5 QUESTIONS

to Help You Find

the Best Billing Service for

Your Practice

Revenue cycle management is one of the most critical aspects of a financially viable and successful practice. It is also one of the most challenging, especially for independent providers and small group practices. Some practices choose to do their own coding, billing, and collections, while others choose to outsource medical billing.

The benefits of outsourced medical billing include:

Lower Costs

There is a cost to hire a medical billing company, but for many small and independent practices the pricing model is worthwhile because it saves you in other ways.

You will not need to hire and pay employees to work in your medical billing office, and you won't need to find office space or pay for equipment and other ancillary costs of employment, like insurance and fringe benefits. These costs are often fixed—you're paying a salary and benefits for an employee regardless of your total billed charges in a given month. When you outsource, the total cost varies but it's always a fixed percent of your billed charges. You earn more net income when you work more and pay less in overhead.

Outsourced billing eliminates the cost of sending out your medical bills, including paper, printing, and postage. Most practices also save money by not paying for medical billing and coding software, which can come with added expenses like upgrades and maintenance as well

Higher Collection Rates

A medical billing company has experienced employees whose only job is medical coding and claims submission. They are experts in the most up-to-date codes to ensure that you are billing at the right level for every patient encounter.

They also have exceptional first-pass resolution rates (FPRR) with fewer rejected or denied claims that have to be reworked or the income is forfeited. You collect more of your billed charges and earn more income without adding any new patients or appointments to your schedule. Because most billing service companies have expertise with certain specialties and payors, their productivity and success rate is high.

Shorter A/R Cycles

A healthy practice should have an average number of days in accounts receivable between 30 and 40. That includes the time it takes to submit claims to insurance and the time to send any balance to the patient.

Data show that the longer it takes to submit claims and follow up on denials and rejections, the less likely you will get paid the full amount. According to the U.S. Department of Commerce,[1] you only have a 70% chance of collecting on payments 60 days past due, and only a 30% chance of collecting once it reaches six months.

Longer days in A/R can also be indicative of other problems in your billing department, such as poor patient collection methods or higher-than-normal denial rates.

Fewer Error

Errors in claims submission are one of the top reasons for claim denials. When an insurance carrier denies a claim, it slows down your payment. Your billing and coding employee(s) now have to figure out what is wrong, fix it, and resubmit the claim. And they must complete all of that within a very specific (and sometimes narrow) timeframe.

Good companies that handle outsourced medical billing have a double-check process to catch common errors before submission and send only clean claims that are likely to get paid. They also have employees trained on the latest coding, so you never miss out on payment because of outdated or changing ICD-10 and CPT codes.[2]

Consistent Payment Schedules

Outsourced medical billing companies generally have better consistency in coding and claims submission than small and independent practices. That's not always something a small practice can overcome, especially if the same person who does your billing also covers scheduling, front desk, and has other important duties in your clinic.

Accurate coding and speedy claims submission are the backbone of consistent payments. Finding an outsourced medical billing partner that can get your claims out on time without errors can help ensure consistent payment and cash flow in your practice.

Outsourcing your medical billing allows you and your staff to focus on the things that you do best—caring for patients—instead of spending your time and energy trying to get paid for that important work.

Choosing the Right Medical Billing Partner

Now that we're all up to speed on key benefits and why you may want to further explore outsourced medical billing, the next step is finding the right partner to help your practice. There are a lot of companies out there, and not all of them have the same high-quality billing services at a fair price. To help you make the decision, here are five questions you should ask in the decision-making process.

1: How Much Experience Does Your Company & Your Staff Have in Medical Billing?

You know how important it is for your patients to see a provider with the right training and education based on their healthcare needs. The same is true for the health of your practice. Before you hire a medical billing service, check their credentials to make sure they have experience in medical billing and coding.

Ask questions about staff training and requirements to stay up to date on the latest changes in ICD-10 and CPT codes. Find out if they are affiliated with national organizations, such as AAPC[3] and AHIMA,[4] and whether their coders are certified.

Bonus Question:
Find out if the company offers specialty-specific coders who are trained in one area of medicine. These coders will have more detailed knowledge of the right codes to use to maximize revenue for the care you provide.

2: What Reports & Analysis Do You Provide?

Reporting is one of the most critical aspects of an outsourced medical billing service. Many independent practitioners and small group practices hesitate to lose control of their billing process but having a good partner who keeps everyone informed can make that transition easier.

You are trusting the financial health of your practice to this company, and they should be providing regular information and updates on your revenue cycle. The reports should be easy to read and analyze, with complete transparency and access to detailed data either with the report or upon request.

Reports should cover important key performance indicators like:

> ✔ Days in accounts receivable
>
> ✔ Total accounts 30, 60, 90, and 120+ days past due
>
> ✔ Cash as a percent of net patient services
>
> ✔ Claim denial rates and reasons
>
> ✔ First-pass resolution rates

They should also include benchmarking and insights to help you understand if your current billing performance is at, below, or above average based on your practice size and specialty.

Exceed Status Quo:
Before you hire a medical billing partner, calculate current key performance indicators (KPIs) for your revenue cycle. Having this baseline can help you compare the performance of your outsourced billing partner to make sure you're getting value.

If you're not sure which KPIs to measure, check out our eBook on 7 Ways to Immediately Improve Your Revenue Collection Rates[5] for a detailed breakdown of the most important ones.

3: What is Your Billing & Coding Process?

This is a broad question, but the goal here is to find out a few different key pieces of information:

First, how do they process claims? Are they using outdated manual processes like faxing, or do they have a [cloud-based software platform](#)[6] that allows easy transmission of claims?

Second, who owns the data? You will need to send your patient and practice data to the billing service for coding and claims processing, but you want to maintain control of all the information.

Third, how much flexibility do they offer? Every practice is different, and while it's good for a billing service to have standard protocols in place, it's also important that they can adjust their processes based on your unique needs.

Fourth, how do they handle claims and rejections? No medical billing service will have a 100% claims acceptance rate, so find out how they work denied claims and collections. Efficient services should have separate staff to rework and resubmit denied and rejected claims to get them resubmitted in a timely manner and maximize revenue capture.

4: Are you HIPAA Compliant?

It might seem obvious that a medical billing company must be HIPAA compliant, but it's not a guarantee. Some companies might offer vague assurances of their compliance, but it's important to dig deeper into their promises to make sure it is true. Your practice has a duty to protect patient data, and that extends to the third parties with which you share protected health information.

Ask for a detailed review of their:

- [Business associate agreement](#)[7] (BAA) process
- Security protocols
- Regular security checks

Bonus question:
Can you provide a report of all your HIPAA breaches? This report can help you identify whether the company can back up their claims of securing patient data.

5: How Much Will This Cost?

You might be tempted to ask this question right up front but save it for the end of your billing service interview. First you want to know that they can handle your claims and will provide a great service. Then you can compare the vendors who meet the above criteria and factor in the cost. Like many things, the cost should not be the sole decision point in selecting a company for outsourced medical billing.

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We also have network of 700+ independent billing service companies as customers. These companies support tens of thousands of physicians using AdvancedMD practice management, EHR and patient engagement tools. Visit our marketplace to learn more.

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Resources:

[1] https://www.mmgma.com/resources/Communications/Practice Resources/Resources - Tools/2016-0519 Knowing-When-to-Fold-Them.pdf | [2] https://www.cms.gov/medicare/icd-10/2022-icd-10-pcs | [3] https://www.aapc.com/ | [4] https://www.ahima.org/ | [5] https://www.advancedmd.com/learn/7-ways-immediately-improve-revenue-collection-rates/ | [6] https://www.advancedmd.com/blog/whats-next-healthcare-technology-part-1/ | [7] https://www.hipaajournal.com/hipaa-business-associate-agreement/ | [8] https://www.advancedmd.com/medical-billing/services/

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