

Technology: A Gateway to Billing Expertise

Executive Summary:

Technology enabled contracted billing services can offer significant benefits to Community Health Centers and Medical Practices. This article offers more information on why it may be a better solution than running your own billing department.

Most organizations have spent considerable time and money implementing specialized software and developing internal billing departments. This has been a good fit for some, but others are left wondering why they haven't obtained the results they were looking for. This can devolve into confrontation with billing staff or your software vendor and that's unfortunate because it may be missing the real point. Often, it just makes more sense to let a specialist take over to create the results you are looking for. Contracting a billing service to expertly create charges, submit bills and process remittances may be the answer.

Some ambulatory healthcare providers have already proven the benefits of this approach. This comment from an ambulatory care customer is typical. "I don't have to deal with patients or insurance company representatives about billing issues. I can focus on providing care and not have extra stress". Technology has created a conduit for organizations to take advantage of specialized expertise like a billing service. Why not take advantage of a contracted billing expert facilitated by your information system?

This thought may strike fear in the hearts of executives concerned about losing control of their revenue. It shouldn't. A high level of transparency in the process can be established if the billing service completes their work in your information system through a remote connection. Your staff can access the information system at any time to understand charges, billings and remittance. The same reports you use to manage the work of your staff are now used to understand the work of your contracted experts. The same electronic health record data entry your staff are doing to document provided services drives the work of contracted billing staff.

Expertise and Improved Results: Contracting a billing service can bring your organization unique skills regarding specific types of billing, payer requirements and process improvement. In many cases this is expertise you cannot find locally. Unlike most internal billing departments, billing service staff work billing/remittance processes all day, every day with no distractions. Lastly, the service's payment is based on collections so naturally they are looking to maximize your revenue.

Compliance is a parallel priority to revenue. Billing services are accountable to federal agencies and standards just like you are. Quality billing services are able to identify areas of concern related to billing processes by diligently monitoring regulations, error reports and denials. Performance is analyzed against benchmarks and the data is

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communicated back to the customer for quality improvement. We typically see improvements like:

- Denial rates decrease 2-3%
- Collection rates increase to 96%-99% (depending on specialty)
- Receivables over 90 days drop to less than 20% of total outstanding accounts receivables.

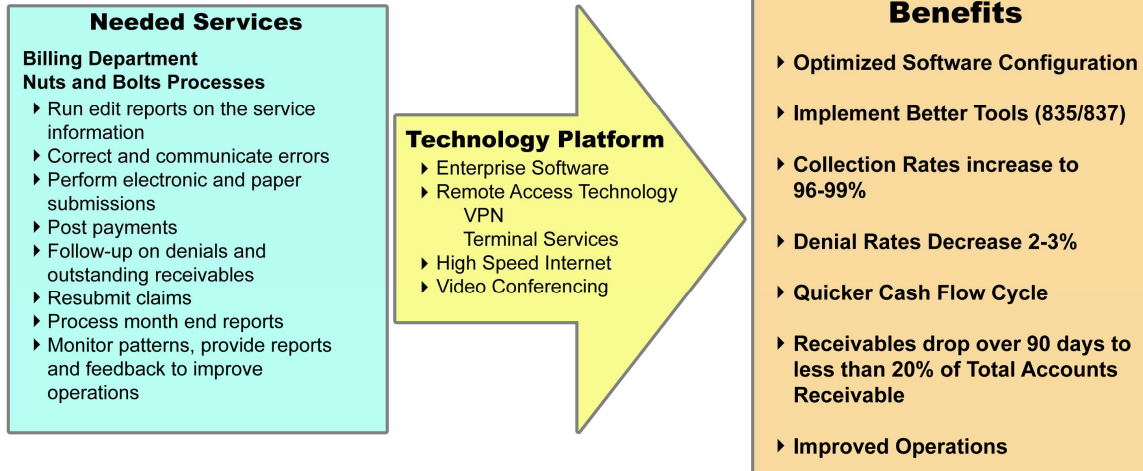
One organization we worked with was challenged with constant staff turnover and insufficient training. Electronic submissions and “best practice” billing procedures were a struggle. Within three months, 837/835 transmissions were implemented along with other process changes. This improved both cash flow and efficiency. The billing service and customer teams meet weekly to discuss issues impacting revenue like authorizations, diagnosis and data entry problems. Often these issues have an impact on quality of care and compliance as well. Management is now focused on enhancing quality of information and creating plans for improvement instead of getting claims out the door. Glenn Dahlen, Vice President of Finance at United Family Services in North Carolina decided to take advantage of technology facilitated billing services and said; “Good billing requires expertise in a constantly changing specialty. You can do a lot to increase collections but the question remains – Is this a core competency of your staff or would it be more effective to contract for this expertise?”

Business Continuity:

Many organizations we work with have significant billing interruptions if a staff person leaves. Inadequate staffing leads to services not being processed and procedures like error checking, requirement verification and reconciliation are often overlooked. This creates liabilities for the organization. Significant overhead is placed on the organization for recruitment, billing procedure training and software training.

Billing services provide staff redundancy that most organizations can't afford. Contractual terms create stability at your organization, as the service is liable to ensure continuity and quality. Billing services can make an impact quickly, often with-in 30 days of signing a contract as the service is using your existing information system and workflow.

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Tips for Assessing If a Technology Facilitated Contracted Service is a Good Fit:

1. *Evaluate your technical environment:* Do you have adequate hardware and bandwidth? Does your system allow proper security configuration, remote access and required features? Can the service vendor offer a solution?

2. *Know your payer mix and the amount of time your staff spends on these payers.* Evaluate your accounts receivable. If a significant portion of your revenue is generated from third party sources, a billing service may be a good solution.

3. *Ask yourself some hard questions about your organization's performance and the efficiency of your internal operations.*

Evaluate staff skills and productivity, volume and age of AR, denial rates and denial reasons. Evaluate cost efficiency of current processes and needed improvements.

5. *Identify the types of services available.*

Look for referrals from peers, trade shows or professional organizations. Make sure you understand the delineation of responsibilities. Prepare questions for the potential vendor to learn more about the services they provide, system access details, rates, what is included/what is extra, hours of operation, company/financial history, staffing, performance metrics, process transparency and references.

6. *Ensure the contract for service clearly defines important responsibilities and financial details.* Verify that the basis of fee calculation is performance oriented. Make sure you understand termination and breach clauses.

Technology Brings us Full Circle: Interestingly, technology is bringing business services full circle. Information systems were initially a tool for organizations to do it themselves; replacing manual processes completed by people with software that can do it faster and better. This has created results for organizations, but for many it hasn't fulfilled the anticipated value they had hoped for. Expert service is becoming more important and the technology platforms we've all worked so hard to create are the vehicle to integrating these critical services into organizations. In the end, we may learn the highest use of technology is to allow access to services from expert providers, leveling the playing field for all organizations regardless of geographic location or budget. This certainly has broad implications for how technology vendors view themselves. More importantly, it may be the next step in adopting technology that can truly allow medical practices to re-focus on their mission... providing affordable, high quality health care to everyone.

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