

TOP ERRORS IN MEDICAL BILLING AND HOW THEY NEGATIVELY AFFECT YOUR MEDICAL PRACTICE

The Key to Practice Profitability

As a healthcare provider, your first priority is to provide outstanding patient care. That is the main reason you went into the medical field – to help others feel better. But, underlying that altruistic goal is the business side of your personality. With your education and experience, you are certainly entitled to be paid fairly for the services you provide. You also have to think about the costs involved in running a medical practice – the building, staff, insurance, and so much more – which means you have to stay on top of your medical billing procedures.

The medical billing department is the key to the continued profitability of any medical practice. Bills must be created on a timely basis, submitted properly to the various insurance companies and government entities, and followed-up regularly to ensure prompt payment is received. Solid billing practices lead to a better cash flow and improved Revenue Cycle Management, or RCM. You can continue to receive your salary, pay your office staff, and keep the practice running without worrying about money on a continuous basis.

The truth, however, is that medical billing is fraught with difficulty. From miscommunication and sloppy procedures to exasperating guidelines from each payer, billing errors can really add up. Healthcare Finance reports that billing errors can cost the healthcare industry billions in lost time and wasteful spending. A bill that is rejected due to an error requires twice the processing time for the same dollar result to the practice. Additional time can be lost on the telephone contacting the patient or the payer to settle the matter, often extending a rather routine claim time to a months-long struggle. Meanwhile, the current work load piles up and gets delayed as the billing department deals with the issue again.

The negatives for the industry and the practice are obvious, but that doesn't even take into consideration the impact on the individual patient's health and welfare. Billing errors lead to delayed payments from the insurance companies, denied claims, and increased stress at the very time a patient needs to be stress-free. It is hard for the medical team to provide the highest degree of care when a patient is upset due to a problem with his/her bill. If errors are consistent or costly, they may even lead to patients leaving the practice.

TOP ERRORS IN MEDICAL BILLING

Medical billing can differ for every patient, insurer and procedure, making it difficult for even the most diligent of medical practices to experience denial-free claims. If your medical practice is experiencing severe financial difficulties or losing numerous patients, however, it may be due to a high level of costly billing mistakes. Here are some of the top errors in medical billing:

Insurance Errors

With the high degree of competition in medical insurance, it is possible for patients' coverage to change yearly. The most important step the front desk can take is to absolutely verify current coverage and determine whether the services about to be provided are covered under the patient's existing insurance plan. This must be done at every visit, as plans can change often or patients can max out their benefits for the year. Explaining to patients that they may be charged for a service can be difficult, but it is far better than dealing with an angry patient who receives an unexpected bill.

Lack of Attention to Detail

Claims can be rejected for a mind-numbing array of seemingly-trivial details – a name doesn't match what is on file, an input error transposes a date or insurance policy number, inaccurate prioritization when multiple insurance providers are involved, and so much more. This can be due to reasons from a patient's sloppy handwriting to an office member who is distracted while trying to input the data. Having patients complete forms online can increase accuracy, while staff members responsible for billing need to have undistracted time to complete their duties.

Coding Errors

With the recent expansion of the number of coding possibilities, medical practices struggle to keep their billing claims accurate. Each diagnosis must be coded to the highest level for that code, and the code must exactly match the procedure that is performed, but they can also not be coded beyond what was actually provided. This is a complex portion of the billing process that requires a highly-educated billing staff using the most current codebook, or the use of billing software that is routinely updated to account for all of the changes instituted by the various claims processors.

Miscommunication

Even in the most conscientious of medical practices, some days can be busier than others, which can lead to lapses in communication procedures. A provider might inadvertently give the billing department an incomplete description, or a procedure might be cancelled without notifying the entire staff. A bill goes out incorrectly or needlessly, leading to further entanglements down the road.

Delayed Filing

Sometimes paperwork gets lost in the fray, for whatever reason. By the time the oversight is discovered, it is beyond the insurance payer's deadline and the practice ends up having to eat the cost or risk angering a patient. A close cousin to this is failing to resubmit a rejected claim in a timely manner, also resulting in a loss of revenue for the practice.

Duplicate Bills

Duplicate bills are usually the result of some type of human error. The billing clerk might not notice that a claim has already been filed and innocently sends another, or a procedure was rescheduled but still shows up in the patient records twice. It could even be that a similar, but different, procedure was utilized but the clerk doesn't recognize the difference and gives both the same coding.

Unbundling

Some services that are performed together are meant to be billed as one; however, this is lost somewhere in the translation and each sub-unit is billed separately, resulting in a higher total claim than what would have been allowed under the bundled code.

Poor Protocols

Another major oversight is failing to maintain and review a receivables aging report. This shows the claims that are outstanding and prompts a follow-up action.

Beyond the innocent and unintended billing errors, medical practices also have to be on alert for intentional errors instituted as the result of possible fraud by the patient or malfeasance on the part of the employee.

HOW BILLING ERRORS NEGATIVELY IMPACT YOUR MEDICAL PRACTICE

The entire billing process can become a rabbit hole of problems if not scrupulously implemented and continuously monitored. Lax procedures or poor management by practice administrators can result in any number of negative impacts, ranging from bad to worse:

Lost Time

At the very least, billing errors result in a huge waste of time, as office staff performs the same function over and over again while not generating additional revenue for the practice.

Additional Personnel

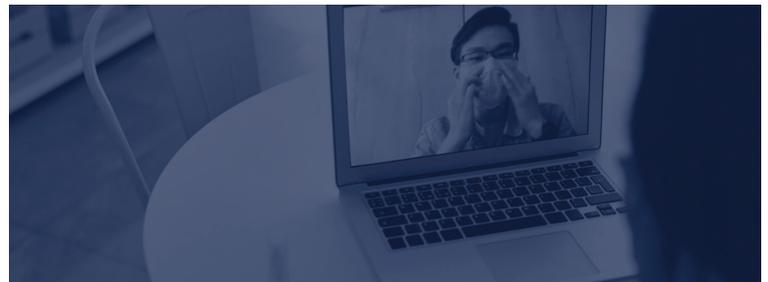
If rejected claims become substantial enough, new claims don't get processed and the practice is forced to bring on extra personnel at an additional expense to deal with the backlog.

Delayed Payments

Delayed billing and rejected claims makes it nearly impossible to accurately project cash flow. While the delays might all be quite reasonable, that doesn't help when you are trying to explain to your landlord or insurance company why their payment is late.

Poor Revenue Cycle Management

This process tracks 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.



Angry Patients

Once again, it can be hard to explain to a patient why a claim has been denied or is late being paid. The patient might be facing the thought of having to pay unplanned out-of-pocket medical expenses at the very time his/her ability to earn money has been diminished due to illness or disability. Angry patients seldom return and, in the worst cases, they will spread their negative experience to all of their family and friends.

Audits, Fines...and Worse

If the billing errors are deemed to be fraudulent, it can result in an investigation or audit that can cause a loss of time and irreparable damage to the practice's reputation. If the practice is found to be at fault, it can even result in legal charges of fraud being leveled. This can result in fines, loss of privileges, or additional legal expenses to deal with the outcomes.

TIPS TO AVOID BILLING ERRORS

Instead of dealing with the negatives, a far more positive approach is to be proactive in avoiding billing errors. Here are some tips which can help to reduce or even eliminate billing errors:

Training

Institute a careful list of protocols regarding your billing procedures, and then provide on-going training to billing team members to keep them updated as changes take place.

Remove Distractions

Let your billing team concentrate solely on the job at hand. Don't distract them with other responsibilities unrelated to their primary job function.

Keep Up on Codes

Make sure you staff utilizes and understands the latest coding requirements.

Communication

Improve communications between providers and billing staff to ensure a clear understanding of the patient visit. Have a process whereby cancelled or rescheduled appointments are clearly notated so they don't get billed twice.

Patients

Explain to patients the importance of providing accurate information and up-to-date insurance policies. Clearly communicate when there has been a billing error, and outline the steps that have been taken.

Timeframes

Have clearly delineated timeframes for submitting claims, addressing errors, and following-up on outstanding claims.

Partnering

Perhaps the easiest way to avoid all of the potential negatives involved with billing errors is to partner with a reputable company that has experience dealing with all the major insurance carriers and can automate the process so you won't have to worry about it yourself.

