
<b>Net Patient Revenue</b>	The actual amount the ASC expects to collect from payers and patients	<i>This is the true revenue earned and should align with cash collections</i>
<b>Bad Debt Expense</b>	Revenue that remains uncollected due to non-payment by patients	<i>High bad debt signals issues with patient collections and upfront payments</i>
<b>Total Operating Expenses</b>	The total cost of running the ASC, including salaries, supplies, and overhead	<i>Helps determine if costs are aligned with revenue and profitability goals</i>
<b>EBITDA</b> <i>(Earnings Before Interest, Taxes, Depreciation, &amp; Amortization)</i>	A profitability metric that shows how much the ASC earns before non-operational expenses	<i>Indicates how efficiently the center is running</i>
<b>Net Income</b> <i>(Bottom Line Profitability) / (Total Revenue - Total Expenses)</i>	The final profit after all costs, including taxes and interest	<i>A positive Net Income confirms that the ASC is financially sustainable</i>

# RCM Terminology

## Balance Sheet

Term	Definition	Why it Matters
<b>Cash &amp; Cash Equivalents</b> (Current Assets)	Cash on hand, in bank accounts, and short-term liquid investments	<i>Indicates the liquidity available to cover expenses and reinvest in operations</i>
<b>Accounts Receivable</b> (A/R) (Current Assets)	Outstanding payments due from insurers and patients	<i>Reflects the efficiency of the billing and collections process</i>
<b>Allowance for Doubtful Accounts</b> (A/R Adjustments)	Estimated amount of A/R that is unlikely to be collected (bad debt reserve)	<i>A high allowance signals issues with patient collections or payer disputes</i>
<b>Prepaid Expenses</b> (Current Assets)	Payments made in advance for goods or services (e.g., insurance, rent, software)	<i>Helps track cash outflows that impact short-term liquidity</i>
<b>Accounts Payable</b> (Current Liabilities)	Amounts owed to vendors, suppliers, and service providers	<i>Indicates the ASC's ability to pay bills on time without cash flow issues</i>
<b>Accrued Liabilities</b> (Current Liabilities)	Expenses incurred but not yet paid, such as wages, taxes, and utilities	<i>High accrued liabilities could indicate cash flow problems from delayed reimbursements</i>
<b>Short-Term &amp; Long-Term Debt</b> (Liabilities)	Outstanding loans or credit obligations	<i>Excessive debt may indicate cash flow strain from revenue cycle inefficiencies</i>