



A STEP BY STEP GUIDE FOR OUTSOURCING MEDICAL BILLING

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PROS OF OUTSOURCING

In reality, the only reason you're questioning whether to outsource medical billing for your practice or not is because the nature of medical billing itself continues to get more and more complicated and finding the right person who owns the intricate set of skills needed in order to survive is almost impossible. Regulations continue to increase bringing along more and more red tape and profit margins are becoming seriously endangered for practices who are trying their best to remain independent. Because of certain industry standards that are changing, like ICD-10, it's pretty clear that for some of the smaller practitioners out there, it's time to consider using an outside vendor for revenue cycle management services.

Here are some of the perks that those who outsource medical billing enjoy:

1. INCREASED REVENUE

We might as well talk about the elephant in the room right away. Better cash flow may very well be the biggest perk you experience if you choose to outsource.

It's not that you're seeing more patients suddenly just because you decided to outsource medical billing. Or are you? We'll get to that in a bit. What we're talking about up front here is this simple equation:

**FASTER CLAIMS SUBMISSION + LESS ERRORS
= MORE MONEY IN THE BANK**

Make sense? When you outsource medical billing you will be working with a company who specializes in that service. That's what they do all day, every day. They know every code for every condition and are experts in avoiding errors in payment posting and detecting the potential for denials before they happen. Aside from being able to quickly submit claims to payers, they are also set up to receive ERAs which means your money will be where it belongs with better efficiency than you've ever experienced. Not to mention you will most likely achieve higher reimbursement rates than you have ever seen before. Money might look good on the books but it feels fabulous in the bank account, right?

Now remember the little quip about seeing more patients? Practices who outsource medical billing are better able to focus on the main reason they practice medicine in the first place – improving the lives of their patients. Taking away the stress and struggle that comes with medical billing will actually increase the efficiency of your office. Suddenly, adding one more patient a day seems completely feasible. And one more patient a day means an increase in the bottom line.

2. BETTER REPORTING

While in-house billing staff can probably run reports for you when you need them, think of what it would be like to have complete transparent reporting that provides you with unprecedented insight into your RCM processes without having to lift a finger. No more stressing about whether your reports are showing the correct information. No more having to run the reports yourself because your billing staff are busy trying to figure out why claims were denied. When you outsource medical billing, depending on the vendor you choose, you can receive the information you want the most, exactly when you want it.

3. REDUCE SPEND ON RESOURCES

Not only is your bottom line increasing because you are submitting claims faster, reducing errors and denials, and seeing more patients – it's also increasing because you are no longer spending as much money on staff salaries, employee benefits, training and other expenses that are required when you keep billing in-house. Overall, outsourcing medical billing is a lot less expensive than keeping it in-house.

4. REDUCED STRESS AND TURNOVER

While the reduction of stress has been mentioned several times already, let's take a closer look at another type of stress that will be reduced. When billing is in-house, you can't justify the cost of having an "extra" specialist on hand. That means every time someone is out sick or on vacation, a different staff member is trying to understand the complexities of medical billing in order to cover for the absent specialist. The stress level of your office just tripled. Outsourcing medical billing will reduce overall office stress which will enhance the performance of your staff because they're allowed to focus on improved patient care. Less stress in the office is also known to reduce turnover, which is another hefty benefit to consider.

Considering these benefits, it's no wonder that some experts are predicting up to **90% OF SOLO OR SMALL PHYSICIAN PRACTICES WILL BE OUTSOURCING MEDICAL BILLING** by the end of 2016.

HOW TO CHOOSE THE RIGHT ONE

Now that you understand how truly helpful outsourcing medical billing could be to your practice, let's take a look at how you begin to make sense of all the choices you have. What are the features you should be looking for?

1. QUALITY APPOINTMENT INTERFACING

Medical practices need every tool they can get to face the challenges inherent in today's demanding healthcare environment. A vendor that knows what you're up against will make it as easy as possible by providing a truly easy-to-learn scheduler. When we say easy to learn, we mean it. Something like a scheduler shouldn't take your staff more than 30 minutes to become comfortable enough to start setting appointments. And by *"easy"* we do not mean basic. You shouldn't lose any features that are available with the latest technology.

Make sure the scheduler includes functions like:

- Meaningful Use Alerts
- Custom Pop-up Reminders
- Multiple Appointment Views
- Convenient Appointment Searches
- Color-Coded Appointment Statuses

All of these items will not complicate the system but they do provide a rich user experience.

2. RICH REPORTING SO YOU RETAIN CONTROL

Any practice that has outsourced medical billing to a third party service understand the feeling of lack of control and inadequate transparency. Make sure the vendor you choose offers sophisticated reporting capabilities. A stunning dashboard that keeps everything 100% transparent will make you feel like your billing is still in-house. When you know exactly what's happening to your practice financials on a daily basis, it gives you a sense of control.

Make sure you will be able to run reports such as:

- New and Total Patient Visits
- Rejected Claims by Volume and Amount
- Practice Financial Performance Metrics
- Rejected Claims by Reason
- Top 10 Procedures by Count
- Non Submitted Claims by Submission Type
- Claims and Receipts Volume
- Claims Missing Data by Submission Type

Reporting this effectively allows busy providers to heal patients and discard all of the headaches and anxiety associated with the business side of medicine.

3. REAL-TIME INSURANCE ELIGIBILITY VERIFICATION

Practice Management Consultants estimate that as many as 50% of denied claims occur as a result of practices not verifying that a patient is eligible for coverage in the first place. Combine that with the MGMA's estimate that rebilling a single claim can cost as much as \$47 when you include duplicate efforts and you've got yourself a recipe for massive inefficiency. This doesn't even take into consideration the percentage of claim denials that never receive adequate attention from billing staff and consequently get written off, causing practice revenue losses.

Clearly claim denials can really hurt a medical practice; this is why your vendor needs real-time insurance eligibility verification. This service allows your front-desk staff to verify a patient's benefits status, copay/coinsurance amounts, and covered services with a single mouse click, all from the appointment scheduler. This function should also allow your staff to hand patients eligibility reports that are easy to read and understand so they see what they're paying for.

4. ENCOUNTERS SAFETY NET

Given the fact that costs are rising while reimbursements are declining, medical practices simply cannot afford to allow claims to fall between the cracks. Yet it happens every day in medical offices across the country. Many practices don't have a way to automatically scrub their appointment schedules to make sure that every patient on the calendar has an associated claim. This lack of checks and balances can easily cost a practice tens of thousands of dollars in revenue per year. Practice Owners and Office Managers need insurance against lost revenue. It's only fair that providers get paid for services rendered.

Make sure the vendor you choose offers an advanced, automated encounter safety net that scrubs your appointment schedule and incomplete SOAP Notes behind the scenes to ensure you never miss a dime of revenue your practice deserves. It should function so that if a non-billed encounter is found, a superbill associated with that visit is automatically sent to the clinician in order for them to complete the coding and submit to the billing department.

5. ELECTRONIC CLAIMS (E-CLAIMS)

Medical billing and coding can be challenging if a practice hasn't adopted an efficient and effective work-flow to ensure claims go out. Quick claims turnaround ensures the practice gets paid as fast as possible, which is one of the perks of outsourcing medical billing. To keep your practice profitable, make sure the vendor submits claims within 24 hours of Superbill completion. Even better, use an EHR that allows you to automatically submit superbills to the billing department upon completion of each chart. Those practices who are still charting on paper should be able to fax or scan superbills to the vendor's billing department for quick and efficient processing.

6. ELECTRONIC REMITTANCE ADVICES (ERAS)

Visibility into the revenue cycle starts with electronic transactions which is why when you consider outsourcing medical billing, the vendor should process all payments by receiving Electronic Remittance Advices (ERAs) from the clearinghouse. Those ERAs should then be applied against their coinciding claim balances and any remaining balances should be billed to responsible parties. By receiving ERAs, the vendor provides another layer of transparency in the medical billing process by furnishing clinicians with the visibility into when the payments are coming in and how quickly they're being applied.

7. CLEARINGHOUSE INTEGRATION

Many medical billing and scheduling software programs only allow an in-house billing specialist to enter claims, but not submit the claims from their program. Consequently, these billing specialists then take the extra step of uploading these claims into a clearinghouse portal for processing. Using a separate clearinghouse and billing software can put a practice at risk of losing substantial sums of revenue due to a lack of visibility into the claims process from within the billing software, as there's typically no integration between the billing software and the clearinghouse.

If you're outsourcing medical billing, find a vendor that has created a seamless two-way integration between their billing software and the clearinghouse. This provides you with 100% transparency into the medical billing process and patient life-cycle from the appointment to the claim and eventually to the payment. Because the billing experts are submitting claims from the software without leaving the system and logging into a separate clearinghouse, this reduces claims "leakage" meaning when a claims status changes at the clearinghouse, it's visible in the software application.

FOR EXAMPLE, if a claim gets rejected by the clearinghouse, it's prominently displayed on the dashboard for everyone to see so that the billing vendor is held accountable. This provides peace of mind for busy providers by cutting down the risk that claims could fall between the cracks between two disparate systems. Conversely, if a practice was using a separate billing software and clearinghouse without a two-way integration, a claim could be rejected and it would still display as submitted in the billing software. This means the clinician and office manager may not find out until it was too late and the claim would then be denied for timely filing.

8. SUPERBILLS

Though short and sweet, this is an important feature. The vendor you choose for outsourcing medical billing should offer your practice the ability to batch print superbills from the appointment schedule or to use electronic superbills to quickly and efficiently send diagnosis and procedure codes to the billing department. The goal here is to make life easier, right?

9. DATA VALIDATION

Today's medical billing landscape is complicated at the insurance carrier level. Carriers and clearinghouses have thousands of claim edits on file that result in claims being rejected after receipt. One of the biggest goals of outsourcing medical billing is to increase your claims rate. That being said, make sure to find a vendor that has a high rate for clean claims submission. A vendor who can maintain a 97-98% clean claims submission rate (meaning at least 98% of claims submitted make it through the clearinghouse to the insurance carrier without being rejected) is critical for your practice because it means you get paid faster, receive fewer claims rejections and less denials. In essence, there will be more money in the bank.

How can a vendor achieve an impressive clean claims rate? By relentlessly validating data. They should be frequently scrubbing demographic records and claims behind the scenes to make sure that any potential rejection is dealt with in real-time instead of waiting for the claim to go to the clearinghouse.

10. COST

We're not talking about price in the terms of how much you pay the actual vendor you choose for outsourcing medical billing. We're talking about overall costs. Make your decision based on whether or not it makes sense for your practice. Consider your billing process, your staff turnover, technical difficulties and your priorities as a provider. Remember, that if you keep billing in-house you must consider staff costs, software and hardware costs in addition to the percentage of denials due to errors and how much those duplicate efforts will cost you. While outsourcing medical billing does have a fee, is it more than what you're paying to keep it in-house? Additionally, remember that you can expect as much as a 15% increase in your collections due to increased clean claims submissions. When you sit down and compare the two, the right vendor is not only going to save you from stress and anxiety, they're going to save you money too.

CONCLUSION

Undoubtedly, there is a lot to consider when choosing the right vendor for outsourcing medical billing. All of the features can become a bit *"blurry."* Unprecedented industry regulations are draining the joy from medicine. At the end of the day, you spent 25,000 hours in hand-on clinical training to become a healer, not deal with complicated and problematic insurance billing and collections headaches. By outsourcing medical billing, you allow billing and collections experts to eliminate your anxiety and restore the joy in medicine. The right vendor will handle the headaches associated with billing and collections while giving you 100% transparency into the process.