

Outsourcing Medical Billing Creates Value For Money

Medical billing is a complex process which demands specialist knowledge and operational expertise in this field. It is not advisable to leave medical billing processes to untrained or semi-skilled staff. Outsourcing medical billing to an experienced and professional set up may prove to be just the strategic step one needs to flourish his/ her medical practice as it creates value for money.

According to recent healthcare reforms and coverage policies of Medicare reimbursements are going to reduce while the numbers of claims are expected to increase exponentially. This will create pressure on the administrative staff to handle excess billing volumes which are to be seriously anticipated by all healthcare units. Outsourcing organizations plan for these updates in advance and are well equipped to make sure that the provider's reimbursement grows from time to time.

Apart from strategic savings from outsourcing, providers can also capitalize on the following advantages.

1. Resolve most Human resources issues

Skilled Manpower Shortage is the most compelling reason why provider's need to outsource their medical billing to a specialist who provides these services. Medical Practices are often challenged by employee turnover and practice growth.

Attrition and shortage of skilled staff are no secrets in the healthcare Revenue Cycle Management industry. Once an in-house medical billing specialist leaves, the practice is forced to fill the vacant place right away or the revenue may be compromised with any level of resource capability. Each incoming resource comes in with prior experience and tries to implement his/ her practice which may or may not be acceptable to every practice. Outsourcing partners are in a better position to tackle this situation as they operate with bench strength and have set procedure to handle attrition.

"There is an 18% shortage of coders nationwide and this shortage is increasing in the upcoming years" - AAPC (American Academy of Professional Coders)

Practice Growth:

As the volume of the business increases, revenues must also grow but with most in- house billing processes the claims are just not managed appropriately. In order to increase collections one has to increase the team size which adds to fixed costs and does not guarantee results. But outsourcing companies give the option of 'pay as you earn' linking their own income with performance.

2. Revenue Cycle Optimization:

The question that arises before any provider today is, 'What is the current Billing cycle?' When the answer to the above question is anything more than 60 days, it's time to overlook your medical collection services. Outstanding revenues and a disorganized revenue cycle -

these are two major factors that pull down the financial efficiency of Providers. Effective Outsourcing Partners must deliver the

- Faster revenue realization with efficient denial management.
- Constant monitoring of account receivable (AR) days.
- Get unpaid claims tracked for payments on a daily basis for regular payouts.
- Accelerate your cash flow by timely follow up with the payers and subsequently with patients for unpaid claims.

3. Better financial controls with timely reports:

Outsourcing partners usually provide detailed reports for provider reference; they provide daily, weekly and monthly reports explaining the status of collections and the efficiency of their services. Some of these reports are further segregated by provider wise, payer wise and also the monthly outstanding.

These reports help providers to take better decision and plug issues before they become messy. Some outsourcing partners also provide consultancy on payer contracts and get better negotiation for providers.

4. Leverage sophisticated technologies with inexpensive IT support:

Medical billing outsourcing gives you the freedom from dealing with costly software and hardware maintenance contracts. You don't have to pay for or install software updates or server upgrades and also eliminates the need to back up your data each day. Depending on the size of the operation to be handled an IT support can be employed or can be called as per need. But the latest technology can be utilized by using outsourcing partner's system as they would invest with only the best in class technology.

5. Structured and organized operations:

Outsourcing medical billing and coding processes carried out by certified and expert professionals are much more reliable. They process claims electronically but have various levels of audit before the claim reaches the final payers.

If any claims are rejected, the cost of correcting the error is borne by the outsourcing partners and they also thoroughly analyze the error to avoid such errors in the future. Rejected claims are resubmitted after correction. The speed of the claims submission is usually faster with them as the denial management report is generated almost immediately. This problem resolution ultimately results in faster reimbursement.

6. Tax benefits:

In- house staff invariably requires a lot of time, effort and resource from the practice's end when compared to outsourced staff. The amount invested in an in-house staff member's contribution towards insurance and welfare fund is very high.

It is now a proven fact that outsourcing is a way to reduce tax liabilities because with the expenses being incurred with the outsourcing process, the medical practice can sometimes be assessed for a lower income tax. Outsourcing medical billing services provides you the tax benefits as you don't have to directly employ people for this process and therefore you

can minimize staff expenses and maximize possible efficiency, this can prove to be a winning edge in a very competitive arena.

7. Supports the core function while enhancing growth:

The core function of a medical practice is to care for its patients and all other support functions which are just as critical to the process must be taken care of by just as much precision as the basic function. Thus partnering experts of those functions is always a viable option. Outsourcing companies understand your concerns and thus provide you with all tools to manage your finances. They provide regular reports; keep track of the financial position of the medical practice. It mainly provides advice on various areas of improvement, resulting in overall positive growth. All this at lower costs and schemes where you 'Pay as you earn', this surely seems like a win-win situation for both parties. Outsourcing sure creates value for all parties and truly justifies business decisions!