Year-End Financial Close Checklist for RCM

December closing procedures for medical practices

Complete by December 15:

■ Pull AR aging report (as of Dec 1)
■ Identify all claims >90 days and prioritize for resolution
■ Review timely filing deadlines—submit all eligible claims before cutoff
■ Verify all November services have been coded and entered
■ Run denial report for Q4—appeal high-value denials before year-end
■ Request missing remittances from payors (EOB/ERA reconciliation)

Complete by December 20:

■ Reconcile all payments received vs expected (identify short-pays)
■ Post all outstanding payments and adjustments
■ Write off uncollectible balances (document reason codes)
■ Review patient credit balances—process refunds or apply to future services
■ Verify all December encounters are captured (especially 12/31 services)

Complete by December 27:

■ Run final AR aging report (as of Dec 27)
■ Categorize AR by payor, age, and collectibility
■ Calculate bad debt percentage (uncollectible AR / total charges)
■ Review fee schedule—prepare for CPT code changes effective Jan 1
■ Verify 2027 payor contracts and fee schedules are loaded
■ Update billing software with new CPT/ICD-10 codes

Complete by December 31:

■ Post all payments received through 12/31
■ Submit final batch of claims for 2026 services
■ Generate year-end revenue report (gross charges, payments, adjustments, AR)
■ Calculate net collection rate: (Payments / (Charges - Contractuals))
■ Review denial rate by payor—identify problem payors for 2027 contract renegotiation
■ Back up all billing data (claims, payments, reports)
■ Close 2026 financial period in PM system

Year-End Metrics to Track:

• **Gross Charges:** Total billed (before adjustments)
• **Net Revenue:** Total payments collected
• **Contractual Adjustments:** Write-offs per payor contracts
• **Bad Debt:** Uncollectible patient balances

- **Days in AR:** (AR balance / (annual charges / 365))
- **Net Collection Rate:** (Payments / (Charges - Contractuals)) × 100
- **Denial Rate:** (Denied claims / total claims) × 100
- **Clean Claim Rate:** (Claims paid on first submission / total claims) × 100

Tax Preparation Items (Provide to Accountant):

■ Total revenue by payor category (commercial, Medicare, Medicaid, self-pay)
■ Write-offs by category (contractual, bad debt, courtesy)
■ Outstanding AR balance as of 12/31
■ 1099 forms for contracted providers (due Jan 31)
■ W-2s for employees (due Jan 31)

January 1-15 Follow-Up:

■ Verify 2027 CPT codes loaded correctly
■ Test billing for new codes (dry run before live submission)
■ Review payor remittances for new fee schedules
■ Reconcile year-end reports with accounting
■ Set 2027 revenue cycle goals based on 2026 performance

Pro Tip: Don't wait until Dec 31 to close out the year. Start AR clean-up on Dec 1 and work iteratively. By Dec 20, your AR should be in good shape—Dec 21-31 is just final reconciliation.