



# The RCM Executive Cheat Sheet:

## An Essential Glossary for Behavioral Health Leadership

Savvy behavioral health leaders know that effective revenue cycle management (RCM) is the cornerstone of their organization's financial health. Understanding and tracking the elements of predictable revenue is vital, especially amid the unprecedented financial strain and policy volatility facing agencies nationwide.

Below is a glossary of essential terminology and metrics that will serve as critical indicators of your RCM effectiveness.

| Term                              | Definition                                                                                              | Formula                                                                                         |
|-----------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <b>Net Collection Rate (NCR)</b>  | Compares cash collected in a given accounting period to the net revenue for the same accounting period. | <b>(NCR = Actual Payments / Expected Net Revenue)</b>                                           |
| <b>Bad Debt Percentage</b>        | Compares bad debt adjustments to all revenue changes in a given period.                                 | <b>(Bad Debt Write-offs for a Period / Total Gross Charges for the Period)</b>                  |
| <b>Days in AR</b>                 | Compares open AR balance at a spot date to the average daily charge.                                    | <b>(Days in AR = Total Accounts Receivable / Average Daily Charges)</b>                         |
| <b>Denial Rate</b>                | Compares claims batched in a given period to the number of claims denied in the same period.            | <b>(Denial Rate = Number of Claims Denied / Total Number of Claims Submitted)</b>               |
| <b>Full-Time Equivalent (FTE)</b> | The distinct count of people posting, batching, or working denials.                                     | <b>(FTE = Total Hours Worked / Number of Full-Time Hours in a Given Period)</b>                 |
| <b>Aging Over 90 Days</b>         | Compares dollars older than 90 days to total open AR balance at a spot date.                            | <b>(Percent AR &gt; 90 Days = AR Dollar Amount Older Than 90 Days / Total AR Dollar Amount)</b> |