

True Cost Of Your Billing Department Should You Consider Outsourcing?

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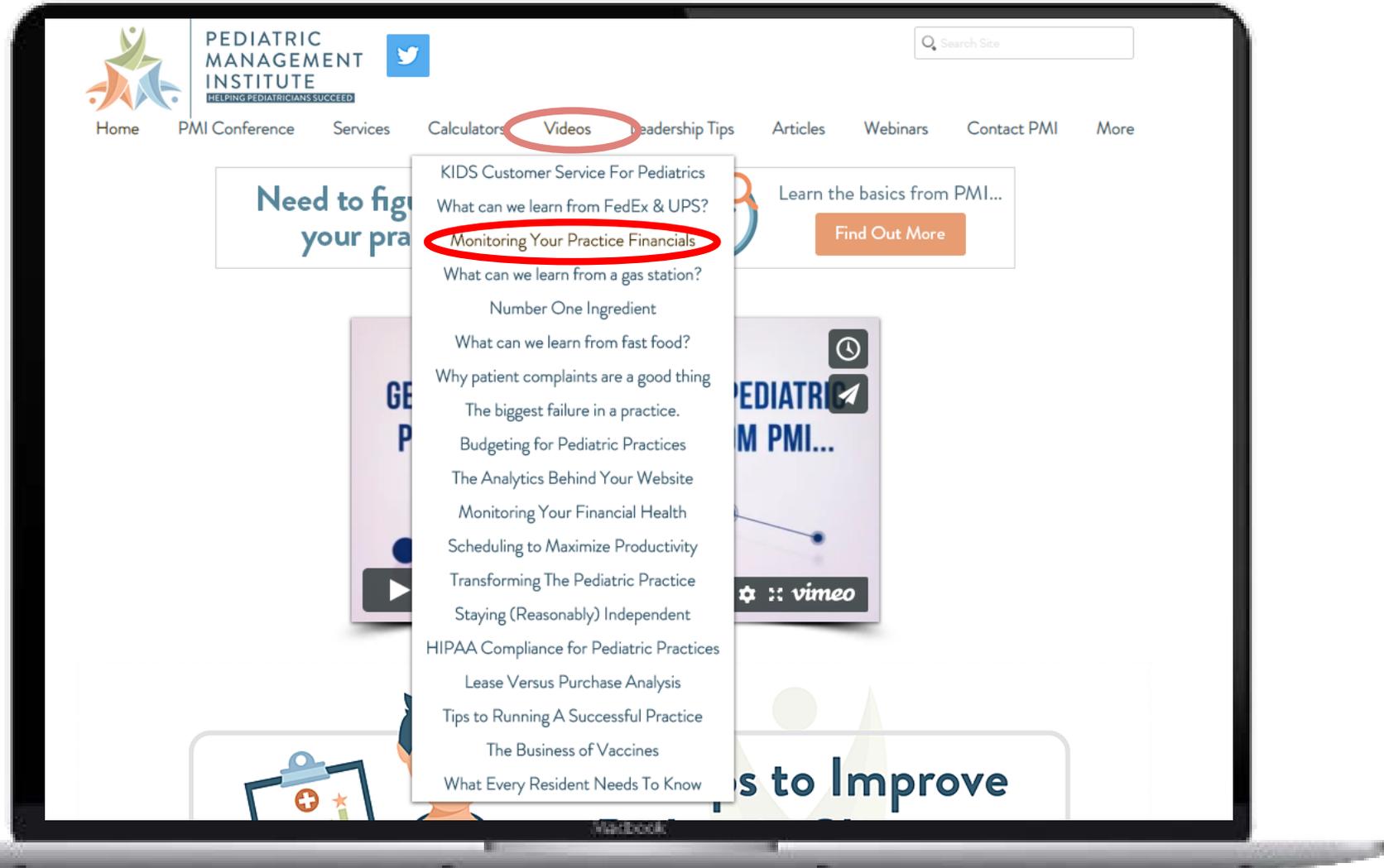
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Agenda

- Medical Billing Workflow
- Factors To Consider
- Advantages / Disadvantages of Internal / Outsourced Billing
- Running the numbers...conventional versus PMI way
- Reviewing Your Options

- Along the way:
 - Complimentary resources on the PMI website
 - Upcoming events
 - Tips, Tools, and Resources available from PMI to help you

PMI Complimentary Videos



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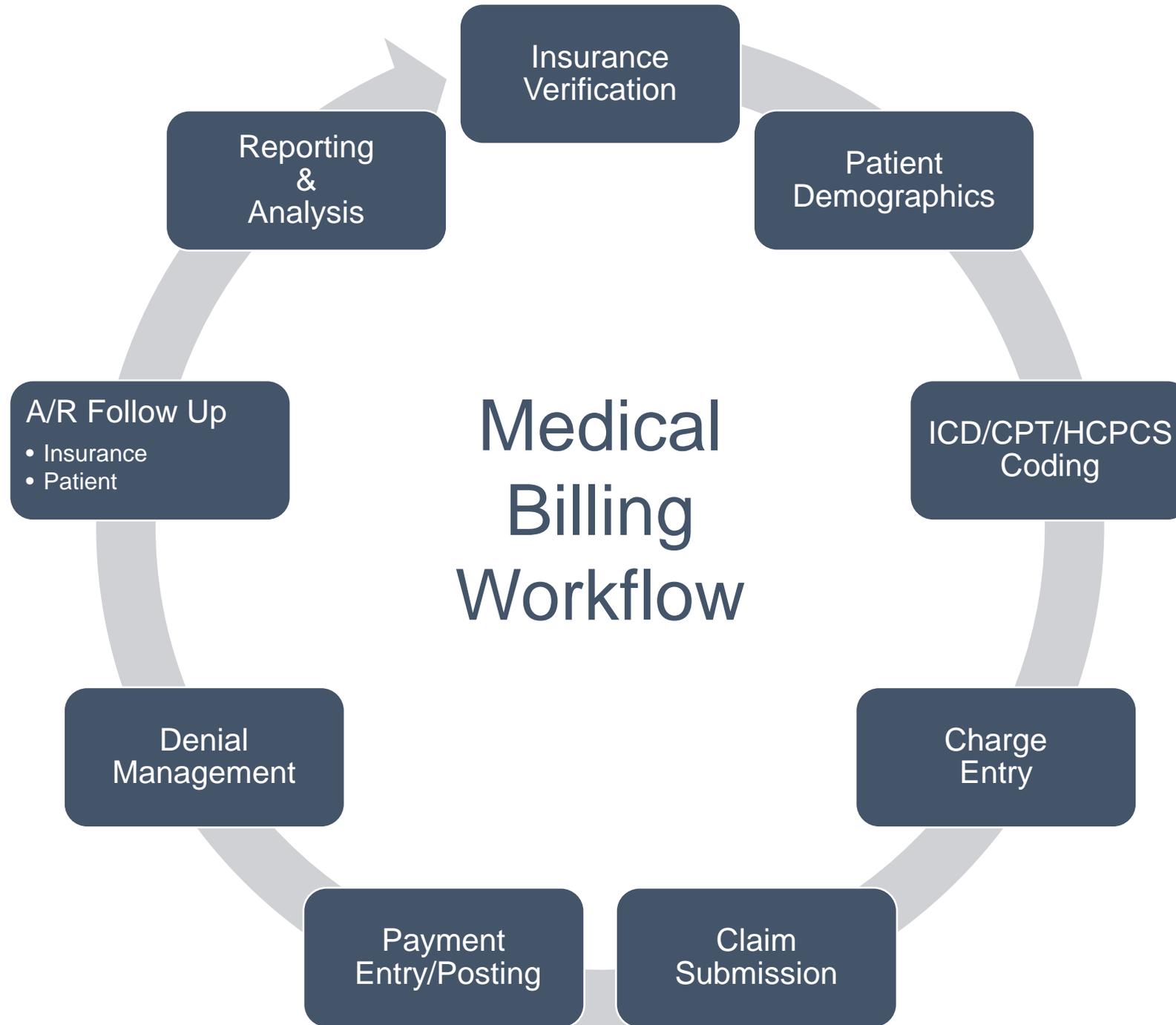
Need to figure out your practice... Learn the basics from PMI... Find Out More

- KIDS Customer Service For Pediatrics
- What can we learn from FedEx & UPS?
- Monitoring Your Practice Financials
- What can we learn from a gas station?
- Number One Ingredient
- What can we learn from fast food?
- Why patient complaints are a good thing
- The biggest failure in a practice.
- Budgeting for Pediatric Practices
- The Analytics Behind Your Website
- Monitoring Your Financial Health
- Scheduling to Maximize Productivity
- Transforming The Pediatric Practice
- Staying (Reasonably) Independent
- HIPAA Compliance for Pediatric Practices
- Lease Versus Purchase Analysis
- Tips to Running A Successful Practice
- The Business of Vaccines
- What Every Resident Needs To Know

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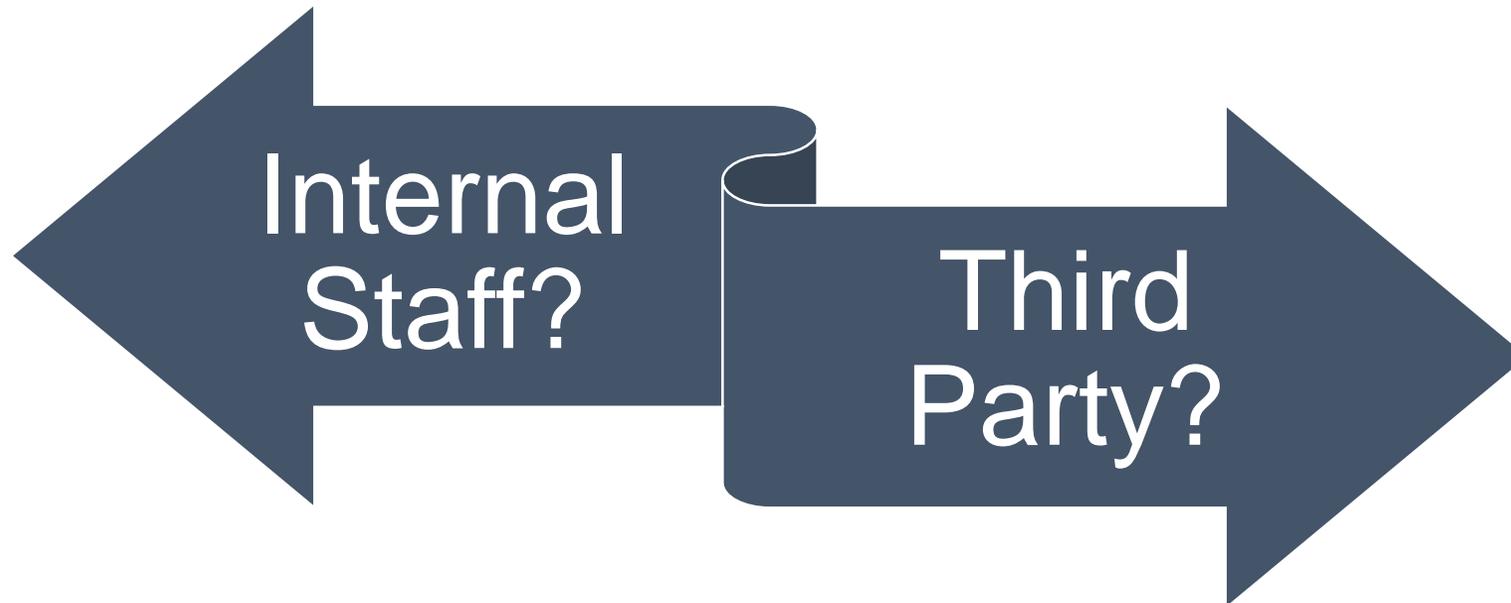
How to Improve

Medical Billing Workflow



What's The Best Way To Get My Claims Paid?

One of the many business questions physicians face is whether to outsource their medical billing to third-party medical billing services or do it in-house with medical billing software.



Best use of a dollar? Best use of physician's time?

Factors to Consider

1. Your billing process is inefficient.

- Collection Rates Dropping
- Denial Management
- Useful Reporting
- Efficient Analysis

Factors to Consider

2. You have high staff turnover.

- Tight Labor Market
- Small Community
- Hospitals Have All The Good Staff
- Human Resource Management Issues

Factors to Consider

3. Having The Right Tools...And Support

- Reporting, Reporting, Reporting!!!
- Maximize The Software
- Software Vendor Support
- Ongoing Coding Training (Certified Professional Coder)

Factors to Consider

4. You're a new provider.

- Not enough volume to justify knowledgeable staff
- Focus on marketing, finance and getting up and going
- Minimal costs in the beginning and then variable to reflect seasonality

Factors to Consider

5. You have different priorities.

- Family/Work Balance
- Can't be an expert at everything
- Reduce the worry and leverage the expertise
 - Accountants
 - Lawyers

Factors to Consider

6. Cost



- For many practices, the outsourcing decision boils down to one factor: cost.
- This is short-sighted...need to look at the big picture...

Advantages of Outsourcing

- More focus on core business – Patient Care
- Complex technology
- Fewer billing errors
- Improves cash flow
- Increases revenue
- Economies of scale
- Pay on collected revenue only
- Better trained specialists
- Cost

Disadvantages of Outsourcing

- Less control
- Possible hidden costs
- No flexibility
- Contractual misunderstandings
- Not focused on collecting **all** the money
- Contractual commitment. Divorce can be messy

Incorrect (But Common) Way People Analyze The Situation

-Current Cost Versus 6%

- Current Cost
 - Two employees @ \$15.00 per hour = \$62,400
 - EmployER Taxes, etc (7.75%) = \$4,836
 - Employee Benefits (\$850 per month per employee) = \$20,400
 - Minimum Cost = \$87,636
 - *Equipment, Office Space, HR Issues, and/or Retirement Benefits Not Included*
- Outsourced Cost (6% of Revenue Collected)
 - 6% X \$1,500,000
 - \$90,000

Stopping here does not account for increased collection rate, consistent billing cycle and/or proper coding compliance

Hypothetical Example

- Practice Profile:

- Three Pediatricians;
- Two medical billing specialists;
- Approximately 13,500 visits per year;
- \$261.01 billed per claim on average (~\$3,500,000 per year);



Charges	\$1,854,242,083
Payments	\$867,556,526
Adjustments	\$788,618,101
Gross Collections	46.79%
Total Visits	7,104,104
Charge Per Visit	\$261.01
Revenue Per Visit	\$122.12

Better Way To Analyze The Situation

-Expect/Demand Increase In Gross Collection Rate (Minimum of 5%)

	<u>In-House</u>	<u>Outsourced</u>
Internal Billing Staff Payroll Cost	\$87,636	\$0.00
Total Charges	\$3,000,000	
Gross Collection %age	46.79%	51.79%
Total Collections	\$1,403,700	\$1,553,700
Outsourced Billing Fee (6%)	\$0.00	\$93,222
Collections, Net Cost	\$87,636	\$93,222
Net Collections	\$1,316,064	\$1,367,256
Effect of Outsourcing	\$51,192	
Per Physician Benefit (3)	\$17,064	

Don't focus just on cost...focus on net gain in revenue

The key is to expect/demand a better collection rate and normalized flow of claims processing...



Want to... KEY PE... all the... Check out the free PMI resources

- CMS Impact Calculator
- Outsourced Billing Calculator**
- Provider Compensation Calculator
- Provider Bonus Calculation
- Accounts Receivable Turnover

[Find Out More](#)

Outsourced Billing / RCM Calculator

Take a moment to enter information based on your practice's financials along with the proposed RCM fees/conditions to see if outsourcing the billing department is right for your practice.

Number of Full Time Equivalents working in your billing department

Average billing staff hourly wage ¹

\$

Average amount spent per month on each employee's benefits

\$

Estimated annual wage & benefit cost for internal billing department

\$103,800

Annual computer software and hardware cost per employee

\$

Estimated Annual Clearinghouse & Statement Fees

\$

Estimated Monthly Office Space Rental/Cost For Billing Staff

\$

Selecting a Billing Service

Are you considering a transition from an in-house billing department to a billing service, or thinking of replacing your current billing service? This checklist will help you get started in evaluating vendors. Christina Moschella, consultant, Medical Division, Edelstein & Company, LLP, Boston, and Nominee in the American College of Medical Practice Executives assisted in creating this tool.

Review your current billing service contract

- Pay special attention to:
 - Inadequate notice and potential penalties
 - Ownership of data and data formats
 - Automatic contract extensions
 - Written notice requirements
 - Termination options
 - Continuation beyond termination date

Evaluate companies

- Ask for recommendations from other practice managers
- Decide on using an in-state or out-of-state company
- Find at least three companies to interview
- Use the questionnaire for each company interviewed

On-site visit

- Narrow your search to two companies
- Visit each one and:
 - Ask to meet some of the staff who will work on your account and talk about what they do and how
 - Ask the staff and management similar questions and compare answers
 - Get a feel for the company and workflow. Do you feel comfortable with the people and procedures?
 - Check references
 - Make decision

Finalizing the commitment

- Review the contract carefully before signing it
- If you are replacing a billing service, compare your old contract with the new one. Does it have all the provisions you want?
- Have your practice's lawyer review the contract before signing it

Selecting a Billing Service Questionnaire

General questions	
Company Name	_____
Date	_____
How many years have you been in business?	
Years	_____
Have you been in business under any other name?	
	<input type="radio"/> Yes <input type="radio"/> No
If yes, what name?	
Business name	_____
Do you have a compliance plan in place?	
	<input type="radio"/> Yes <input type="radio"/> No
Do you have the necessary Health Insurance Portability and Accountability Act regulations in place?	
	<input type="radio"/> Yes <input type="radio"/> No
Has your company ever been investigated in a fraud or abuse case?	
	<input type="radio"/> Yes <input type="radio"/> No
If yes, what was the outcome?	

Have you provided billing services for a practice that has been investigated in a fraud or abuse case?	
	<input type="radio"/> Yes <input type="radio"/> No
If yes, what was the outcome?	

What is your in-house audit system?	

Factors to Consider

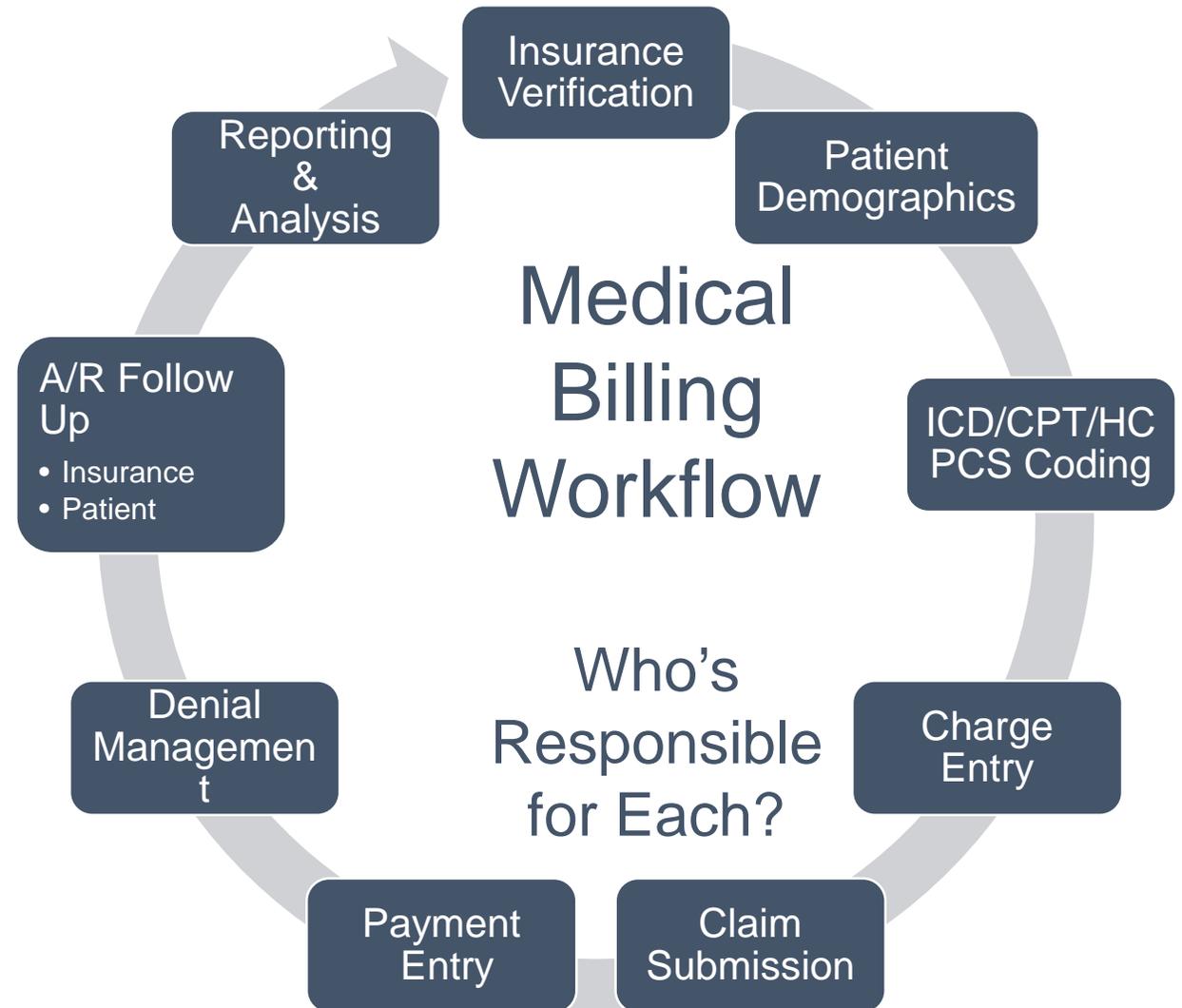
- Medical billing service isn't a silver bullet for in-house billing issues.
- Billing services can vary widely in their efficiency and accuracy when processing claims.
- If a provider chooses a billing service that is lax and prone to errors, the headaches surrounding billing issues won't get better – they'll get worse.
- Percent of Medicaid- easiest money to collect

Selecting an RCM Company

- Can't manage what you cannot measure- monthly reporting essential
- 80% of benefit comes from increased collection percentage
- Establish performance criteria reporting data, (AR, Rejections, Resubmissions)
- Vendor experience with your billing system & specialty
 - Office Practicum- OP RCM Services
 - PCC – PedsOne
 - Epic- speroMD

Who Is Responsible For Each Step?

- If you decide to stay with internal billing
 - Take the time to assign responsibilities and hold people accountable
- If you decide to outsource:
 - Set very clear expectations by reviewing who will be responsible for each step in the process





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Questions, Comments, Thoughts, or Rebuttal?



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- Register before October 31, 2019: \$849
- Register after October 31, 2019: \$899

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This conference is designed to provide participants with a better understanding of the nuances of operating a Pediatric Medical Practice. Through lecture, case studies, and discussion, attendees will gain the knowledge necessary to ensure a successful Pediatric practice.

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WHO SHOULD ATTEND

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For more information, visit: <http://www.PediatricSupport.com>