

ARTICLE PUBLISHED IN JOE BURNS PUBLICATION

1 SELECTING AN OUTSIDE BILLING COMPANY:

We have found over the years that physicians including their managers are not fully versed in protecting themselves against poor performing billing companies. All too often companies are chosen merely because a sales person has presented what purports to be a sample printout of a anonymous practice. As a result, it turns out all too often that the billing company chosen does a poor job and because of the difficulty in changing to another company, the physician accepts this poor performance. On the other hand had a course of “due diligence” taken place before hand, the chances of selecting a poor performing billing company can be minimized. While, not all inclusive, the following items should be considered when selecting an outside billing company:

- A. How long has the company been in the business of medical billing and collecting?
- B. How many medical practices are they currently handling?
- C. Did they provide you with a list of references with telephone numbers?
- D. Did you contact the recommendations and inquire on the company’s performance record?
- E. Did you make an on site visit to the company’s offices?
- F. What equipment and software do they use?
- G. Who supports their equipment and software and how long have they been in business?
- H. How flexible is their reporting capabilities? Can they prepare the reports that are useful to You?
- I. How long after they receive your billing information will they submit your bills?
- J. What is their follow-up procedure both as to time elapsed and subsequent calls?
- K. When you have questions, what is the response time?
- L. Will they allow a lock box arrangement for collections?

- M. Did you inquire as to the length of experience of key personnel?
- N. Will they negotiate a variable percentage rate for their charges? (See separate topic No.3)
- O. In the event of termination by either party, how much notice will they agree to?
- P. Have you obtained a credit rating for the billing company? A successful company is apt to be a better performing one.

2. CURRENT PROCEDURE TERMINOLOGY (CPT);

The most common error in medical billing is procedure-coding errors. These errors can cause a myriad of problems. Included in these problems, some potentially serious is the triggering of a Medicare Audit. More often the errors produce underpayments, which could have been prevented. Many times the errors are just plain accidental or due to the lack of knowledge by billing Companies or physicians staff.

The question, therefore, is how do we eliminate or at least minimize these errors? The answer is quite simple, the physician who performed the procedure should do the coding.

Every physician or surgeon needs to become familiar with the CPT coding book as published by the A.M.A. This book should be on the desk of every M.D. Further to save the M.D. time in this process a patient encounter form should be prepared and available for the M.D. to facilitate his checking off the correct C.P.T. code. By placing the responsibility for coding on the physician, who knows so well the procedures he performed including their complexity, the errors we have seen will certainly be greatly reduced.

3. DISADVANTAGES OF FIXED PERCENTAGE ARRANGEMENTS,

In contracting with an outside billing company the usual arrangement calls for a

fixed percentage to be charged for all collections. As a result of our representing many Physicians over the years we came to the conclusion that a fixed percentage is not in the best interest of the physician or the billing company. The reason for this conclusion lies in the fact that the billing of certain third parties insures easy collection of the bill. This is particularly true with today's electronic billing. This being the case many billing companies fall to the temptation of billing the so-called easy money and disregarding the more arduous collections. Therefore, what is recommended is a sliding scale percentage which rewards the billing company for those collections which take more time and effort to collect. This type of arrangement will maximize collections for the physician and produce a more productive effort on the part of the billing company by allowing them a greater incentive to work the more difficult collections.