

Why you should use AC Practice Management with AC EHR

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Executive summary

As the owner of a medical practice, you need to focus on the financial health of your business if you wish to remain independent of hospitals and health systems. Implementing an integrated Amazing Charts Practice Management (PM) system + Amazing Charts Electronic Health Record (EHR) system will allow your practice to thrive.

By reading this white paper, you will learn about:

- The importance of getting your practice in better financial health;
- The pros and cons of different approaches to medical billing;
- Five ways an integrated PM system can boost revenues and lower costs; and
- Why you need a PM system, even if you use an outsourced biller.

Getting your practice into better financial health

When it comes to finances, your medical practice is a lot like you. You make wiser financial decisions – such as whether to get a fixed-rate mortgage, or how much you need to save for retirement, or whether you can afford that vacation to Hawaii – when you have the right information and tools.

As a practice-owner, you just need different information and tools to thrive financially. This means maximizing revenues and minimizing costs in order to achieve a level of profitability that allows you to earn an adequate income and save for retirement.

In-house billing versus outsourced billing

There are two fundamentally different approaches to medical billing. Larger practices (five or more providers) tend to favor the in-house model since the overhead costs can be spread over more partners.

Smaller practices (one to four providers), on the other hand, are more likely to engage an outsourced billing partner since the overhead costs of in-house billing are shared by fewer partners or perhaps a solo physician. Let's take a quick look at the pros and cons of each approach:

An overview of outsourced billing

The process for outsourcing billing is straightforward for practice staff. Superbills and other documents are scanned and electronically sent or mailed to the medical billing service. The medical billing service takes care of the data entry and claim submission on behalf of the provider. Most billing services charge approximately 7 percent of the collected claim amount.

Pros of outsourced billing

The medical billing service takes care of much of the "dirty work" associated with the billing process. It will also follow up on rejected claims, pursue delinquent accounts, and even send invoices directly to patients. The convenience factor is a major reason that providers choose to outsource.

Cons of outsourced billing

Using a medical billing service is expensive, typically 4 percent to 7 percent of your total revenue. That's a large "bite" of revenue, which works out to \$40,000 to \$70,000 per million dollars of billings. Keep that number in mind when you consider the costs of an in-house solution later on.

Another major drawback is that you, the owner of your business, have no real "visibility" into your own financial picture. Want to see your top payers? Ask your biller. Want to see what percentage of your claims are denied? Ask your biller.

Virtually any information you need to make a wise financial decision is locked up in your biller's computer systems. How quickly does your biller get back to you with answers? What if you want to change billers? Will that historical information be available to your new biller?

Another disadvantage is the drag on workflow productivity due to the back-and-forth communication with someone outside your office. The biller often becomes a "middleman" between you and your payers, which seldom helps the process move faster.

The last major shortcoming of using an outside biller is the inability to check insurance eligibility or balances due prior to an office visit. Below we'll explain why checking insurance eligibility can save you lots of money.

An overview of in-house billing with PM system

The in-house procedure for processing insurance claims is also straightforward. Amazing Charts EHR will populate the Amazing Charts PM system's data fields. Diagnosis codes and other superbill information needed for billing doesn't need to be keyed into another system.

The claims are submitted electronically to a medical billing clearinghouse, which verifies the claim, scrubs for errors, and sends it to the payer. By not submitting claims directly to a payer, you lower your rejection rate and save time and money.

The clearinghouse also has the ability to format and submit claim data in bulk using the various insurance company formats. Automating submissions to carriers speeds the process, so you are paid faster.

Once the claim is rejected or accepted by the payer, status notification is sent to the clearinghouse, and practices can see that information in real time. If a claim is rejected, the provider's staff resubmits the claim once additional information has been gathered.

Pros of in-house billing with a PM system

In addition to handling your billing electronically, there are at least five distinct ways in which a PM system can help improve the financial health of your practice.

1. Lower cost solution

The Practice Management system, combined with an electronic clearinghouse, does virtually everything the biller does for as little as 0.5 percent of revenue – a huge cost savings over outsourced medical billing.

The cost of a PM system works out to \$5,000 per million dollars of billings versus up to \$70,000 for an outside biller. Of course, some portion of this \$65,000 in savings will be spent on an employee (see cons on page 8).

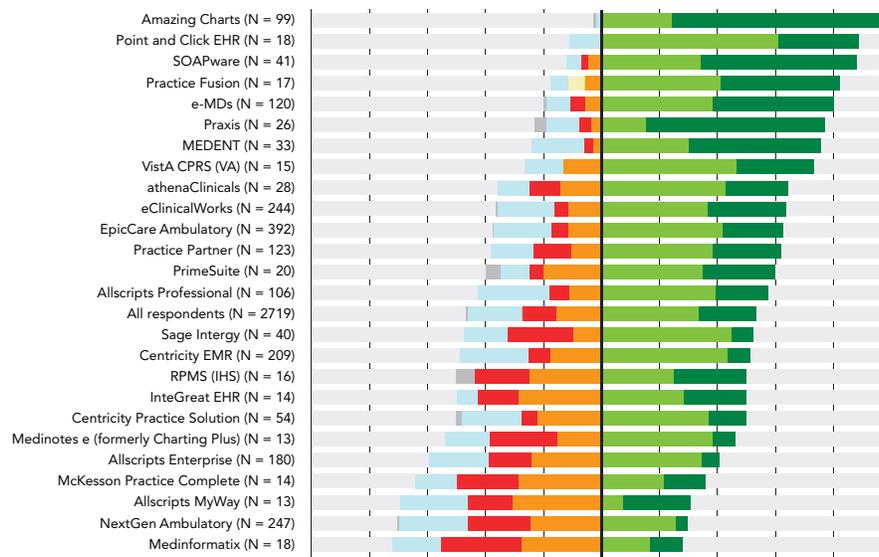
2. Denials management and prevention

There are many ways to prevent and reduce denials before they happen. Did you know that 10 percent to 15 percent of the bills you send to a payer will be denied?

How much value would you put on a solution that could help you determine the top reasons your claims are being denied, allowing you to eliminate payment delays and rework for your billing staff?

An integrated PM system analyzes your claims and denials and then shows you how to avoid denials in advance (see Figure 1).

Figure 1: Practice Management Analysis Showing Top Reasons for Denials (screen shot courtesy of Amazing Charts)



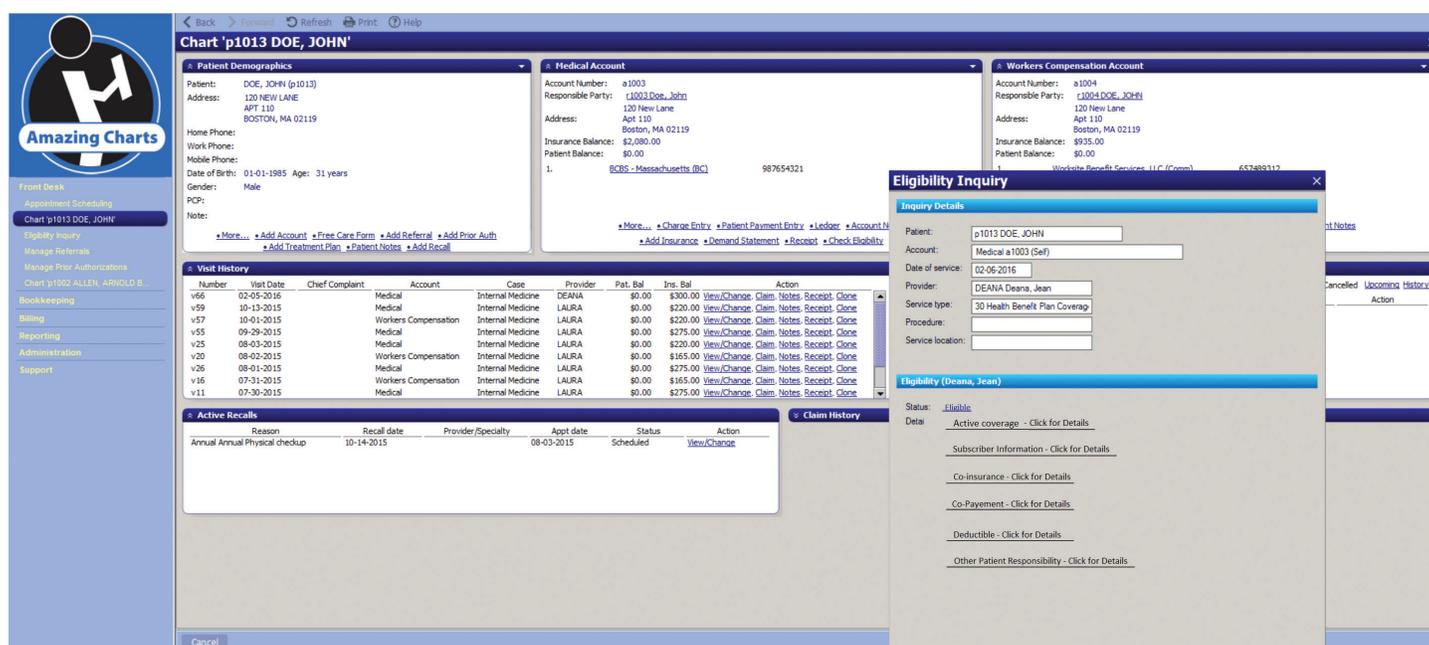
3. Automated eligibility checking

If you use an outside biller, your front-desk person doesn't know if a patient owes you for past services or whether their insurance eligibility has changed. It's very expensive to collect this money later, so collecting money up front is critical to the financial health of your practice.

What if you knew that a patient's insurance coverage had been changed or cancelled before their visit? How about knowing exactly what a patient will owe you for their upcoming visit? In a world of changing coverage and high-deductible health plans, you can't protect your revenue without this vital information.

When your office schedule is shared by an integrated EHR+PM system, you can easily check insurance eligibility and accounts in real time prior to visits, and then take appropriate actions (see Figure 2).

Figure 2: Insurance Eligibility and Patient Balance (screen shot courtesy of Amazing Charts)



Benefits of eligibility checking:

Shorten the patient check-in process by checking eligibility in seconds;

- See exactly what patients owe with easy-to-read benefits statements;
- See detailed benefit information, with important copay, deductible, and accumulator information; and
- Increase productivity through timesaving automation, batch processing, and real-time eligibility and benefits verification.

4. Robust business reporting

The PM system empowers you with knowledge and gives you real-time insight into the financial health of your practice. You can see revenue trends and identify potential financial issues earlier.

Get a firm grip on your account receivables. Be in a better position to negotiate with your payers and be paid faster by focusing on problem areas such as:

- Your most commonly billed procedures and reimbursement levels;
- The average time it takes for each of your health plans to pay you on outstanding claims; and
- The percentage of revenue from cash-based services, patient copays, and deductibles – and how long it takes to collect these balances.
- Here's a comprehensive list of the reports included with Amazing Charts Practice Management:
 - Reconciliation reports
 - Deposit Slip
 - Transaction Detail
 - Transactions by User
 - Balance Before Closing
 - Procedure Activity by Location
 - Activity by Payer
 - Appointment Charge Exception
 - Unbilled Transactions
 - Incompatible Charge Payer
 - Payment Analysis
 - Payment Application Analysis
 - Accounts Receivable (AR)
 - Aged A/R Detail or Summary
 - Unapplied Patient Payment
 - Provider Activity
 - Provider Activity by Plan
 - Activity Summary by Provider
 - A/R Summary
 - Practice Activity Summary
 - Unpaid Claims
 - Unbilled Claims
 - Practice Lists
 - Carrier List
 - Diagnosis List
 - Plan List
 - Procedure List
 - Provider List
 - Patient Account Information
 - Patient List w/wo Insurance
 - Responsible Party
 - Patient Information Sheet
 - Credit Balance
 - Debit/Credit Adjustments
 - Payment List
 - Personal Injury Report
 - Billing Status Report
 - Labels/Letters
 - Appointments
 - Collection
 - Patient
 - Recall
 - Referring Provider
 - Practice Analysis
 - Diagnosis Utilization
 - Insurance Trend Analysis
 - Practice Profiling by Provider
 - Procedure Analysis
 - Referral Source Analysis
 - Referral Trend Analysis
 - Payer Reimbursement Analysis
 - Provider Reimbursement Analysis
 - Visit Exception
 - Appointments
 - Appointments
 - Daily Appointment List
 - Select Encounter Forms
 - Recall List
 - Rescheduled/Cancel/No Show

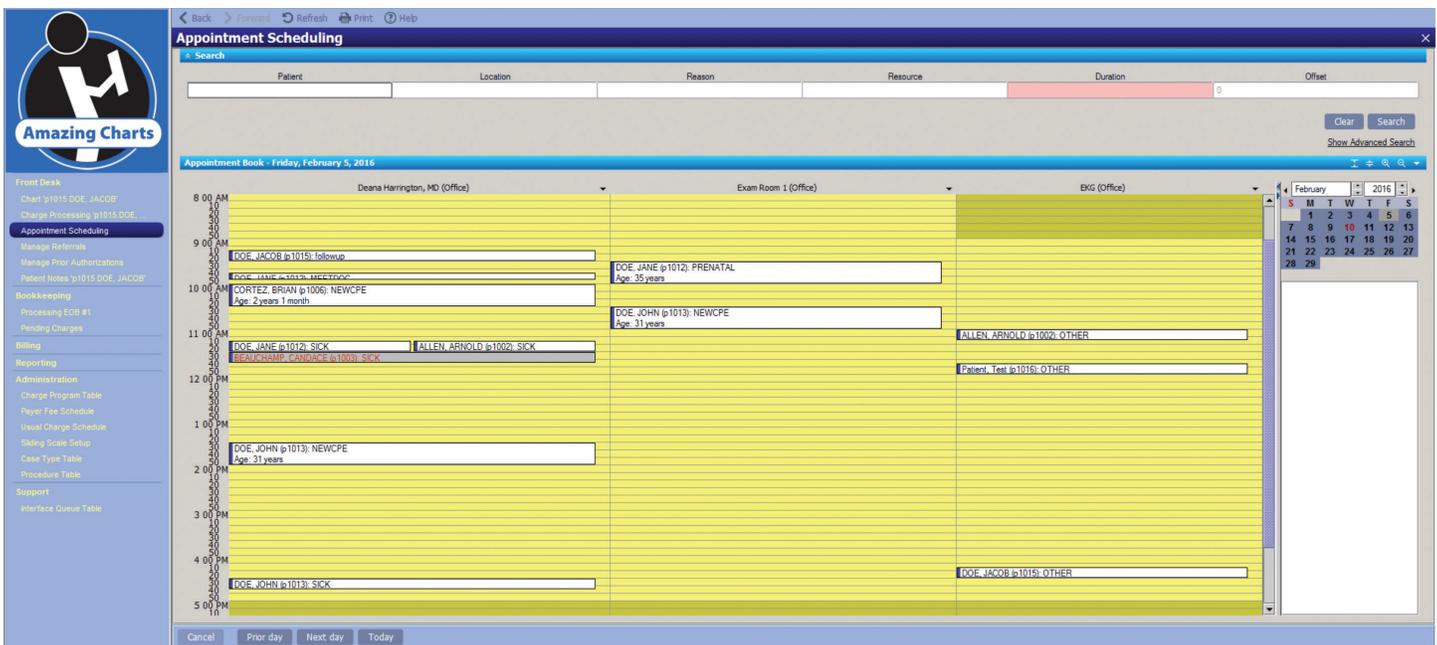
5. Optimize office workflow

To make your practice more efficient, you need to optimize your workflow, just as any business does. Think about one of the best-known examples in history: Henry Ford counting the number of steps it took his workers to assemble a Model-T automobile, and then maximizing productivity with an assembly line. Like Ford, you can use a PM system to track patients throughout their visits to the practice, and then tweak your workflow to save steps.

Recognizing that every practice has its own unique workflow, the front-desk module of the Amazing Charts PM system can be customized to meet your practice's workflow, from check-in to check-out and all the steps in between.

For example, you can customize the way schedules are displayed, including colors, time increments, font size, display size, and more. The reasons for appointments are customizable. You can set up a custom list of accepted credit cards. The schedule view can even be set up to track the use of specific equipment or space (see Figure 3).

Figure 3: Schedule Showing Appointments for Various Resources (screen shot courtesy of Amazing Charts)



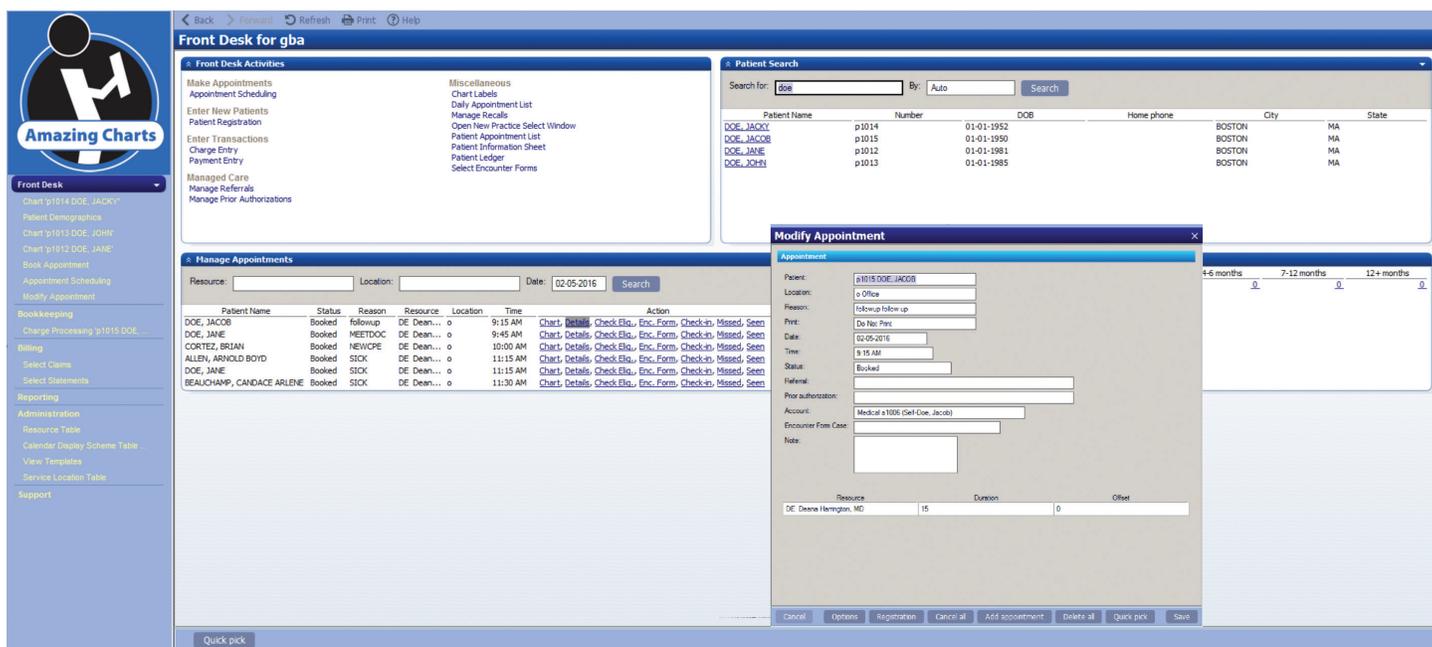
Here are a few sample use-cases for optimization:

The patient calls for an appointment...

The scheduling screen (see Figure 4) displays areas where you can:

- Reserve special resources, such as an ECG or procedure room, ensuring the patient receives the appropriate care.
- View important financial information such as account type, patient balance, and copay.
- Remind the patient about a past due balance, lowering A/R activity by helping to collect money up front and providing a mechanism to flag accounts when patients call to inquire.

Figure 4: Example of a Front-Desk Dashboard (screen shot courtesy of Amazing Charts)



The front desk modifies an existing appointment...

- As the front desk updates the daily schedule, information becomes available immediately, providing real-time notification of changing appointments, patient load, and status of double bookings.

Clinician finishes the exam and progress note...

The clinician documents the visit and then:

- Billing data is immediately available for the billing staff in the billing module – eliminating the paper superbill.
- If needed, the biller or front-desk staff can review the services being billed, eliminating both additional data entry and the inefficiency of managing a paper-based system.
- One click takes the biller within the progress note if needed, where the billing clerk can see the details in the patient's account information and chart.

Cons of in-house billing with a PM system

Someone at your practice needs to oversee billing and the Practice Management system. In most parts of the country, starting salary for an in-house medical biller is approximately \$45,000, depending on where you practice. This person can often perform other nonmedical tasks at the office.

Software and hardware costs are negligible with a web browser-based PM system such as Amazing Charts. All that's needed is a simple Internet connection.

Summary of Pros and Cons

Figure 5 is a summary table of the pros and cons we just reviewed.

Figure 5: Pros and Cons of Billing Services and In-house Billing with PM System

	Pros	Cons
Medical Billing Service	<ul style="list-style-type: none"> • Convenient • Handles denials • Collects from patients 	<ul style="list-style-type: none"> • High cost: 4%-7% of total revenue • No visibility into financial health • No prior eligibility checking • Adds extra steps to office workflow
In-house with PM System	<ul style="list-style-type: none"> • Lower costs: 0.5% of total revenue • Get paid faster with electronic submission • Run reports to get insights into your practice's financial health • Check insurance eligibility up front and collect balances from patients prior to visits • Optimize office workflow to save time 	<ul style="list-style-type: none"> • Need at least one qualified medical billing employee

Conclusion:

Why you need a PM system (even if you have an outsourced biller)

Integrating an EHR system with a Practice Management system can be a game-changer for small practices because it enables even a single employee to handle a high-volume of billing. As we've seen, electronic submission of claims using a PM can actually be more efficient and get you paid faster with fewer denials.

Even if you use an outside biller and are perfectly happy with their services, you still might want to consider Amazing Charts Practice Management + Amazing Charts EHR for all the other pros enumerated above.

You can use the PM system to verify insurance eligibility a day or two prior to the patient's appointment, allowing time to contact ineligible patients about alternate insurance. For those patients who no longer carry insurance, you can state your expectations about payment arrangements. An industry rule of thumb is that more than 50 percent of all patient financial responsibility ends up as bad debt, so this one strategy alone could save you thousands of dollars.

The same is true of workflow optimization and running reports to gain insight into your finances. These activities can be performed with a PM system, even if you have a biller.

You can even ask your biller to use Amazing Charts Practice Management as their billing system because it integrates with your EHR. More accurate coding and reduced human error will result in fewer denials.

Learn more

Please talk to us if you're serious about improving the financial health of your practice. We're ready to give you advice about billing as well as more information about the Amazing Charts EHR+PM solution. Please call us at 866-382-5932, option 2; email sales@amazingcharts.com; or visit www.amazingcharts.com.

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