

RBMA ACCOUNTS RECEIVABLE STANDARD FORMULAS

ADJUSTED CHARGES (Gross Charges – Total Adjustments)

ADJUSTED COLLECTIONS (Gross Collections – Collection Offsets)

ADJUSTED COLLECTION PERCENTAGE (Adjusted Collections ÷ Adjusted Charges) X 100

AVERAGE DAILY GROSS CHARGES (Average Monthly Gross Charges ÷ 30) ⁷

BAD DEBT RECOVERY AS A PERCENTAGE OF COLLECTION AGENCY WRITE-OFFS

(Amount recovered by external collection agency ÷ Collection Agency Write-offs) X 100

BILLING/COLLECTION COST PER PROCEDURE

(Billing/Collection Expense ÷ Number of Procedures)

BILLING/COLLECTION EXPENSE PERCENTAGE

(Billing/Collection Expense ÷ Adjusted Collections) X 100

DAYS CHARGES IN ACCOUNTS RECEIVABLE

(Total A/R Balance ÷ Average Daily Gross Charges)

GROSS COLLECTION PERCENTAGE (Adjusted Collections ÷ Gross Charges) X 100

TOTAL ADJUSTMENTS AS A PERCENTAGE OF ADJUSTED CHARGES

(Total Adjustments ÷ Adjusted Charges) X 100

TOTAL RECEIVABLES AGED⁸:

$$\frac{(\text{Dollars 0-30 Days})}{(\text{Total A/R Balance})} \times 100 = \% \text{ of A/R at 0-30 Days}$$

$$\frac{(\text{Dollars 31-60 Days})}{(\text{Total A/R Balance})} \times 100 = \% \text{ of A/R at 31-60 Days}$$

$$\frac{(\text{Dollars 61-90 Days})}{(\text{Total A/R Balance})} \times 100 = \% \text{ of A/R at 61-90 Days}$$

$$\frac{(\text{Dollars 91-120 Days})}{(\text{Total A/R Balance})} \times 100 = \% \text{ of A/R at 91-120 Days}$$

$$\frac{(\text{Dollars > 120 Days})}{(\text{Total A/R Balance})} \times 100 = \% \text{ of A/R at > 120 Days}$$

TOTAL WRITE-OFFS AS A PERCENTAGE OF ADJUSTED CHARGES

(Total Write-offs ÷ Adjusted Charges) X 100

TOTAL WRITE-OFFS AS A PERCENTAGE OF GROSS CHARGES

(Total Write-offs ÷ Gross Charges) X 100

⁷ RBMA recommends using a 6 to 12 month average.

⁸ RBMA recommends calculating A/R aging from billing date rather than from date of service.