

Is There Extra Income Right Under Your Nose?

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I have fielded several questions lately from docs wondering if they are leaving "money on the table" due to poor billing practices, coding errors, challenges with collections, procedural problems or a troublesome mixture of all of the above.

These doctors wisely are recognizing it's far too easy to get caught losing major dollars on inefficient billing or collection practices that could be otherwise prevented. In my consulting practice, I analyze my clients' situation and often give them some good and bad news in regards to their current revenue situation. The bad news is their suspicions are correct; they are not making the money they should be. The good news is the extra income literally is right under their nose, within their practice and recoverable.

Once we have established that money has been hiding in the practice, the finger usually points to the billing department for letting things slide. In reality, this is only one aspect of the problem, but it's one of the most common sources of lost revenue. It's this topic I would like to focus on, so you, too, can find the extra income in your practice and enjoy being paid for the good work you have done.

To Outsource or Not to Outsource?

The first question usually posed when we look at the billing department is: "Should I outsource my billing?" Outsourcing billing does present its own challenges and is not the option for everyone. However, it makes good financial sense for the majority of practices.

On the other hand, those who are big fans of keeping billing in-house typically cite "control" as a benefit. While it might appear you have more control by having your biller work in your office, your biller actually might have too much control. That is, they can get to know patients and let overdue accounts slide. They can dislike certain tasks (calling attorneys, for example) and decide to ignore them. One of the biggest negative aspects of in-house control is the fact that when your biller is sick, goes on vacation or is doing a less-than-stellar job, they have effectively controlled your ability to get paid. As such, control is not always a good thing.

Another common reason in defense of in-house billing is they wish to be more "sensitive" to patient concerns. Yes, it's true an outsourced biller paid on a percentage of collections does not really care whether Ms. Jones truly can afford her co-pays. They want you to collect them regardless. And when Mr. Smith's claims go straight to the deductible, again, the billing agency wants to be paid. Generally, these types of situations will get you into trouble and are easy temptations for the in-house biller who wants to be liked. In the long run, though, it will cost you money.

Times Have Changed

Years ago, billing was much simpler since payers changed the rules once a year. Now regulations change constantly and require dedicated personnel to read bulletins, interact with payers and attend industry seminars. In large organizations, billing and coding are separate departments. Most chiropractic offices don't have the resources to devote to each of these areas. Implementing

and maintaining a compliance plan can be expensive for an individual practice. With a professional billing company, the cost of each of these specialists can be spread across many clients and enables you to utilize higher-level personnel than you could singularly afford.

Technology is a huge cost center for an individual practice. For example, in addition to the initial purchase price of payment-tracking software to ensure proper payment according to the appropriate fee schedule, there is the ongoing cost of keeping payment tables accurate. Denial management tools also are required to track and eliminate the root cause of why denials are occurring in the first place.

In the past, denials averaged less than 5 percent of total claims. Today, it's not unusual to have a 30 percent or higher claim-rejection rate, which requires extensive follow-up. Lack of follow-up relating to unpaid claims is the single biggest problem I encounter when consulting with most chiropractic clients. Follow-up is burdensome and time-consuming. Because it seems to be the last thing folks get around to, it leads to lost revenue due to the various payers' "timely filing" requirements.

Keep Your Goals in Mind

The goal of any billing company is to maximize collections and ensure compliance. With the plethora of regulations that now affect billing and collecting, practices need full-time professionals to handle their billing.

Today, most physicians are working harder than ever before and making less due to additional regulations and declining reimbursement. The question they should be asking is, "Why should I have the additional burden of running a billing operation?"

As you can see, there are many good reasons to outsource your billing and, likely, the scales are tipped in favor of outsourcing.

A Scary (But True) Billing Story

Recently, I attended a "Best Practices in Billing" conference sponsored by the American Academy of Professional Coders. I observed a scary scenario that pretty much solidified my position on outsourcing billing.

The conference was attended by billing professionals, most of whom worked for large hospitals and/or billing companies that provided outsourcing for individual practices. As far as I could tell, I was the only doctor present and definitely the only one who knew about chiropractic billing issues (including the teacher).

Among the attendees, there were two in-house billers for a large multi-disciplinary clinic in the Seattle area. This clinic provided a number of services including physical therapy, podiatry, occupational therapy, yoga and Pilates, and even had an MD on staff. Their problem? Their company had more than \$200,000 in A/R and was being asked to refund \$436,000 due to post-payment audits resulting from one CPT code for one insurance company.

To give you an idea, the code was for gait training. This was not an expensive code - less than \$75 in most areas of the country. The insurance company was going back retroactively and asking for money back that had already been paid for gait training. Furthermore, they had denied all current gait-training claims for approximately two years.

Billing Problems That Should Trigger Alarms

Now, here's where the in-house problem comes in. First of all, two years of denials should have triggered some sort of alarm to these in-house billers. Something along the lines of: "Hey, every time we've submitted this code for the past two years, we don't get paid." This should have triggered some follow up. Obviously, nothing was being done.

Second, these two coders were barking up the wrong tree. They were asking and arguing about the legality of the insurance company doing post-payment audits. They maintained the insurance company changed policies about this code.

The simple solution for these billers is in their insurance contract. If the contract states the insurance can change policy decisions with 30 days notice, then the decision is legal and it's a moot point to argue the current denials. Better to get an attorney to prevent back payments from the post-payment audits.

Perhaps the scariest part of this scenario was these two were the entire billing department for this large company. How many other mistakes were they making or mishandling? How much was this company losing by employing these two instead of outsourcing their billing?

Best Practices in Billing

There are a couple of maxims for a practice to keep in mind regarding in-house versus outsourced billing. First, "Do what you do best and outsource the rest." Second, "Never do anything you can have someone else do more efficiently and at a lesser cost."

One last thing to remember: While your billing department might be the most common cause of lost income, it certainly is not the only issue that will cause your practice to miss out on earned income. If you need additional help in identifying areas of concern in the billing, coding or collections departments, I can provide you with a copy of "The 39 Most Deadly Chiropractic Collections Errors" that I send to my clients. Please e-mail me a request (noting you read this article in Dynamic Chiropractic) and I will forward a copy to you.

For now, start finding that "hidden money" by taking a good look at your accounts receivables, your current billing expenses and the overall efficiency of your billing department. Recovering lost money is one of the few things you can do for your practice that takes only a little time, costs almost nothing and generally leads to large rewards.

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