MCS Advisory

FRACTIONAL CFO · CASH FLOW

Cutting Days *in A/R*

A cash-flow playbook for practices

The fastest cash win most practices have: collecting what they've already earned, faster. This is the playbook behind a 20–30% reduction in days sales outstanding — no new patients required.

20–30%	90 days	Real cash
DSO reduction targeted	Where collectibility drops	Released, not earned anew

Prepared by MCS Advisory · Med Consulting Solutions LLC · 2026

THE PROBLEM · CASH TRAPPED IN RECEIVABLES

Your revenue is real. Your cash is stuck.

You earned the money. The claim went out. And now it sits — in accounts receivable, aging by the day, funding nothing. Days in A/R is the single clearest measure of how much of your earned revenue is trapped instead of working.

WHY A/R IS THE HIDDEN CASH LEVER

Every day counts

Extended A/R cycles force a practice to fund payroll, rent, and supplies out of pocket before revenue converts to cash. The longer claims age, the more the practice is effectively lending money to its payers — interest-free. Cutting A/R days releases cash you've already earned.

20–30%
Typical DSO reduction we target

5–10%
Revenue lost to denials & downcoding

Real cash
Released without a single new patient

This is the fastest cash win available to most practices: **no new patients, no new services** — just collecting what you've already earned, faster and more completely.

Source: MCS Advisory. Healthcare revenue-cycle practice observations; MGMA context (2026). Educational use.

THE DIAGNOSIS · WHERE A/R BREAKS DOWN

Aged claims have a root cause — find it

A high A/R number is a symptom. The cash is trapped for specific, fixable reasons, and they cluster in a handful of places. The work is isolating which ones are costing you most.

The usual culprits

- **Front-end breakdowns** — incomplete registration, missed eligibility checks, and missing prior authorizations that guarantee a denial before the claim is even worked.
- **Documentation & coding gaps** — incomplete clinical documentation delays submission; wrong CPT/ICD-10 codes trigger avoidable denials.
- **Slow submission** — charges that sit for days before billing; every day of lag is a day added to A/R.
- **Weak follow-up** — denials that aren't worked, appeals not filed, aged claims not chased. This is where recoverable revenue quietly becomes a write-off.
- **Payer-specific rules untracked** — each payer has its own requirements; missing them means predictable, repeat denials.

Illustrative — A/R aging, where the risk lives

Aging bucket	% of A/R	Collectibility
0–30 days	54%	**High**
31–60 days	21%	Good
61–90 days	13%	Declining
90–120 days	**7%**	**At risk**
120+ days	5%	**Often lost**

Collectibility falls off a cliff after 90 days. The goal isn't just a lower average — it's **pulling claims forward** in the aging buckets before they cross into the zone where recovery becomes unlikely.

Illustrative figures for education only. MCS Advisory, 2026.

A step-by-step cash-flow recovery

Reducing A/R days isn't one fix — it's a disciplined sequence across the front end, the coding floor, and follow-up. Run in order, it typically releases cash within the first 60–90 days.

The sequence

- **1 · Fix the front door** — real-time eligibility and benefits verification at scheduling and check-in; prior-authorization workflow before the visit, not after the denial.
- **2 · Tighten charge capture & coding** — close documentation gaps, audit top denial-triggering codes, and get charges out the door within 48 hours.
- **3 · Run a denial root-cause sprint** — a focused review of the top five denial reasons by payer; fix the workflows causing them and resubmit the recoverable backlog before it ages past 120 days.
- **4 · Systematize follow-up** — work queues by aging bucket and payer, appeal deadlines tracked, nothing left to chance.
- **5 · Manage patient balances** — real-time out-of-pocket estimates, card-on-file, and standard payment-plan terms so patient A/R doesn't become the new problem.

Clients typically see a **20–30% reduction in days sales outstanding** through this sequence — which, on a practice's monthly collections, translates into a meaningful, one-time release of cash plus a permanently faster cycle.

Source: MCS Advisory. Revenue-cycle methodology. Educational use.

SUSTAINING IT · FROM SPRINT TO SYSTEM

Keep the cash flowing after the fix

A one-time A/R cleanup releases trapped cash. A system keeps it from re-accumulating. The difference is a small set of metrics watched weekly and owned by someone accountable.

WATCH WEEKLY

The A/R dashboard

Days in A/R (trend), % of A/R over 90 days, net collection rate, denial rate and top reasons, and cash collected vs. target. Five numbers, reviewed every week.

OWN IT

Accountability

A high-performing revenue cycle has a name attached to each metric. 'Everyone's job' is no one's job — A/R creeps back the moment attention lapses.

The compounding payoff

- Faster cash cycle — earned revenue converts to usable cash in days, not months.
- Higher net collections — fewer claims lost to aging and denial write-offs.
- Predictable cash flow — the input a rolling 13-week forecast needs to make payroll a non-event.
- A more valuable practice — clean revenue-cycle discipline is exactly what raises the multiple a buyer will pay.

Release the cash you've already earned.

MCS Advisory runs revenue-cycle and A/R turnarounds for practices and ASCs — targeting a 20–30% reduction in days in A/R and a permanently faster cash cycle. Free clarity call. Veteran-owned, senior-led.

medconsultingsolution.com · kays@medconsultingsolution.com

Educational playbook; not accounting or billing-compliance advice. MCS Advisory · 2026.