



Considering an Outsourced Billing Company: Considerations and Tips

Considerations When Contracting an Outsourced Billing Company:

- Is the billing company local? Located in the US? Can you meet with them in person? Or is it a distance relationship? Is the clinic comfortable with that arrangement?
- Will the billing company provide a dedicated account manager?
- To which insurance carriers does the billing company submit claims electronically?
- How will the billing company provide the STD clinic with assurances regarding sensitivity and confidentiality when communicating with patients? Will the billing company be sending any bills, inquiries to or speaking with the patients?
- How will the outsourced billing staff be trained regarding the unique concerns of STD patients?
- What hardware and connectivity is needed to manage the flow of data securely and efficiently?
- Is there an option for the clinic to assume billing inhouse utilizing the outside billing company's software at a later date?
- What are their abilities and commitment to educating your current and new staff on the billing processes and software?
- What are the billing company's denial and successful appeal rates?
- How quickly do they "work" denied claims?
- What is their security infrastructure and how and how often do they back up data? Assure they are well equipped to meet HIPAA security requirements.
- How does the outside billing company post claims they are unable to submit due to errors, rejections and denials? How are the rejections and denials tracked, and how often does your clinic receive reports on it? Ask for sample reports and ask about data sorting and betrig filtering capabilities. As an example, can you sort claims that were partially paid? Denials by insurer? Denial trends by clinician?



Questions to ask regarding the terms of the contract:

- Is the fee structure clearly outlined, and is there a provision for decreasing fees if the volume of claims increases?
- Negotiate a 30 day cancellation clause if you are able to do so.
- What is the length of the contract? Are there fees for early termination?
- How will hardship discounts be handled?
- Is the billing company comfortable with a flexible patient billing policy? For example, if no one will be sent to collections or no bills will be sent to patients' homes.
- Who will be responsible for credentialing or re-credentialing? Is that a service they offer? If yes, are there any additional fees for this service?
- How often will they produce/submit bills on your behalf? Assure this timeframe is contractual.



Tips:

- Negotiate a percentage of **paid claims** (range can be from 4-15% depending on the volume of claims, average dollars/claim, and types of services such as turnaround time expected, etc.) Negotiating a percentage of **paid claims** aligns their work with your revenue objectives, in contrast with a per claim processed arrangement, which may be advantageous to the billing company, but may result in you paying for incorrect, denied claims.
- Beware of hidden fees. Read the contract carefully. Are there set-up charges? Fees for things like printing statements or sending reports? What happens if the contract is cancelled prior to its termination date? Make sure the money saved by outsourcing isn't offset by a multitude of "fine-print" charges.¹
- Compare at least 3 different billing companies on all of the variables that are important to your clinic staff (examples: price, services, turnaround time for processing and denials management, denial rates, etc.).
- Assure standard and timely delivery of specific reports is part of the contract (i.e. weekly, monthly, etc.)
- Ask for three references.

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¹ Young, M. In-House vs. Outsourced Medical Billing: Pros and Cons. <http://www.poweryourpractice.com/revenue-cycle-management/in-house-vs-outsourced-medical-billing-pros-and-cons/>