

# Medical Billing is Our Business!

## Benefits of Outsourcing Your Billing

- Increase Cash Flow
- Improve Productivity
- Eliminate Outstanding AR
- 10-14 Day Payment Cycle
- Decrease Supply/Postage Costs
- Customized Weekly Reports

"We are a full service HIPAA Compliant medical billing and practice management company in business to assist our clients in gaining greater financial profitability"



## Relinquishing Control of Billing By Nicholas Restuccia, CPA

### A New Era

A new era has arrived for the medical practitioner - an era that will require a reduction of expenses to insure survival and profitability into the next decade. In an effort to curb runaway costs, many practitioners have begun to explore the outsourcing of traditional office procedures.

That is, hiring service bureaus to perform office procedures that would normally be done by in house personnel.

### How Common is it?

In a recent survey of businesses with less that \$5 million in sales, 53% of the respondents said their companies now outsourced one or more traditional office procedures.



The most popular areas for outsourcing are payroll, patient billing, administration of employee benefits and maintenance services. Service bureaus can perform these functions more efficiently and economically because they are specialists in these areas.

## In House vs. Outsourcing

**Control.** Many practitioners are reluctant to let a third party assume responsibility for their billing. They think they will lose control over their receivables. The truth is most practitioners have already lost control. With the bureaucratic intricacies of co pays, disallowances, charge backs, deductibles, insurance company holdbacks and duplicate payments, who really has control? Speed. Practitioners instinctively fear that using a service bureau will slow down the billing process. They think a lag in billing will create a delay in collections, thereby creating the dreaded cash flow problem. However this does not have to be the case. Most medical billing services invoice within 24-48 hours of receiving the documents from the practitioner. Therefore, cash flow should not be impaired. In fact, most practitioners report that the opposite is true. Gross billings increase and accounts receivable time is shortened because the billing service is paid on an incentive basis. The higher the gross billings, the more the billing service is paid. In house staff, which is paid a weekly salary, may not be as motivated.

**Efficiency.** Medical billing services are more familiar with coding than the practitioner's own billing department. They are cognizant of the latest trends in coding, while relying on office staff to be well versed in the latest coding techniques is unrealistic, naive and can adversely affect profit. Service bureaus also have more sophisticated hardware and software than the typical physician's office because of the volume of transactions they handle. Since computer hardware and software are constantly changing, the in-house staff and the computers must be constantly updated. The practitioner must pay for all the hardware and software updates as well as the expensive 'learning curve' while the employees struggle to master the new techniques and programs.

**Cost.** Some practitioners think that using a service bureau is more costly than doing the work in-house which depends on what you include in the term 'cost.' When compared to base payroll costs, the billing service charge is more expensive than in house billing. But beware. Hidden costs are incurred when in house people do the work.

**Other Expenses.** What about other expenses? In house billing clerks need space in which to work. Assume the billing clerks occupy an area that is 150 square feet of space. If you are renting space for \$15 per square foot, you are paying an additional rent of \$2,250 just for those employees. This is just the base cost. Usually there are additional costs for increases in property taxes and maintenance services. Additional costs include utilities and office supplies. Postage is an expense, which is commonly overlooked. Some service bureaus, but not all, include this in the cost. These expenses increase the cost of doing business and reduce your bottom line. Outsourcing the billing function allows the practitioner to be more focused on the core business, providing patient care. Before you dismiss the idea of outsourcing completely, figure out how much it is costing you to do the billing in-house. You may be in for a surprise!

## Electronic Claims Processing Facts

- 40% of claims are filed electronically!
- Error rates are dramatically reduced by filing electronically!
- Medicare will soon require you to be filing electronically!
- 30-35% of all paper claims are rejected!
- Annual healthcare expenditures increase by 12% yearly!
- 6 billion claims are submitted yearly!

## Are You HIPAA Compliant?