

# 10 Reasons to Outsource Medical Billing

By Carol Stryker | June 24, 2015

**Source:** Physicians Practice

It makes good business sense to outsource the billing for most medical practices. That said, the outsourcing must be to a competent billing service. ☒

Several years ago, based upon a thorough review of the facts, I recommended a client outsource his practice's billing. It was a peculiar conversation:

**Me:** You could successfully address a number of issues by outsourcing your billing. ☒

**Client:** I learned in medical school that it is important to keep billing in-house. ☒

**Me:** That may have been true at the time. Your current situation is different. Let's talk about it.

**Client:** I learned in medical school that it is important to keep billing in-house. ☒ That old advice, based on who knows what set of facts, was as universal and unchanging for that physician as "Do no harm" or "When you hear hoof beats, think horses not zebras." Unquestioning loyalty to that premise cost him a lot of money. ☒

Here are some of the benefits that can be achieved with outsourcing billing: ☒

**1. Free up office space** ☒ If the billing is outsourced, the biller does not need a place to sit and the billing records are somewhere else. ☒

**2. Make some employee turnover irrelevant** ☒ Make employee turnover in the billing department someone else's problem. Unless your practice is big enough to justify a billing department, with a set of employees with varying skills and levels of sophistication, high turnover is almost inevitable. Some billing work can be mind-numbingly dull and some requires sophisticated skills in analysis, synthesis, and communication. Very few people capable of these higher-level requirements will be satisfied for long with dull routine work. ☒

**3. Cut down on incoming phone calls** ☒ Office staff is relieved of calls that go directly to the billing service. The biggest benefit, however, is the calls that are never made because billing and claims errors are more often avoided in the first place. ☒

**4. Turn a fixed expense into a variable one** ☒ Staff and office space are fixed expenses. They cannot go below a certain level no matter how low the volume of billing is. When they go up, they go up in stair steps. If the practice is paying a percentage of collections for the billing service, there is a perfect correlation between collections and cost. ☒ Another benefit is that the interests of the practice and the

billing service are aligned. If the billing service increases collections and their rate is anything less than 100 percent of collections, the practice is money ahead. ☒

**5. Know what is going on in the marketplace** ☒ Access a broader perspective of what's going on in the healthcare marketplace. This is one of the most valuable intangibles. An in-house biller cannot know what other practices in the same specialty are doing and what their outcomes are. ☒

**6. Anticipate payer rule changes** ☒ Avoid being caught flat-footed when payers' rules change. A good billing service is always aware of proposed and pending changes that can have an impact on the revenue cycle, especially technical changes that seldom hit the radar of a medical practice until reimbursements are impacted. ☒

**7. Access solid data analytics** ☒ A billing service can help your practice identify what the practice is doing well and poorly, in terms of maximizing legitimate reimbursements. The service will identify bottlenecks in the flow of billing documentation and be able to teach providers and staff how to avoid errors that negatively impact claims. A really good billing service will also share information about alternative ways to code that result in more favorable reimbursements.

#### **8. Know your accounts receivables**

Enjoy the benefit of knowing exactly where you stand in terms of receivables. Any service worth its salt will be able to tell you, at least monthly, the percentage of claims that are paid from the initial submission, how many are 30 days, 60 days, and 90 days outstanding, and which payers are most important to the practice. It's valuable information that an internal billing person almost never has the time to provide.

#### **9. Have a resource at payer offices**

The biller in an individual practice deals with all the payers, and is essentially anonymous to all of them. A biller at a billing service typically deals with a subset of payers, and often with a single payer. That allows him to develop personal relationships that expedite problem resolution. ☒

#### **10. Be prepared for a payer audit**

You will have an expert advocate in case of a payer's audit. A payer's audit is in the ordinary course of business for a billing service. They know the process and the vocabulary, and they have all the documentation at hand. ☒ In general, it makes good business sense to outsource the billing for most medical practices. That said, the outsourcing *must* be done to a competent billing service and the relationship *must* still be managed by the medical practice.