

# True Cost Of Your Billing Department Should You Consider Outsourcing?

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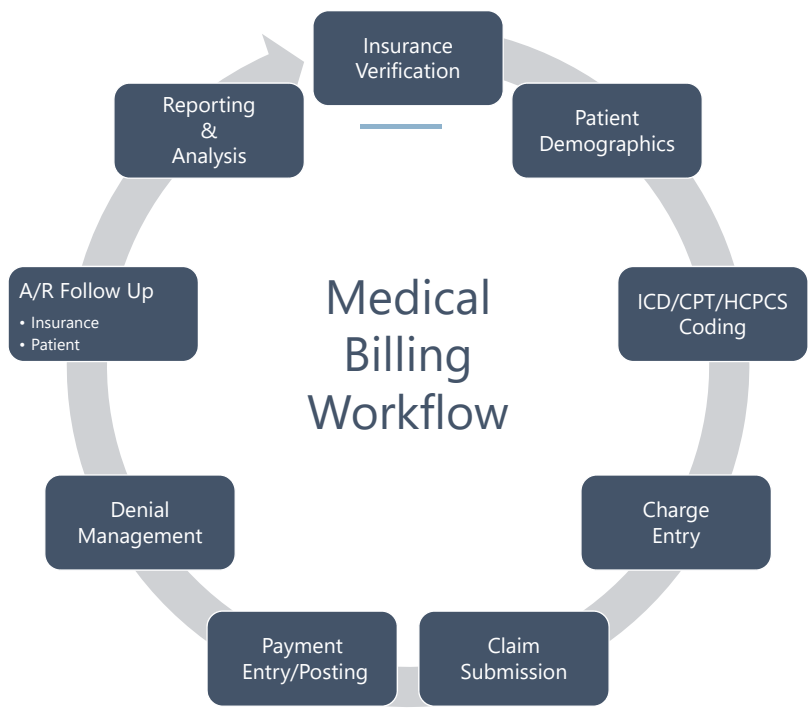
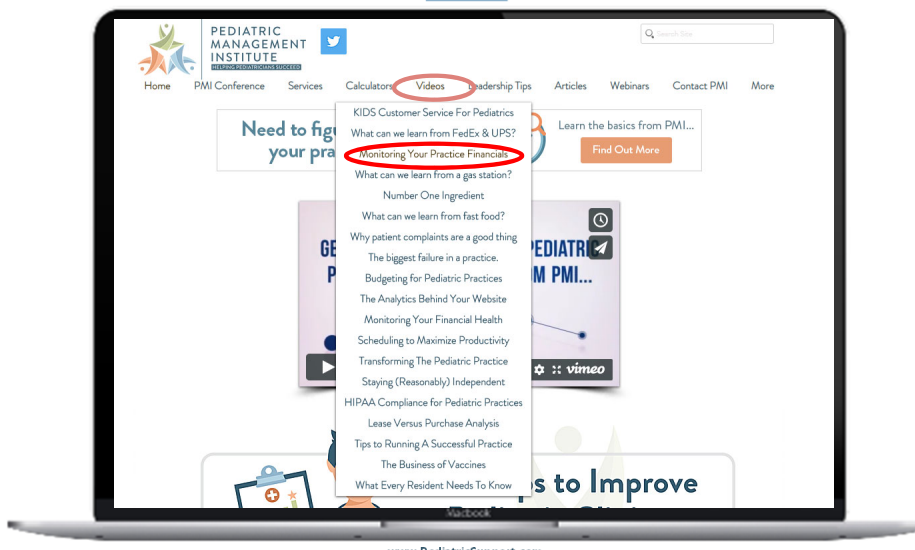


## Agenda

- Medical Billing Workflow
- Factors To Consider
- Advantages / Disadvantages of Internal / Outsourced Billing
- Running the numbers...conventional versus PMI way
- Reviewing Your Options
  
- Along the way:
  - Complimentary resources on the PMI website
  - Upcoming events
  - Tips, Tools, and Resources available from PMI to help you

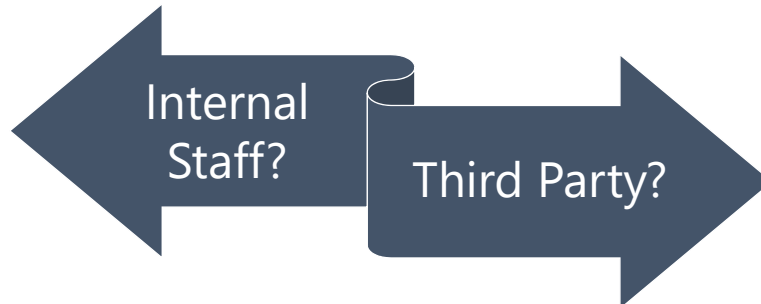
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# PMI Videos



## What's The Best Way To Get My Claims Paid?

One of the many business questions physicians face is whether to outsource their medical billing to third-party medical billing services or do it in-house with medical billing software.



*Best use of a dollar? Best use of physician's time?*

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5

## Factors to Consider

### 1. Your billing process is inefficient.

- Collection Rates Dropping
- Denial Management
- Useful Reporting
- Efficient Analysis

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6

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## Factors to Consider

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### 2. You have high staff turnover.

- Tight Labor Market
- Small Community
- Hospitals Have All The Good Staff
- Human Resource Management Issues

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7

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## Factors to Consider

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### 3. Having The Right Tools...And Support

- Reporting, Reporting, Reporting!!!
- Maximize The Software
- Software Vendor Support
- Ongoing Coding Training (Certified Professional Coder)

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8

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## Factors to Consider

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### 4. You're a new provider.

- Not enough volume to justify knowledgeable staff
- Focus on marketing, finance and getting up and going
- Minimal costs in the beginning and then variable to reflect seasonality

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## Factors to Consider

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### 5. You have different priorities.

- Family/Work Balance
- Can't be an expert at everything
- Reduce the worry and leverage the expertise
  - Accountants
  - Lawyers

## Factors to Consider



### 6. Cost

- For many practices, the outsourcing decision boils down to one factor: cost.
- This is short-sighted...need to look at the big picture...

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## PMI 2020...In Miami

- Bigger Venue
  - Ballroom increased 8,000 to 12,000+ square feet
  - Twice the speakers
- Two full days...No pre-conference tracks
- Cost less than this year
  - \$799 versus \$878 (\$699 + \$179)

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Topics: Marketing, Finance, Coding, Managed Care Issues

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- Three breakout sessions to dive deeper into topics important to you
- Registration fee includes all two lunches, one breakfast, four breaks and two cocktail parties.

**REGISTRATION FEE**

- Same price as 2019 with twice the speakers!
- Register before March 30, 2019: \$799
- Register before October 31, 2019: \$849
- Register after October 31, 2019: \$899

**CONFERENCE OVERVIEW**

This conference is designed to provide participants with a better understanding of the nuances of operating a Pediatric Medical Practice. Through lectures, case studies, and discussion, attendees will gain the knowledge necessary to ensure a successful pediatric practice.

**PRACTICE STARTUP BOOTCAMP**

Interested in starting your own practice? Now you can learn from industry experts everything you need to know about starting your own practice! Our new Boot Camp from PediatricStartUp.com gets you started the RIGHT way!

**WHO SHOULD ATTEND**

Pediatricians, Office Managers, Administrators, CFO, CIO, Revenue Cycle Managers, Decision Support Managers, Financial Leaders, IT Vendors, and Clinical Managers

For more information, visit: <http://www.PediatricSupport.com>

## Advantages of Outsourcing

- More focus on core business – Patient Care
- Complex technology
- Fewer billing errors
- Improves cash flow
- Increases revenue
- Economies of scale
- Pay on collected revenue only
- Better trained specialists
- Cost

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13

## Disadvantages of Outsourcing

- Less control
- Possible hidden costs
- No flexibility
- Contractual misunderstandings
- Not focused on collecting all the money
- Contractual commitment. Divorce can be messy

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## Incorrect (But Common) Way People Analyze The Situation

-Current Cost Versus 6%

- Current Cost
  - Two employees @ \$15.00 per hour = \$62,400
  - EmployER Taxes, etc (7.75%) = \$4,836
  - Employee Benefits (\$850 per month per employee) = \$20,400
  - Minimum Cost = \$87,636
  - *Equipment, Office Space, HR Issues, and/or Retirement Benefits Not Included*
- Outsourced Cost (6% of Revenue Collected)
  - 6% X \$1,500,000
  - \$90,000

*Stopping here does not account for increased collection rate, consistent billing cycle and/or proper coding compliance*

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15

## Hypothetical Example

### • Practice Profile:

- Three Pediatricians;
- Two medical billing specialists;
- Approximately 13,500 visits per year;
- \$261.01 billed per claim on average (~\$3,500,000 per year);



Charges	\$1,854,242,083
Payments	\$867,556,526
Adjustments	\$788,618,101
Gross Collections	46.79%
Total Visits	7,104,104
Charge Per Visit	\$261.01
Revenue Per Visit	\$122.12



16



## Better Way To Analyze The Situation

-Expect/Demand Increase In Gross Collection Rate (Minimum of 5%)

17

	<u>In-House</u>	<u>Outsourced</u>
Internal Billing Staff Payroll Cost	\$87,636	\$0.00
Total Charges	\$3,000,000	
Gross Collection %age	46.79%	51.79%
Total Collections	\$1,403,700	\$1,553,700
Outsourced Billing Fee (6%)	\$0.00	\$93,222
Collections, Net Cost	\$87,636	\$93,222
<b>Net Collections</b>	<b>\$1,316,064</b>	<b>\$1,367,256</b>
Effect of Outsourcing	\$51,192	
Per Physician Benefit (3)	\$17,064	

Don't focus just on cost...focus on net gain in revenue

*The key is to expect/demand a better collection rate and normalized flow of claims processing...*

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17

## Intelligence Built For Pediatrics

18



\$1,894,289,250  
Charges

\$882,221,565  
Payments

\$800,924,124  
Adjustments

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18

19

20

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## Factors to Consider

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- Medical billing service isn't a silver bullet for in-house billing issues.
- Billing services can vary widely in their efficiency and accuracy when processing claims.
- If a provider chooses a billing service that is lax and prone to errors, the headaches surrounding billing issues won't get better – they'll get worse.
- Percent of Medicaid- easiest money to collect

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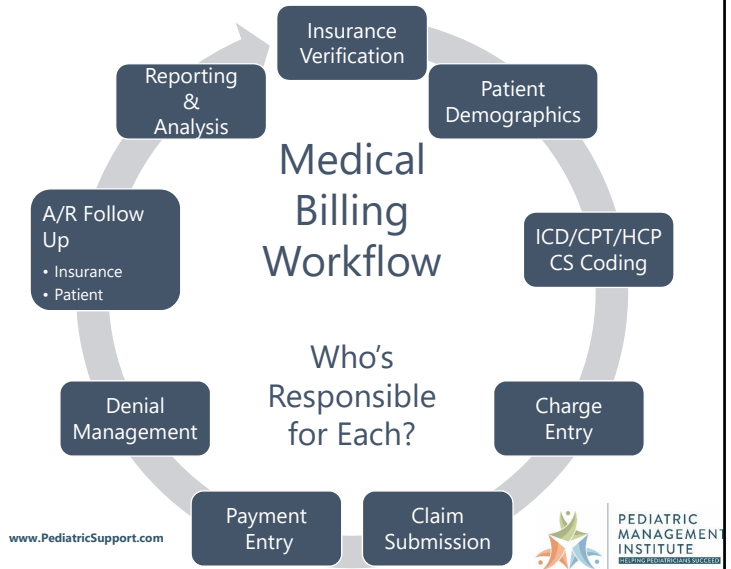
## Selecting an RCM Company

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- Can't manage what you cannot measure- monthly reporting essential
- 80% of benefit comes from increased collection percentage
- Establish performance criteria reporting data, (AR, Rejections, Resubmissions)
- Vendor experience with your billing system & specialty
  - Office Practicum- OP RCM Services
  - PCC – PedsOne
  - Epic- speroMD

### Who Is Responsible For Each Step?

- If you decide to stay with internal billing
  - Take the time to assign responsibilities and hold people accountable
- If you decide to outsource:
  - Set very clear expectations by reviewing who will be responsible for each step in the process



## Setting Up Accounts Payable Workflows In Your Practice

Tuesday March 19, 2019



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# Questions, Comments, Thoughts, or Rebuttal?

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Final Schedule To Determine Number of CME Credits Issued

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