

8 CRITICAL REASONS OUTSOURCED BILLING IS THE BEST APPROACH FOR YOUR MEDICAL PRACTICE

When it comes to billing, does it often feel like your medical practice is back in the dark ages?

You do all the hard work of seeing patients and providing optimal state-of-the-art medical care, but then end up tearing your hair out trying to get paid a fair fee for your services in a reasonable period of time. If you try to manage billing on an in-house basis, chances are you run up against most of these obstacles on a daily basis:

- You need to hire more and more office staff just to handle this one administrative function. This involves a major financial commitment due to yearly pay raises, health insurance benefits, disability/worker's compensation coverage, and matching contributions for FICA and other government mandates.
- If someone is out of the office, their billing doesn't get done in a timely manner and the paperwork starts to fall behind.
- Costs rise steadily for this function as you need to pay salary and benefits, allocate office space and furniture, provide computers and online access, and purchase expensive office supplies. These costs exist even when billing team members are not working due to illness, holidays, or paid vacation days.
- It takes a good deal of time and effort to train someone to handle the billing tasks properly. When your billing clerk finally seems to have a handle on the process, you are shocked to find out that he or she wants to leave and take these strategic skills to another practice.
- Many claims are rejected on the first attempt at submission. Paperwork that is incomplete or incorrect is returned for additional processing, resulting in increased office costs and unnecessary delays in reimbursement.
- Claims are not fully paid, resulting in additional time and expense in collection efforts.

You know that maintaining a dynamic cash flow is critical to the financial health of your business, but you don't have the time to fully address all the needs of your patients, let alone micro-manage practice administrative chores. In addition, you also have to manage the transition to electronic health records and the value-based patient care system.

An efficient way to take this chore off your hand, improve billing results and increase profits along the way is to outsource the billing process for your medical practice.

"If you operate a medical practice, you should be outsourcing."

— Medical Economics, 2017

WHAT IS REVENUE CYCLE MANAGEMENT?

In the medical world Revenue Cycle Management, or RCM, is the process used to track revenue through the entire patient cycle. It begins at the time of an initial appointment and concludes when the final balance due for services is remitted. Short RCM is optimal, while long cycles indicate that there is a problem somewhere in the billing, processing or collection functions.

Inappropriate or ineffective RCM can lead to delayed or even denied payments. Proper RCM works to shorten billing time, eliminate billing errors, increase insurance reimbursements, and improve revenue receipts from patients.

Key components of RCM success include:

Point-of-Provider Collections

More practices are becoming aware that it is more effective to collect necessary co-pays at the time that the service is provided instead of trying to collect these smaller amounts from patients after the fact. Before a patient leaves the building, the practice needs to verify their eligibility and co-pay amounts, and then collect the amount due on the spot.

Submission Changes

As the insurance world evolves, payers often change the policies for submitting claims. They might tweak the process or institute top-to-bottom changes in the process, which the office team will need to assimilate into their daily process.

Denial Follow-Ups

Sometimes a claim denial can fall through the cracks as it requires additional work. This is money that is being lost to the practice. Proper Revenue Cycle Management requires prompt resubmission of all denied claims in order to continuously feed the revenue stream.

Proper Time Management

Keeping staff working on a consistent basis to stay on top of all the billing requirements can be a challenge for the medical provider or office manager. Office staff may become bored performing the same repetitive tasks all day, they take frequent breaks for coffee or lunch, get involved in personal tasks, or are interrupted and distracted by phone calls that require further research. A supervisor is often required just to keep these personnel on task.

Daily Billing

Claims cannot wait to be submitted on a weekly, bi-weekly or monthly basis. This press to submit everything in large batches increases the odds of making mistakes, losing information, or increasing the turnaround time until payment. Errors and omissions are not caught in a timely manner, and denials are not received promptly, further adding to the delay and headaches of resubmitting claims.

Because RCM can be so fraught with error and delays, many healthcare providers turn over its management to companies that have specialized skills and technology to handle this process. At the end of 2015, in fact, Becker's Hospital CFO Report noted that hospital administrators recognized reimbursement as the biggest problem facing health systems. Based on this pressing and growing need, the article further cited a MicroMarketMonitor report which predicted that the RCM market would soar to \$32.2 billion by 2019.



TO OUTSOURCE OR NOT TO OUTSOURCE?

In July of 2017, Medical Economics definitively concluded that, "If you operate a medical practice, you should be outsourcing." They reported that outsourcing can be implemented to cut internal costs, focus employee time on crucial care delivery, and free up time for patient care management. The vast majority of providers are shown to have a positive feeling about their outsourcing relationships.

The key benefits of outsourcing billing services versus handling them in-house include:

1. Lower In-House Operating Costs

Outsourcing eliminates the need for additional layers of office staff inefficiently working the claims process. Office space is freed up, computer and overhead costs are reduced, and oversight roles are reduced.

2. Faster Claims Processing Leads to Improved Cash Flow

By submitting claims on a more regular basis and eliminating errors, the practice is able to realize an increase in approved claims on the first submission. This increased accuracy results in faster payments, improves cash flow projection capabilities, and reduces nightmares about cash availability.

3. Rely on Industry Specialists

There is no need to stay on top of insurance industry changes with outsourcing. The outsourcer is constantly updating the process with insurance companies, and is a specialist in submitting claims that get paid. The outsourcer also takes on the responsibility for assuring patient confidentiality.

4. Lower Per-Patient Costs

An individual practice must spread the cost of billing over the existing patient base, whereas an outsourcing billing company can distribute their investment over a much wider patient base. This results in economies of scale, which are passed on to the individual client practice.

5. Financial Control

A medical practice is a business which cannot afford to lose control of its financial foundation. It is wasteful to spend too much time on activities that do not generate practice revenue or patient satisfaction. The provider doesn't have to worry about "mundane" issues like entry errors or reimbursement issues that can end up costing big money if not addressed promptly.

6. Increase Profits

Partnering with an RCM company to outsource medical billing can provide a significant boost to practice profit. The practice gets paid faster which lowers carrying and borrowing costs, less manpower is required to achieve better results, no advanced training is required, and no technology updates are needed.

7. Patient Satisfaction

Patients will appreciate the increased ability of medical providers and office staff to focus more on patient care than administrative tasks. They will also appreciate being able to worry less about dealing with claims and concentrate fully on getting well.

8. Less Stress for You!

Knowing that this one crucial task is being handled by a specialist in the field can be a massive source of stress relief for the healthcare provider. There is no longer any stress worrying about billing staff turnover, sky-rocketing administrative costs, cash flow "hiccups" due to slow claims payments, and the overall headache of dealing with medical billing issues. This means that you can focus on building better patient relationships and growing your practice.

When you think about why you wanted to become a medical provider, the answer usually isn't that you wanted to spend your time worrying about money and running a business. Most providers have a truly genuine desire to enhance the lives of their patients. Isn't that what you should be focused on, instead of worrying about your billing practices?