Losing Money by "Saving" Money

By Rick Collins, Director of Business Development for Sceptre Management Solutions, Inc., and Sarah Tolson, Director of Operations

It is a saying I have never forgotten: "For a company to make a profit, you can cut costs or bring in more money. I prefer to bring in more money."

These words were spoken by the owner of a small company who was struggling to make ends meet. Over the years, I have found this statement to be more profound than I ever imagined.

By trying to save money on wages and benefits, it was costing the doctors much, much more by not adding an additional person.

I am amazed at the number of healthcare providers who try to save money by cutting costs on that which can most improve their financial situation: billing properly for the services they provide. Common pitfalls include hiring the cheapest billers they can find; hiring fewer billers than they need; and trusting their EMR to capture all billing information completely and correctly.

One of the first physician practices I looked at was a model for problems that I would find repeated in many other offices and healthcare institutions in subsequent years. This six-physician practice had hired one biller, who was assisted at times by the practice manager. If the receptionist was out, the biller was asked to fill in for her by answering calls and helping patients who came into the office. The doctors paid these three individuals significant wages and benefits so they did not want to hire any more billers.

In reviewing their billing processes, I found they were 90 days behind in billing procedures that had been performed. Because they were so far behind in filing claims for those procedures, they had no time to follow up on claims that had been denied. Thus, their accounts receivable was very large for a practice of their size.

If they had hired one additional biller, this person could have brought in as much as five times the amount of her wages and benefits. Thus, by trying to save money on wages and benefits, it was costing the doctors much, much more by not adding an additional person. In addition to losing out on a lot of reimbursement, they were also vulnerable to audits that could have resulted in them having to refund significant amounts from previously paid claims.

Another area where providers lose money is relying too heavily on their Electronic Medical Record (EMR) to capture billing information. Normally, the data within the EMR is transmitted to its billing module or other billing software. In some cases, the billing module/software has an automated process for generating claims, retrieving payment data, and posting payments. The more automated the process, the less expensive it is for this type of billing services. However, the cost savings can be minimal compared to the loss of reimbursement due to missed charges and incomplete documentation.

For example, a problem with automation is that customers of EMR companies sometimes demand modifications to their software that cause incorrect or missing data. To accommodate their clients, the EMR companies make the changes without them or the client realizing the change will result in missing or incorrect billing data which results in lower reimbursement.

Also, as the claims payment posting process becomes more automated, EMR's/billing software may automatically post write-offs assigned by the insurance company that are incorrect. While the EMR or software may show there is no balance due on a claim, there may be procedures that should have been paid.

Another area where providers lose money is relying too heavily on their Electronic Medical Record (EMR) to capture billing information.

Checking the status of unpaid claims, following up promptly on rejected or improperly paid claims, and filing appeals as needed are also critical parts of the billing cycle. These processes are becoming more automated and while automation may resolve simple issues, EMR's/software are normally unable to deal with problems that require personal involvement and critical thinking.

Another issue that cannot be automated is explaining to a payer how to correctly pay a renal claim. Our staff members are prepared with copies of regulations, examples and prior experiences with the payer in order to help

"Saving" Money *(continued)*

them understand how the claim should be paid after it was processed incorrectly.

Some software can be programmed to file appeals automatically, but appeals are usually not the best way to fight denied claims. EMR's processes cannot conduct the thorough investigations needed to be done by people to get to the real problems that caused a claim to deny.

A trained billing staff working with an efficient EMR make a dynamic team that can result in maximized revenues and minimized errors.

EMR vendors are quick to point out that checks are built into their systems that look for incorrect or missing data in order to prevent errors. However, what happens when an EMR vendor inadvertently programs their software in a way that results in missed reimbursement opportunities? What about lower revenues that come from a software update that causes an unexpected error in another part of the software? While an efficient EMR can be a valuable time-saving tool, none are infallible. To be fair, no biller is infallible. However, a trained billing staff working with an efficient EMR make a dynamic team that can result in maximized revenues and minimized errors. The additional reimbursement providers can receive make it well worth the relatively small cost to have experienced billers actively monitoring the claims and payment information generated by the EMR.

Sceptre Management Solutions, Inc. specializes in billing for outpatient ESRD facilities, nephrology practices, and vascular access. *For more information, call 801-775-8010, visit www.sceptremanagement.com, or click here.*