

Quantum™

# Medical Billing Services

Make the right decision for your practice.



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Losing sight of your business operations can lead to critical consequences such as lost revenue, decreased cash flow, increased operating costs, and ultimately can lower your bottom line.

The medical industry is growing more complex every day as insurance reimbursement rates decline, operating costs go up, and administrative challenges increase. From elaborate and confusing payment systems and intricate compliance requirements to IT-related issues like security and reliability, it is becoming increasingly difficult to manage the business of your practice without losing focus on what matters most – your patients.

A majority of healthcare providers believe that medical billing is one of the most complex, yet crucial components of their business. As medical practices evolve and face the introduction of new technologies, government requirements, quality assurance measures and financial limitations, practitioners and practice managers find themselves having to decide what business operations will save resources and generate revenue. Medical billing is a rarity in that it can help achieve both. This leaves practices asking, “Should we outsource our billing?”

If your practice has been considering outsourcing, now is an excellent time to perform a business evaluation.



## Step 1: Assess Your Practice

To help determine the best billing solution for your practice, ask yourself the following questions.

	Yes	No
1. Are you concerned about ICD-10 and the impact it will have on your practice?		
2. Is your accounts receivable greater than 45 days?		
3. Are you experiencing an increased number of denied claims?		
4. Is your net collection rate declining?		
5. Are some of your charges and claims not making it to the appropriate payers?		
6. Is coding and billing for your specialty especially complex?		
7. Are you spending too much time on practice operations, and less time on patient care?		
8. Do you feel too reliant upon your office manager?		
9. Are you having a difficult time keeping or hiring experienced billing staff?		
10. Does your practice lack a certified professional coder?		
11. Do you struggle to find time to check patient insurance eligibility and benefits?		
12. Do you want to reduce the fees you pay for software to manage your practice (EHR and PM)?		
13. Are you planning to expand your practice?		
14. Are hardware, software, and IT issues disrupting the operation of your practice?		
15. Do you believe that your practice's cost structure is too high?		

Going through the assessment should have given you a little more insight to help with your decision. Let's explore your options.

# Option 1:

## Outsource your billing operations

If you answered yes to most of the questions, using a billing firm may be a good fit for your practice and will most likely increase your bottom line. There are many benefits to hiring a billing service to manage your billing operations, as well as a few potential drawbacks.

### When you outsource your medical billing, you can:

- Stop hiring, managing, and training billing staff
- Avoid delays due to vacation, sick time, or staff turnover
- Eliminate expenses, such as annual coding and compliance education
- Focus more energy on what you do best—practicing medicine and caring for patients
- Reduce costs associated with personnel salaries and benefits, computer hardware and software, office supplies, office space, and training
- Reallocate space that would be used for billing to generate additional revenue streams
- Dedicate more resources to making an efficient transition to electronic health records
- Lock in a portion of operating expenses at a set percentage of revenue
- Avoid purchasing an expensive billing system
- Potentially reduce the expense of your Electronic Health Record (EHR)

Outsourced billing is typically a good fit for start-up practices that are trying to keep costs low and that have unpredictable patient volumes, and for practices that don't want, or don't have the means, to manage an administrative team. All of the day-to-day billing functions are handled offsite when your billing is outsourced. Additionally, a reputable medical billing company will have a team of well-trained, certified billers versed in the nuances of medical billing from coding to patient collections. If you choose the right billing partner, they will assume the tedious and frustrating task of managing denied claims until they are paid or resolved.

Medical billing companies are often the best option for smaller practices simply because of the prohibitive cost of specialized medical billing tools and technologies.

Although outsourced billing companies enable practices to be less concerned with billing processes and record retention, you'll need to get used to working with people outside of your practice. Establishing good communication channels and processes will be critical to your success. In the beginning it may take a little longer to become aware of a problem, track down the answer to a billing question, or make a process change. But as your working relationship evolves, you should be able to experience the same kind of real-time exchange of information that you would if you were in the same building.



## Option 2:

### Maintain your billing operations in-house



If you answered no to most of the questions, your practice might benefit more from keeping billing operations in-house. In the same way that hiring a billing service has its ups and downs, so does maintaining an in-house billing staff. Some of the advantages include:

- Having more day-to-day control of the billing and collections process
- Utilizing the full capabilities of your existing staff
- Recouping your practice's investment in a billing system

Depending on the size of your practice, the average in-house billing department consists of one or two trained billers per one to three providers. Payroll expenses aside, the start-up costs of an in-house billing department will include: equipment (such as computers and software), registration with a clearinghouse, additional space for records storage, and reference materials (such as annual coding books or courses). Other ongoing costs include photocopying when needed for paper submissions/resubmissions, stationery, postage, patient statement processing, and IT support.

An in-house billing team may seem like an administrative burden and an increase in overhead, but the advantages to having your billers in-house may outweigh those factors. With an in-house billing department you can keep a close watch on your day-to-day billing operations, questions can be addressed in real time, and changes can be implemented immediately.

## Are you still undecided?

How you manage your billing it isn't always a black and white decision. Here are some other factors to consider if you are still unsure of what will be best for your practice:

### Control

Having financial control of the practice is of utmost concern to most physicians and practice managers, whether billing is managed in-house or by an outside billing service. If you use an outside source for billing, what member of your team will act as liaison to the designated billing specialist? Building and maintaining the right relationship, open and timely transparent communication, and implementing tight processes to address concerns will help the practice maintain greater control over the billing and revenue process.

With cloud-based systems, any designated staff member should be able to view the real-time status of patient accounts by simply logging on to the system in the same way they would if the system was being used by a biller onsite.



## Communication

Billing practices and financial matters require transparent, effective, and consistent communication. Ensure you choose a billing company that will respond to your needs at a moment's notice and keep you abreast of their performance through timely, consistent reporting or an online dashboard to assess your financial health. You'll feel more in control and at ease, knowing that strong communication practices are leading to improved performance.

## Cost

The cost of the product or service does not necessarily have to be less than the cost of managing the product or service in house. The most important factor to consider is whether or not your billing service is improving your bottom line by increasing your revenue and shortening your days in A/R. Because of the amount of money involved in the average medical claim, even a 5 percent improvement in collections means exponentially more to the bottom line than a 5 percent reduction in billing fees. For the average provider:

- 5% improvement in collections = \$24,000+ in additional annual revenue
- 5% reduction in billing fees = \$1,000 in annual costs

It often is more cost effective to outsource billing. Make sure that whatever service you choose charges between four and ten percent of claims paid and that the percentage charged goes down as the rate of claims paid increases.

## Performance

Performance of your billing service can be best gauged by increased revenue and the speed at which you get paid or reimbursed. While there are many indicators available to measure your performance, compare the results of the billing service by measuring these three indicators of best-in-practice industry standards:

- Days in A/R
- Net collection rate
- Percentage of A/R over 120 days

To find the best in practice industry standards, download our [Financial Health Check](#).

## Management Style

Your management style is one of the most important factors to consider when deciding between in-house or outsourced billing. If you like to be directly involved in every aspect of your practice, then in-house billing is probably the best option for you. If you prefer to let go of complex processes and focus solely on patient care, choose a billing service that offers you access to the information you need, leaving you to make the quality decisions that affect the profitability of your business.

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Regardless of what medical billing solution you choose, your medical practice can be a thriving business as well as an exceptional place to care for your patients. When your business needs evolve, the decisions you make on a daily basis will evolve as well. Always be acquainted with the possibilities, and make confident choices that allow for flexibility in the future.

Learn more about Quantum Revenue Cycle Management at [Quantum.com](https://www.quantum.com).

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## About Quantum RCM

**Quantum Revenue Cycle Management (RCM)** provides you with a team of medical billing experts to take complicated billing issues off of your plate, allowing you to focus on what matters most – your patients. Quantum RCM offers a complete medical billing solution that spans from billing claims to denial management, and all billing related activities and support in between.

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