

Cheap Billing Can Be Very Costly

By Jennifer Hicks, Sceptre Management Solutions

“We can do your billing for much lower fees than you’re paying now!”

While this is a tantalizing phrase for physicians, management, ownership, and accountants, paying for “cheap” billing frequently costs you much more than any savings you realize from the cheaper billing rate.

To illustrate this point, following are personal experiences from our company’s 20 years in business.

1) How Effective is the Billing Company at Capturing Reimbursement?

I pursued a prospective client with multiple facilities for several years. On two occasions, I believed I had a sale

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only to find out later that the owners went with another billing company. I kept in touch with the owners over the years and, finally, the owners shared with me why they had gone with another billing company—the other company charged almost half of what our company charges.

“We really want to go with your company, Rick, but we just can’t convince ourselves to pay twice as much,” one of the owners told me. However, after a time the owners finally decided that we could bill for two of their facilities and they would compare our performance against two similar facilities being billed by the other company.

Eighteen months later I met with the owners and their accountant to review and compare our performance against the other company. The accountant took the amounts collected by each billing company and subtracted the billing fees to obtain a net dollar result. While our fees were nearly twice those charged by the other billing company, the accountant found we had generated \$400,00.00 more in net reimbursement. Thus, while saving money on billing costs had appeared attractive, owners discovered the other billing company was costing them much more



money due to lower reimbursement. The end of the story is that the owners transferred the billing for all of their facilities to us.



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2) What Services Are Included in Your Fee?

The owner of another billing company shared with me they lost a relatively small client to another billing service who offered dramatically lower fees. Six months later, the former client called and begged the billing service to take them back. It turned out that the customer had not understood the competitor’s fee schedule correctly. It turned out that the rock-bottom price included only the filing of claims. Everything else was the responsibility of the healthcare provider unless they wanted to pay additional fees which brought the total rate to the same as the prior billing company.

Rates charged for billing services vary significantly and the services covered by the rate can be dramatically different between companies. Fees can also be charged by the number of claims filed or number of visits or treatments. These fees can sound much lower than those charged by billing companies that charge a percentage of what they collect. The billing company that charges based on the number of claims or visits has less incentive to collect than a company paid on collections.

3) Let’s Have Our EHR Company Do Our Billing

Electronic Health Record (EHR) companies learned years ago that they can significantly increase their revenue and profits by adding billing modules and, on some cases, offer billing services. While terms such as “seamless integration” and “built-n data checks” sound great,

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EHR companies are first and foremost technology companies. Their focus is on technology and their solution to billing problems is more technology.

As the owner of a billing company, I have found that many of the billing modules created by EHR companies lack features that can hinder the revenue cycle process. While EHR’s can speed up the data exchange process, other portions of the billing process, such as unpaid claim

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follow-up, can be slowed and even result in a reduction in amounts collected.

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ed consequences in the other. Clinicians may enter data correctly in the clinical piece of the EHR, but sometimes the data can be missing or misreported in the billing piece. Some of the errors may be caught in the billing module's data check process, but sometimes incorrect or incomplete data can sail past "claim scrubbing" software and even

appear on claims that are processed for payment. Unfortunately, the errors can go on undetected for months or even longer before an audit or quality reporting issue arises and an investigation catches the error. The incorrect data can result in erroneous quality reporting scores and/or cause payments to be reduced or recouped.

How to Protect Yourself

My recommendations to protect yourself from ineffective billing services are: 1) before going with a service, always speak to several of their current customers to find out how the service actually performs and what the costs really are; and 2) have a qualified outside entity audit your billing at least annually, regardless of whether or not you, your EHR company, or another company provides your billing services.

In the long run, the cost of preventive services far outweigh the costs of penalties, recoupsments, and poor quality scores that may go undetected otherwise.

Sceptre Management Solutions, Inc. is a company specializing in medical billing since 1997. Your questions are welcome; Jennifer Hicks and the Sceptre team can be reached at partnerwithus@sceptremanagement.com, 801-775-8010, or [click here](#).