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## **The Physician's Guide To Choosing A Medical Billing Company**

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## Introduction

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Hi! Patrick Newton here and I want to personally thank you for picking up our Guide To Choosing A Medical Billing Company. I'm grateful for the opportunity to provide you with information about medical billing and help you choose a medical billing company that is right for you.

We've been in the medical billing industry for over 15 years now and in that time we've learned that medical billing, and outsourcing your medical billing specifically, is the subject of much confusion. In fact, several physicians we have talked to have so many misconceptions about medical billing that we decided to write this physicians guide to help educate and empower you to make an informed, intelligent decision when selecting a medical billing solution.

In this guide I'll share with you how to avoid the top 3 medical billing rip-offs, the 4 costly misconceptions about in-office medical billers, and the 7 dangers to avoid & what the good guys do right.

If you'd like to skip over this educational message and speak with me directly feel free to call 623 – 282 – 4810 at any time and leave your name, telephone number, and the best time to contact you and I promise I'll return your call. Or, if you'd prefer, you can email me as well at [Patrick@newton-med.com](mailto:Patrick@newton-med.com) .

Now, on to the good stuff!

## 3 Medical Billing Rip-Offs

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### Rip-Off #1: Holding Your Data Hostage

The last thing you need to worry about when choosing a medical billing company is the fate of your patient data if the relationship goes south. Going paperless with your patient's records, charge slips, prescriptions, and charts is no longer a luxury -- it's a necessity. To qualify for meaningful use credits and avoid taking a hit from Medicare, you need to ensure you and your office are using a certified Electronic Health Record solution that meets the meaningful use criteria. With all of your data being stored in the cloud you need to ensure that you have the rights to your patient information. When picking a medical billing company you need to ensure that the fate of your data is explicitly laid out in the contract. Your patient data is yours. Make sure the contract you sign says so.

### Rip-Off #2: The Price You See May Not Be the Price You Pay.

The standard fee for medical billing services can be anywhere from 4%-14% of total revenue collected. You need to make sure you know what is included in that price! Many physicians have learned the hard way that just because they were quoted this standard fee based on the industry average some companies will still try to tack on extra fees. There is a lot that goes into the medical billing process. Software fees, postage, patient statements, dedicated phone lines for your patients to call. Make sure that the company you are dealing with is upfront about the *real* cost of their services. The good guys will not only tell you upfront if there will be extra charges in addition to the standard % collected, but the really good ones will include all the miscellaneous fees as part of the package

### Rip-Off #3: Un-Experienced Staff.

There are hundreds of companies out there selling "work-from-home" medical billing opportunities; many of these "opportunities" are sold under the premise that you do not need any prior experience. The barrier to entry in owning your own "medical billing business" is very low. In fact, many people with no experience who are looking for something to do, have asked me how they can get started. I tell them to go work in a busy medical practice for 10 years and they'll be off to the races!

## 4 Costly Misconceptions About In-House Medical Billing

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### Misconception #1: I Have More Control Over My Billing.

Many physicians believe that if they have a staff member in house dedicated to medical billing they will be able to supervise the job better. This unfortunately is not always the case. Each of your team members has their own specific duties and you should be focused on patient care. This makes supervising and managing the entire revenue cycle an extra burden that often gets overlooked. Don't mistake control with proximity. A professional off-site billing company will offer total transparency, a dedicated point of contact for all questions and problems, and customized reports to help you track each and every step of the billing process.

### Misconception #2: My Current Staff Can Handle My Billing.

According to a recent MGMA survey the average percentage of total account receivables (A/R) attributable to patients has increased to 26.3%. With insurance companies shifting more and more cost onto the patient these days the amount of time spent sending patient statements, handling patient billing questions, setting up payment plans, and follow up, is constantly increasing. Add onto this managing the rest of the billing process, increasing complexity among insurance providers, keeping on top of changing government regulations, and constantly evolving technology and you're going to add at least one more full time employee to your staff. When you outsource your billing and revenue management, you and your staff are now freed-up to spend more time on patient scheduling, patient visit reminders and patient care.

### Misconception #3: Keeping My Billing In House Is Cheaper.

An experienced medical biller using a fully integrated web-based Practice Management and Revenue Cycle Management system can make or break your practice. If you choose to procure your own software and hire an experienced biller you are looking at spending upwards of \$65,000 per year in payroll and software fees. Add on to this health benefits, 401k or profit sharing plans, staff turnover, continued education and training, and sick days and you really aren't getting much bang for your buck. Choosing to outsource your billing to an experienced and professional billing service can save thousands of dollars per year on payroll taxes alone. You also need to keep in mind the pay-for-performance aspect of the majority of billing services. If you don't get paid, they don't get paid. I'm guessing payroll runs at the same time each month regardless of the performance of your in house biller.

### Misconception #4: I Can Handle My Billing Along With Seeing Patients.

Many physicians figure that by keeping their billing in house they will be able to control the process and manage the revenue cycle themselves. While this may be true in some cases the real questions here is: Why do it yourself? I'm guessing you don't do your own business taxes, answer your own phones, or schedule appointments on your own do you? One of the biggest dilemmas that most small business owners have is learning how to NOT do it all themselves. You started your practice to take care of patients, not fight with insurance companies and explain to patients why they received a bill. It can be scary at first to let go of some tasks but you'll see that if you find the right partner, especially when it comes to your billing and revenue cycle, you'll free yourself up to focus on your core business, taking care of patients.

## 7 Dangers To Avoid & What The Good Guys Do Right

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### Danger #1: Billing Companies May Provide Bad Customer Service, Making You And Your Practice Look Bad.

It is true that there are companies out there, big ones, which just don't really care about your patients like you do. When your patients are calling these companies with questions and problems with their statements they need to be treated as if they were at your front desk speaking with one of your employees. Unfortunately, with some of the bigger companies who have outsourced their customer service overseas, this personal interaction just doesn't happen. This becomes a big problem when a patient is just looking for a little sympathy and a better understanding of their statement. Insurance is complicated enough these days and your patients deserve to be treated with respect, especially since they are just trying to figure out what that statement is telling them!

### Danger #2: Billing Companies May Make A Lot Of Mistakes, So You'll Have To Spend Time Checking On Them

When you outsource medical billing to a third party you need to make sure they know what they are doing. The best way to do this is to get references from them and *take the time to call those references!* I know this may sound like a no-brainer, but you are busy enough already and so is your staff! I know a lot of doctors like to pass the screening of companies like this off to their office manager, but at the end of the day you, as the physician and business owner, are responsible for making the right choice. The last thing you want to have to do is assign an already overworked employee to watch over what your medical biller is supposed to be doing.

### Danger #3: Billing Companies May Be Difficult To Deal With Because They Are Offsite

Many physicians feel this way and in most cases they are correct. One of the biggest fears we've seen is doctors feeling like they do not have control over what their biller is doing, especially if they are not in the office everyday. I would argue that if you were concerned that your outsourced medical billing company isn't doing everything in their power to track down old claims and harass those insurance companies to get you paid then you need to find a new company. The best way to find out if you are going to be a valued client or just another number to the company is to ask what size practices do they prefer working with. Chances are that if the company is trying to only reel in the big fish then your small (<4 physician) account may not be that important to them.

## Danger #4: You Are Liable For The Billing Companies Mistakes

We've been in the billing business long enough to understand that your patients do not discriminate between your medical billers and you. If the medical billing company is mistreating your patients then it is a direct reflection on you. Not only that, but if your patients can't get a good answer to their question from your biller they won't hesitate to call your main line and tie up one of your employees. No one is perfect, but if the medical billing company is creating problems for your patients than they are creating problems for you!

## Danger #5: Billing Companies Are Only As Good As Their Lowest Paid Employee

This point becomes especially true when you are dealing with companies that outsource their customer service overseas, which most of the big companies do. If the medical billing company hires the cheapest employees they can find you are bound to have some issues. There are 3 types of employees in the world today: **-1s**, **0s**, and **1s**.

- **-1s**: Detract from your business. They make mistakes, are hard to deal with, and generally don't bring any additional value to your business or, more importantly, to your patients.
- **0s**: Maintain the status quo. If left alone they will run your business just fine. Just don't expect them to go out of their way to create additional value for your business or your patients.
- **1s**: These are the employees you want to keep around. You can take that well deserved vacation this year and know that when you come back your business will be even stronger than before you left. These people are truly special; they take the initiative and are value creators. They go out of their way to please your patients.

These descriptions are as true for your practice as they are for your billing company. The **1s** won't stick around unless they are treated and compensated appropriately. This is tough to figure out when you are making the choice to outsource or not. Asking to speak with a couple of employees about how they like their jobs or asking those references you called how their interaction has been with their account rep is a good place to start to figure out the type of employee the company employs.



## Danger #6: Billing Companies Are Difficult To Break Away From Once You Start

This can be a big problem. You finally made the jump to electronic health records, moved all your billing and information to the cloud, and put your trust into a company to manage this information. What do you do when things go south? Your biller is making too many mistakes, they aren't treating your patients appropriately, and you want out. Can you get all that data back without a problem? If you do get it back, will it be in a form that you can have converted and uploaded into your new system? These questions make breaking away from a bad billing company seem almost impossible. They hold your business in their hands and if they balk on giving you your data back or try to throw some crazy fee at you when you decide to cancel, you could be in trouble.

## Danger #7: Billing Companies Are Expensive, Despite What They Show and Tell You

Expensive is a tricky term. Some companies out there will charge you that industry average (6%-13%) and you'd be better off doing the billing yourself! Others may be cheaper but you'll get nickel and dimed to death with fees and add on services that should be included anyway! However, there are some companies out there that really do provide you enough value to justify their higher price tag. How much would you pay if that billing company expertly managed your account, went out of their way to treat your patients better than even you would treat them, and tracked every claim to the end of the earth to get you paid? That is the difference between price and value. Cheaper isn't always better. Unfortunately, expensive isn't always better either.

## Conclusion & Recommendations

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Choosing how to handle your medical billing is a tough decision that can make or break your practice. As insurance reimbursement rates continue to shrink and with politicians in DC fighting over Medicare rates, you're stuck in the middle struggling to pay your bills! How are most physicians handling this? By closing up shop and joining large well-established groups or hospitals. You shouldn't give up though; if you can find a billing partner who makes your needs their priority you can avoid many of the mistakes that lead to an unprofitable practice. Below are a few recommendations that you can use to ensure you make a good decision and finally take some stress out of your practice.

### **Recommendation #1: Risk Sharing**

The biller you choose should have a vested interest in the success of your company. The most common model found in the medical billing industry: They get paid based on the revenue your practice makes. This is pretty much the industry standard. The vast majority of billing companies charge a percentage of total revenue collected, typically in the 6%-13% range depending on the company. If you have a low month because they didn't do their job then they don't make as much money either.

### **Recommendation #2: Communication**

Communication is key. If your staff cannot get a hold of your medical billing company in a timely manner to get problems solved and questions answered then you've got a problem. Best practice is to have a designated person in your office assigned as the billing point of contact; this is typically your office manager. This will allow an efficient flow of information from your staff to your billing account manager and vice versa. Without a smooth flow of information things can go wrong fast! Want to make sure your billing company is trustworthy and agrees that communication is key? Ask for the CEO's cell phone number!

### **Recommendation #3: Training**

Regardless of if you choose to outsource your medical billing or keep the entire process in-house, you need to make sure that your staff is properly trained in the process. They won't need to know every detail of the revenue cycle, but having a general grasp of what goes into the process will head many problems off before it is too late. Remember, no matter how good the billing company is, they are only as good as the information your front office staff gives them. If birthdates are wrong, current insurance information isn't collected, and referrals and authorizations aren't checked, you're in for a bunch of denials!

#### Recommendation #4: Price Vs Value

When shopping around for a medical billing service you'll need to remember that when it comes to find someone to manage the revenue source of your business cheaper is not always better! There are companies out there that are expensive and you couldn't get someone on the phone to answer your questions if your business depended on it. Others are very cheap, but you'll have to constantly check up on them to make sure they are doing the right thing. A high quality service is one that charges a fair price and provides you a ton of value. Look for things like training for you and your staff at no additional cost, open communication, a dedicated account manager, and a direct line to the top of the company if something goes wrong or you just have an important question you need answered. Look for a hassle free medical billing company that gets you paid and takes the stress and worry out of your practice.

Thanks very much for reading through our guide. I hope you found this guide helpful. If you have questions or comments – or if you'd like to schedule a free, in-office Medical Billing & AR Review, please do not hesitate to contact me directly by email: [Patrick@newton-med.com](mailto:Patrick@newton-med.com) or by phone at (623) 282 – 4810.