

WHY MEDICAL PRACTICES SHOULD OUTSOURCE BILLING

It is easy to underestimate the complexities of medical billing. Many medical practices do. Some fail to invest adequate resources in the technology and people responsible for the organization's financial success and legal compliance. Others have found these necessary resources are too costly. As a result, the financial performance of the practice suffers.

Many medical practices are re-evaluating whether they should continue to perform billing internally. Reimbursement is down significantly, while billing costs are on the rise. It's the perfect storm for change. Consider these trends:

- Salaries for billing staff are increasing. According to the American Academy of Professional Coders, the average cost for a certified coder in 2009 was over \$53,000. In addition to the cost, the loss of a key biller or coder can be financially devastating for a medical practice.
- According to the Medical Group Management Association, the median practice operating cost increased 43.1 percent from 2001 to 2009, or about six percent per year.
- High deductible insurance plans force more payment collection from patients, requiring more staff time to secure payment.
- The trend of third party payers to deny and delay claims payment is increasing, requiring more work and expensive software to counter these efforts.



MedOptima is not a traditional billing company. We optimize practice performance so you enjoy more revenue, faster payment times, fewer payment hassles, and enhanced compliance.

The advantages of outsourcing your billing

1. The specialized skills of medical billing experts optimize billing revenue and compliance.

Third party payer rules, CPT codes, diagnosis codes, and government regulations change each year, making it difficult for medical practices to comply with changes. The financial implications of poor billing and compliance are significant. Outsourcing billing allows physicians and the practice manager to focus on the core competency of the medical practice, delivering high quality clinical care, without the headaches of keeping up with critical administrative changes.

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2. Outsourcing saves time and money. Research published in 2009 in *Health Affairs* calculated that the annual cost of performing billing-related tasks comes to about \$85,276 per physician per year, or about 10 percent of operating revenue. Even with electronic medical records and extensive automation, the complexity of billing imposes a hefty administrative workload and cost on medical practices. While moving to a reputable billing service won't eliminate interaction with third party payers, it significantly reduces the amount of time physicians and practice managers spend on billing issues.

3. Outsourcing relieves medical practices of the expense of purchasing and maintaining state-of-the-art billing technology. Not only is practice management software expensive, so is its "care and feeding." Staff training, installing upgrades, maintaining control files, and troubleshooting problems take time and money. Effective billing also requires supplemental software. Most medical practices cannot afford to purchase and maintain multiple software platforms. Even if the practice invests, technology has limited value if it is not utilized effectively. Some billing companies provide medical practices with access to sophisticated software without the expense of purchase, training and maintenance. The billing company assumes the responsibility of keeping software current and performing at peak efficiency.

4. Outsourcing counteracts the slow pay/no pay mentality of payers. Like it or not, payers are increasingly in the business of not paying. Physicians need the advanced expertise, systems and up-to-date sophistication of a billing professional to counteract these practices, rather than staff who simply enter data and follow ineffective processes. Although outsourcing may not always translate into direct cost savings—highly trained staff and state-of-the-art technology are not cheap—outsourcing can significantly enhance billing performance and quality.

5. Outsourcing gives medical practices more control over their financial destiny. Even though some physicians fear a loss of control by outsourcing, it typically results in greater control over the practice's financial performance due to advanced reporting and meaningful feedback. A quality billing company is capable of providing detailed financial reports, which help identify challenges and opportunities and ultimately leads to better practice performance.

Should you consider outsourcing your medical practice billing?

If you answer "Yes" to any of the following questions, your medical practice may benefit from outsourcing.

- Is your overall collection rate declining?
- Are your accounts receivable unacceptably high?
- Is it taking more staff time to bill with no corresponding increase in patient volume?
- Are you facing a major investment in new practice management software?
- Is it difficult or impossible to get data on the financial performance of your practice?

Outsourcing billing to professional experts like MedOptima who are focused exclusively on billing can improve the financial and compliance performance of your medical practice. It's a solution that starts with a conversation. Let's talk.

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