

# THE COMPLETE GUIDE TO MEDICAL BILLING SERVICES



# About the Author



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Marc was introduced to medical software sales after several years working in operations, management, and sales in the NYC hotel industry. He quickly learned the medical industry/software and more than held his own in sales. He got into assisting with marketing, creating new business development teams and marketing programs with two different vendors. A few years later, Marc moved to Advanced Data Systems as VP of Marketing where he oversees the company's entire marketing effort.

Among other things, Marc enjoys reading, cooking, and performing comedy which sometimes isn't funny for him or his audience. He has an appreciation and respect for good music and art (where an apple is an apple...not someone's head). Marc became an accomplished drummer and teacher after studying with some of the top jazz drummers in NYC, all as a result of being told since early in life to "beat it."

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# What is the main revenue stream obstacle in any medical practice?

A knee jerk reaction might be that it's insurance companies dragging their feet on reimbursements. Another could be that patients just don't pay their bills on time. Neither revenue source is rushing to pay.

But the real, non-knee jerk reaction issue may well be the way in which *practices themselves* handle medical billing, which isn't necessarily anyone's fault at the practice. It's just that medical billing has become so unwieldy, with hundreds of payers having thousands of different codes, nuances, and reimbursement calculations, especially since we're now in ICD-10.

And that's just on the insurance side, because practices then also need to deal with their other payment world: patient-due amounts.

So...the extent to which the practice can ensure (1) the most optimized insurance reimbursements are received, and (2) how freely patient due amounts are received could be the reasons revenue is often tenuous, unpredictable, and “spikey.”

If that’s an agreed-to statment, then the following question is inevitable: is in-house or outsourced billing the best option for your practice?

Every practice has its own situation and particular needs that will factor into the practice’s ideal approach.

# 1. Medical Billing In-House (you're doing it yourself)

Keeping billing in-house using the practice's own billing / practice management software seems most viable today when it's a relatively small practice.

That's generally because there aren't tons of codes with lots of providers, and it may be a little easier to not only stay on top of how payers are paying, but *what* they're paying vs. what they *should* be paying.

"Should" is emphasized because *maximum* reimbursements are often not what are actually paid, and being reimbursed anything less is really incorrect. Lots of "incorrects" means lots of missed-out-on revenue.

So, smaller practices with a minimal number of ICD-10 codes and maybe a few providers might have a better chance of catching less-than-ideal payments than larger, higher volume practices which might also have multiple specialties and more codes to monitor.

In-house systems have to be sharp and precise on billing and claims. They also need an easy to use, built-in claims denial manager because that's an entirely different problem: not being reimbursed at all vs. being under-reimbursed.

You can have that with a decent in-house billing / practice management system.

## 2. Medical Billing Outsourced (using an RCM company)

Larger practices, groups, networks, etc. could derive tremendous benefit from outsourcing to a full service RCM company.

Now the emphasis is on “M” because probably the majority of RCM companies don’t do the “M” part: manage. They do the “RC” parts because they’re pretty much simply pushing out claims for their clients. They’re revenue cycling (or cycling revenue), but not *managing*.

And when they’re not managing, you can be sure the revenue they’re cycling is much weaker than it *should* be. And, an RCM company that’s heavily into the “M” part can easily increase their clients’ reimbursements by twenty to thirty percent.

Yes, that was read correctly: *easily* 20% - 30%. And, an RCM company should be able to prove that on an audit...not just say it.



This goes back to the maximized coding described above regarding smaller practices. RCM companies will ensure codes are maximized for optimal reimbursement and that what comes back to the practice are the highest reimbursements possible.

RCM companies can do that generally because they have teams of coding experts who are attuned to virtually every coding nuance for every payer, and are working with sophisticated software systems chock full of alerts and reminders.

Also as mentioned, it's pretty much impossible for in-house personnel to keep on top of the thousands of codes for the hundreds of payers in a practice's payer mix.

That's why it may be a good idea to at least consider looking to outsourced RCM. Let them do an audit and see what they find. If it's an RCM company, it could be an eye-popping experience.

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## What Else should a Solid RCM Company Provide?

Obviously, submitting claims and getting the highest returns for its clients is one thing an RCM company should be doing between having an almost perfect first-time clearinghouse claim submission success rate, to quickly working denials and resubmitting “on the fly,” to ensuring its clients' incoming patients have been eligibility-verified.



These three things alone are monumentally monumental in getting you, the client, paid every time. And yes, these are all RCM company “expectables.”

The RCM company should have a powerful, workflow-oriented scheduler for its clients to use.

And while it would no doubt proactively provide an array of reports for its clients, clients should also be able to generate their own reports and review their own data at any time.

That’s why *transparency* is an absolute key element every RCM client should have. By the way, we’re talking about total - not partial - transparency. Transparency where the RCM company’s clients have 24 x 7 x 365 cloud access to their data and are never disconnected from it.

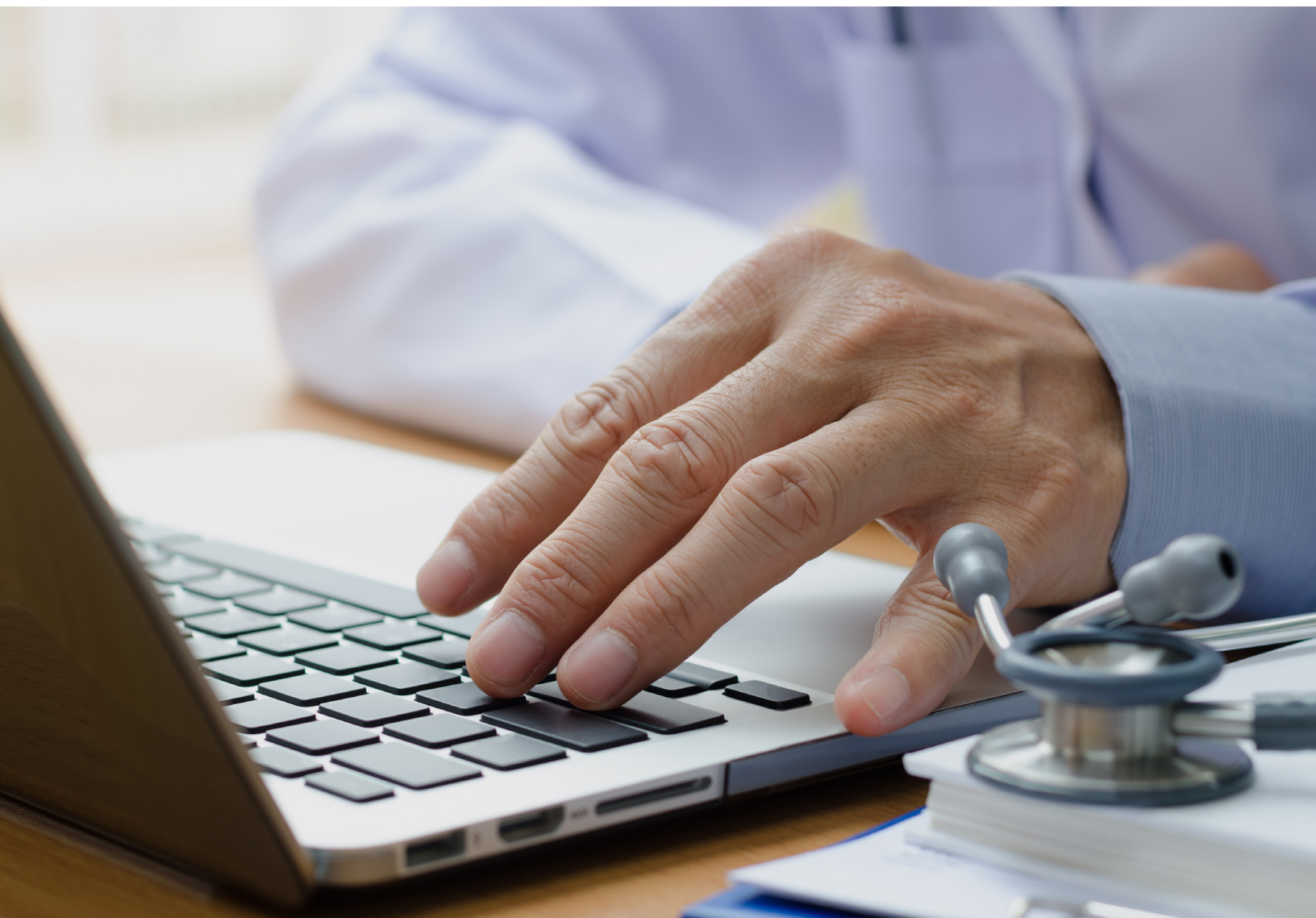
That kind of transparency means the RCM company has nothing to hide. In fact, a good RCM company with nothing to hide will *encourage* client access, and even *train* its clients on how to use the RCM company’s system!

RCM companies *not* supporting that level of transparency should be red flagged for obvious reasons. What are they hiding? What do they not want their clients to see?

## EHRs

An RCM company should be flexible enough to (1) have a Stage 2 certified EHR that its clients can use, or (2) allow its clients to retain their existing EHRs interfaced to the RCM company's system. You shouldn't be forced to drop your EHR if it can be interfaced to the RCM company's system.

To help determine whether in-housing or outsourcing is right for you, take the [“Is Outsourced RCM Right For You?”](#) quiz and find out.



# What Benefits Come With Outsourcing my Medical Billing?

If the quiz suggested outsourced RCM is the right move for your medical practice, or that you should at least consider it, you'll likely be wondering what benefits you can expect to receive. Here are a few:

**As we've seen, perhaps the number one benefit is enjoying an increase in revenue that can be illustrated in advance by the RCM company doing a simple pre-determination audit.**

Along with that, reducing billing errors is a “no brainer” expectation of the RCM company. When the RCM company has a high success rate on out-of-the-box clearinghouse claims, that's an excellent indication billing errors are being reduced.

If we all acknowledge that perfection (100%) isn't realistic, then 99% could be, and actually is possible. Identifying an RCM company with a consistent 99% success rate on first attempt clearinghouse claims will go a long way to getting you paid.



## Reducing liabilities when providers aren't recognized by the patients' insurance.

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In addition to the RCM company ensuring upcoming visits are **checked and verified for eligibility**, they should also be able to alert the client (you) if a patient has been scheduled to a provider who's not recognized by the patient's insurance. If the payer makes that information available via EDI (most do), and if the RCM company is plugged into that, then huge problems can be avoided before they ever start.

Of course, the RCM company should be able to alert whenever a **patient's number of authorized visits are nearing an end**, and that further visits need to be authorized if they're going to be needed.

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## Handling **patient statements and phone calls** which is an entirely additional realm of requirements not yet discussed in this eBook.

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You should expect your RCM company to create and process your patients' statements. Even better, the RCM company should have its own outsourcing option on patient statements whereby they can be downloaded and offloaded.

It means *they* (the RCM company) aren't spending valuable time printing, folding, stuffing, sealing, affixing postage, and mailing statements when it can generally be done for just a few pennies more than the postage per statement.



Even better than that, the RCM company's outsourced statement source should be able to **transmit (email) digitized statements** directly to patients, or to guarantors. e-statements should support another incredible benefit: a secure online payment mechanism built into the e-statement whereby patients can pay right now, and where payments go directly to the client (you).

Hand-in-hand with patient statements, you should also expect the RCM company to take incoming calls from patients who have questions on their statements. That entire time-consuming aspect of patient statements becomes another outsourced service handled by the RCM company.



# What Should I Look for in a Medical Billing Services Company?

Four items should be on your “must do” or “must have” RCM company shopping list.

## 1. Who is the *RCM company's* software vendor, what system is the RCM company using, and what's the RCM company's ownership status?

These are actually three questions but all somewhat related. They're perhaps *the most important things for you to know*, yet are questions that almost never get asked. As a side note, if the RCM company doesn't offer this information proactively, that may be another red flag. It sort of goes along with the “what do they have to hide?” question on transparency.

In any case, it's critical for you to know about who the RCM company depends on for their software updates and support. Is the RCM company someone's client themselves, or are they using their own self-developed software?

If they're using their own software, is it in wide, time-tested use perhaps not only by them, but even by other RCM companies? That would be a good indication of its usability...that other RCM companies use that same software.

The same is true for medical practices: does the RCM company make their software available for medical practices to use in-house? That's yet another good sign if medical practices are using that same system.

We think you see where this is going.

Ideally, you'll want to work with an RCM company that produces the software they're using, which means they're actually their own support resource, which also means they have a team of programmers updating their own system. They're not depending on anyone else for this. Even more ideally is if the software is time-tested. Find out how many EDI transactions are processed yearly through the RCM company's systems. It should at least be in double digit millions per year.

Is the company privately owned, accessible, and easy to contact and work with, or are they "heavy" with layers and layers of corporate-ness? Are they debt-free? In other words, if they're going to be the powerhouse resource behind your cash flow, how's *their* cash flow and financial situation?



## 2. Do they know my specialty or specialties, and depending on the specialty, do they know how my geographic location might play into it?

The question is exactly as written: do *they* know my specialty, which is different from “does their software handle my specialty?”

Of course, the RCM company’s software should be able to handle your specialty. Be particularly careful to confirm that if yours is a specialty such as anesthesia, behavioral health, or radiology, all three of which have very software-specific requirements for billing. Other specialties including these three might need workers compensation and no-fault billing, HCFA and UB billing, a need to manage patient attorney information, etc.

And if location plays into your specialty, as is often the case with behavioral health, workers compensation and no-fault, also make sure the RCM company knows the requirements of your locality / county / state.

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## 3. Technological Capabilities

The RCM company’s software should be operating in the cloud in order to make your data accessible to you at any time, from anywhere, with a secure internet connection.

Their system should be configurable with an unlimited number of HIPAA compliant tax IDs as needed by your practice, and even directories for completely segregating your data.



Today, the software should be ICD-10 compliant, and if they have an EHR, it should be certified as a complete EHR for Stage 2 Meaningful Use. Good idea to confirm both.

Does the RCM company (1) have its own IT Team, (2) have their cloud servers located in a secure location(s) with redundancy, (3) process self-generated backups multiple times per hour, (4) support proactive alerts to the IT Team if upcoming issues are detected which need attention?

These are all things you'll want to know before engaging an RCM company.

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## 4. Transparency and Communication

As mentioned, find out if you'll have full unfettered, unencumbered access to *all* of your data anytime, 24 x 7 x 365. Anything less than all and / or less than 24 x 7 x 365 are red flags.

Find out about the frequency of proactive contacts by the RCM company and / or scheduling pre-scheduled meetings to review how you're doing, which also means how *they're* doing. You already know it's red flag time if they don't support proactive "how are you doing / how are we doing" calls!

## Suggested Do's and Don'ts

**Do** make a checklist of all the criteria you and your team have deemed important so you can evaluate the RCM company with those items in mind.

**Do** make sure that you are the owner of your data...that by engaging with the RCM company they don't become the owners of your data.

**Do** find out the format in which the RCM company will make your data available should you ever want to disengage from them, and if there is any cost for that.

**Do** ask how that cost calculated, if there is a cost. The RCM company might have a standard fee, or it could be based on the number of records and / or on the format in which the data is presented. You just don't want to be hit with some arbitrarily exorbitant fee for saying goodbye.

**Do** confirm that (1) you'll only be charged based on percentages of amounts **collected, not billed**, and (2) any other charges would only be for ancillary services the RCM company might have available that you'd want.

**Do** ensure the RCM company's system can handle your specialty / specialties and that they actually know and are familiar with it / them.

**Don't** fail to follow the "Do's."

## Conclusion and Takeaways

If using an in-house system, make sure it's fully up to the performance requirements you need. If outsourcing, you'll have an enormously better chance of success when the RCM company can actually show you how they'll increase your revenue, and the extent to which they leverage the "M" in RCM.

### **Advanced Data Systems (ADS), is a company with a proven history of stability and reliability in the industry.**

The company's name remains unchanged since its inception in 1977, and ADS continues to operate as a debt-free, unencumbered, independent provider of automation solutions to the healthcare industry. ADS has never discontinued a system. In fact, hundreds of ADS clients continue to use their original Medics systems which ADS still supports and for which required updates are provided.

Thousands upon thousands of physicians rely on systems from ADS, as do hundreds of medical RCM companies for their clients. Our own MedicsRCM uses the Medics Suite as well for our RCM clients.

And we still provide customer hosted implementations when that works best for the client. Otherwise, it's cloud! You're invited to contact us for more information on our Medics Suite and to schedule a personalized system overview.

**ADS: Advanced Technology. Simple Solutions™**



Is outsourcing your Medical Billing the right decision for your company? Take our quiz to find out.

TAKE THE QUIZ