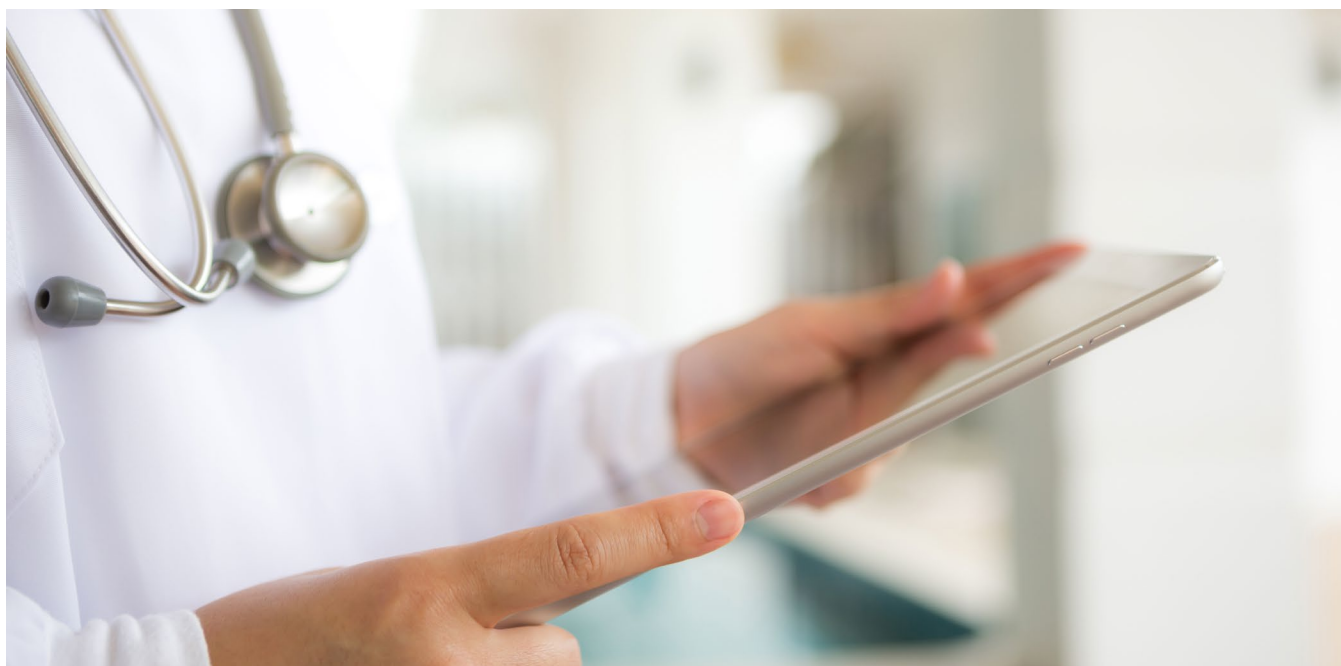


HOW TO EVALUATE A BILLING COMPANY

SIX CRITICAL FACTORS



Physician groups feel caught between declining reimbursement and increasing costs from more complex regulations, higher employee costs, and more sophisticated technology. As a result, more groups are considering hiring a new billing service, whether for the first time or to replace an existing company.

Based on the experience of practices that have recently chosen a new billing company, here are six important criteria to consider.

AT A GLANCE:

Your billing company should:

1. Deliver consistently strong collections (cash) performance
2. Have current financial data available online any time
3. Demonstrate robust technology capabilities
4. Have deep professional credentials in your specialty
5. Show strong compliance focus
6. Have robust cybersecurity measures in place



1. PERFORMANCE VS. PRICE

As in most areas, billing services tend to reflect “you get what you pay for.” It is relatively easy to set up and operate a billing company that does the simple tasks. It is quite another matter to run a billing service that achieves high levels of net collections, month in and month out. Most practices know that it is relatively straightforward to collect the seventy-five to eighty-five percent of insurance claims that are paid the first time. But collecting the other fifteen to twenty-five percent is much harder. A company that doesn’t highlight its denial management, follow-up and A/R management should raise red flags. With patient payments (co pays, deductibles, etc) representing 20% or more of total reimbursement, you also ask about patient collection procedures and results. And the best companies will also be able to describe how they routinely monitor and correct insurance underpayments.

If a practice just focuses on the price, many of these factors may be overlooked. Price is an easier variable to compare than the ones associated with performance. However, a lower price may be the result of a company that has less investment in technology, training, and repeatable processes. The lower price may also reflect a company with lower service levels, meaning they may not be responsive to your questions or needs.

It is particularly important to understand that if “company A” collects three, five or ten percent more than “company B”, then Company A is the right choice even if their price is higher. And differences of this magnitude are more common than not.

Most billing companies price using a “percent of net collections” approach, except where state laws don’t allow it. But sometimes an “apples to apples” comparison is hard to make because one company quotes an all-inclusive fee versus another company with a menu of pricing elements, such as credentialing, interfaces, implementation, patient statements and refund processing. Ask the company with the menu items to provide quantified estimates for each item so you can create the correct comparison.



2. REPORTING AND DASHBOARDS

The billing process generates data and information that represent the financial and operational lifeblood of the practice. Therefore, it is essential to have complete access to any and all information, at any time. Today's leading companies offer their clients robust advanced analytical reporting and "dashboards" showing practice performance at a glance plus the ability to "drilldown" into details as needed. Furthermore, the practice data should be easily accessible through a web-based portal with anytime, anywhere access and availability.

You should ask to see the billing company's standard monthly reporting package. In addition to "charges, adjustments and payments", it should include summaries by payor, by location, and by physician. Plus procedure volumes, A/R aging, and acuity. More detailed reports should include denial patterns, payor payment patterns versus contractual terms, bad debt, and refunds.

A capable billing company can also provide customized reports and data. Perhaps your accountant needs certain data at the end of each month. Ask for a sample of how that data would be provided. Ideally, it will be in Excel or a similar format easy to analyze and import into other applications. Also ask to see examples of reports and analyses performed by the billing company for other clients. Account managers with some billing companies are skilled analysts able to identify issues and communicate them clearly to the practice. In many cases, this represents a significant savings and benefit to their client practices.

Your practice must be comfortable that the company you choose can and will provide exactly the information needed to make timely and effective business decisions.



3. TECHNOLOGY

The technology to operate an effective billing company has become exceedingly complex over the past several years and nothing is making it easier. Ever changing regulations, the proliferation of commercial plans and the big increases in patient responsibility are only a few of the drivers.

Billing systems obviously must be programmed to “scrub” (i.e. edit) incoming data to create clean claims and have efficient ways to file claims with all major insurance carriers. But this is only the tip of the iceberg. Here are a few important factors to ask about:

- What is the coding workflow? Is it dependent on paper or is it electronic? Typical turnaround time?
- How quickly are industry changes incorporated? (e.g. the Covid changes in 2020)
- How many interfaces are supported? i.e. EMRs, ADT, RIS, PACS, etc.
 - Exception processes when unexpected changes occur?
 - Are custom interfaces supported?
- What automation is in place to minimize denials, underpayments, etc.?
- How are patient payments facilitated?
- What privacy and security procedures are in place? Exactly how is PHI protected?
- How is implementation handled to avoid errors and payment delays?

It is an advantage to deal with a company that has its own proprietary software and IT resources. They are not dependent on a third party to make industry updates or to customize features, interfaces, implementations, etc.

Of course, the core billing technology used by a billing company must be robust in its own right. The company should be experienced with front-end interfaces of all types, whether from a hospital ADT or ECC system, RIS, PACS, LIS, or EMR. Leading companies use computer-assisted coding to speed the coding process. Next are the front end edits that result in fewer claims being rejected. Ask for the company’s first pass clean claims rate. The company must have expertise with electronic transactions of all types, including ERAs (electronic remittance advice) which speed the process.

Denial management technology is essential for rapid resolution of denials and under-payments. And the company should have a track record of CMS Quality Incentive Payment Programs reporting and payments for its clients.

Does the company offer online payment options for patients in addition to traditional phone and mail plus payment via text? The entire process of patient collections, including statements, follow-up, and procedures for dealing with collection agencies is supported by robust technology in leading companies.



4. CREDENTIALS

Learning the background of the companies you are evaluating will determine if their claims match real-world experience. Knowing how long the company has been in business and their experience in your specialty is a start. When you've created a short list of companies, ask for references and call them. Be sure to ask about collections and A/R results, service, and reporting. Plus any other items of particular importance to your practice.

Of course, there are other credentials to evaluate. Are the coders certified? (Typically "CPC", certified professional coder). Are they certified in your sub-specialty? Who is the account management team that you will deal with? Do they have background in your specialty? What kind of analysis do they typically provide? Are there enough account management resources to satisfy your needs?

With cybersecurity risks in the news every day, it is essential to know how robust security measures are for any prospective billing company. Industry audits and certifications are an important indication, e.g. SSAE18 SOC1 and SOC 2.



5. COMPLIANCE

In the eyes of federal and state regulations, regulatory compliance is ultimately the practice's responsibility. However, a professional billing company with a robust compliance plan is a huge asset. And some companies even offer compliance training and other compliance services to their client practices.

As part of your evaluation, ask for a copy of the company's compliance plan and compliance structure. If there isn't a strong Compliance Officer or a formal Compliance Plan, rule the company out. In today's world, with more and more audits, including RAC audits, a practice must have a billing company that lives and breathes compliance.

You can also check the Office of Inspector General (OIG) list of excluded entities and the HHS website for reported PHI breaches.

A billing company with a strong compliance focus will help inform your practice of changes in industry regulations and, in the event that your practice requires it, help deal with payor audits. Best of all, a company with strong compliance focus means that audits and other payor reviews pose little or no risk to the practice.



6. SECURITY

Cybersecurity breaches in the healthcare sector have increased each year, dramatically so in the past three years. One Midwest medical group had a breach potentially exposing 600,000 patient records. At least two medical billing companies have been forced to suspend operations for extended periods due to ransomware attacks.

While no company or system is immune to risk, it is essential to know if your medical billing company has taken every possible step to minimize the risks. Some of the key areas to inspect are:

- Technical infrastructure
- Processes and procedures
- Staff training

TECHNICAL INFRASTRUCTURE

Without becoming a technical expert, you can ask questions like:

- Is data always encrypted? When stored? When moving between systems?
- Where are servers located? What access is allowed?
- How often are security audits conducted?

PROCESSES AND PROCEDURES

This is perhaps the least visible and most important dimension. Here are some examples of best practices:

- Employee access to systems and data is limited based on need to know and job function
- Third party vendors (e.g. for statements, collections agencies, etc.) are screened and have comprehensive agreements in place obligating them to follow appropriate safeguards
- A comprehensive formal assessment reviews IT infrastructure and operational policies and procedures, at least annually; with a formal risk management plan implemented based on the findings.
- External vulnerability scans are performed at least quarterly and vulnerabilities are remediated.

STAFF TRAINING

It is well known that many system hacks are the result of an employee clicking on a phishing email link or exposing a system password. While these errors are hard to eliminate, they can be reduced dramatically with the right training. Therefore, it is essential to understand both the nature of a billing company's training (who is trained, what are they trained on, are they tested, etc.) and the frequency.

In addition to reducing cybersecurity risk, proper training will highlight HIPAA requirements, which are obviously critical for any billing company.

SUMMARY

When evaluating a billing company to replace your current one, or to replace your in-house billing operation, there are many factors to consider. We believe that if these key factors are weighed, you will make the right decision:

1. Performance vs. Price
2. Reporting and Dashboards
3. Technology
4. Credentials
5. Compliance
6. Security



At AdvantEdge, we welcome your questions about any or all of these factors.
Please contact us at 877 501 1611, info@ahsrcm.com or online.