

SELECTING A BILLING SERVICE, MORE THAN JUST PRICE

PART I BY PATRICIA KROKEN, FACMPE, CRA



The question frequently appears on the RBMA Practice Management Forum: “What’s a good rate for a billing company?” It isn’t a bad question in itself, but the issue is unfortunately much more complicated than price alone and what represents a “good deal.” What else beyond price should a practice be looking for? What are the variables impacting fees and what constitutes value—as opposed to just a good price?

First, a few comments about billing fees. They will vary geographically and baseline market rates are not consistent from one region to another. Overall, however, rates appear to be on a decline as leading companies implement new technology to improve productivity and efficiency. In fact the aggressive use of advanced technology has been one of the greatest single factors in terms of reducing fees. Another variable is off-shoring of certain processes. Coding services have been outsourced for a number of years and the use of off-shore companies for other billing/collections functions has grown recently. Finally, there is such a thing as “too cheap” so low fees should definitely trigger an investigation into operational structure and processes. A billing service needs to make

a profit and if fees are too low (to get the business) the result is follow-up functions usually suffer. Claims follow-up, in terms of both insurance companies and self-pay patients, represents the most expensive part of the billing/collections operation and the first area to be cut for the sake of profitability. What does this mean in real life? That extra half-percent negotiated off the billing fee can cost 4-5 percent (or more) in lost revenue.

The First Step: Developing a Practice Profile

While there is definitely more to billing-company selection than price, it is important to provide information that will help competing firms “size” the services needed by the practice and therefore provide a tighter, more competitive fee structure. From time to time physicians have been reluctant to share certain information lest the billing companies vying for the business know too much about the incumbent’s performance and/or the practice’s concerns. However, from the perspective of the billing company, the more vague the information about the practice, the more quoted fees need to have a built in “hedge”

to allow for potentially complex and costly processes. This is no time to be elusive.

An example of critical background information involves how the practice receives its billing data, whether by electronic download or paper. If both demographic information and radiology reports are acquired electronically, the costs are lower than for sites that must be manually entered from paper copies. Multiple sites increase data acquisition complexity even further and it is not unusual for a radiology practice to serve multiple hospitals and imaging centers, gathering necessary information from several unique information systems. Outlining these types of variables specifically enables the billing company to accurately assess the resource requirements. If most of the practice's volume involves electronic transactions, it should expect to have a more favorable fee.

In addition, the practice profile should include the following information:

- Number of radiologists
- Annual procedures and how many are global billing vs. professional component
- Number and types of facilities (and how data is acquired from each)
- Special contract requirements, including interstate teleradiology reads, Medicare/Medicaid charges only, outside films, and overread contracts (including any business that will not be run through the billing company)
- Growth trends, including whether the group is expanding (or contracting) and whether new radiologists will be added within the next year
- Payor mix by volume, charges and payments

Are there other practice characteristics that make the group unique? Examples would involve whether the group has a strong subspecialty emphasis, a large interventional practice, a substantial "outside read" book of business in a particular modality, or if the practice participates in joint-venture imaging centers. Again, all these represent potential operational and price variables.

Finding a Good Match

Is the proposed billing company located in and/or currently working in your geographic area? Geographic location is less important operationally for "production" tasks such as charge entry, coding and payment posting – but knowledge of local payors can represent a key success factor. If the company is currently operating in several states, it may serve as a positive indication regarding the capability to quickly learn Medicaid and Workers' Compensation plans in particular. Medicaid variables have been known to trip up even some of the largest billing companies and since it can represent a

substantial amount of business for a hospital-based group, successful experience with new market expansion is crucial. In addition, a billing company utilizing a high level of advanced technology will usually be better suited for state-to-state expansion, since production tasks can be centralized and economies of scale achieved.

The next step is ensuring the size of the organization matches the demands of the practice, so key questions involve the number of employees in the company and the number of radiology clients, including the size of the largest radiology client. A company handling a group larger than yours is good and it is a red flag to be the first large hospital-based group for a company that has previously only handled imaging centers. (On the other hand, it is easy for a company with hospital-based experience to take on imaging centers). Success in hospital-based billing begins with capacity, in other words, the ability to handle large procedure volumes in a manufacturing-type environment that preferably utilizes technology to mainstream procedures electronically so the staff can focus on exceptions – those claims that fail to get paid by the insurance company on the first pass.

Is bigger better? Not necessarily, although it makes for a strong sales pitch. The important take-away is the prospective company should have sufficient depth and experience to demonstrate they can handle your practice size and configuration. It is essential to look past the polished presentation to the details of operational structure, staffing, and radiology-specific experience.

Do They Have the Horsepower?

Coding represents the heart and soul of the billing effort. Failure to code properly results not only in denied claims but places the practice at risk for compliance violations. In addition, the coders should provide a valuable feedback mechanism for physicians in the group in terms of adequate dictation and documentation. Top performing billing companies have invested in their coding departments, including encouraging employees to achieve Radiology Certified Coder (RCC) status. While other certification exams will have a few radiology-specific questions, the RCC exam is dedicated to radiology coding issues (including compliance) and requires continuing education in radiology-specific topics. Those top companies will also be able to communicate an active feedback process, whereby coders communicate regularly with physicians in the group and issues with coding denials are addressed proactively.

The top billing companies will demonstrate a commitment to supporting their coders by providing extensive resources, including specialized software, access to resource materials and coding-specific publications, seminars, and ongoing training. There will be a wide vari-

ation among billing services in the support offered to coding, so it is worth asking detailed questions about resources and training. Again, there are both financial and regulatory implications for the radiology practice, which is held to a “know or should have known” obligation in terms of billing-company compliance with governmental regulations.

Some of the questions to be answered in terms of coding competency include the following:

- **Who supervises the coders and what are that person’s qualifications?** It is preferable to have an RCC supervising coding activities, but at a minimum the person should have sufficient years of radiology-specific experience.
- **Are coders certified? RCC?** Coders may hold other certifications and in some cases, billing companies internally “certify” their coders. This is an area worth digging into and the preference would be to work with the coders who have earned the RCC designation.
- **Who handles interventional coding and what is that person’s training or experience?** Interventional coding represents a complex, highly specialized area and most top billing companies assign IR coding to an elite coding staff dedicated to that area (although they may also assist with denials and diagnostic coding as well). Interventional coders are more likely to be RCCs and should be supported with sufficient resources.
- **Is coding outsourced? If so, where and are certified coders used?** Coding represents a process that is frequently outsourced and while in itself that would not represent a negative for a billing company, it is worth finding out where the coding is done. Coders in India for example, may be highly trained medical personnel but often will not hold RCC status, since those exams are currently given only in the United States. A successful outsourced effort will have a formal auditing and communications mechanism in place, since experience has shown it is more common for off-shore coders to rotate through a team and from time to time, accuracy can fluctuate.
- **Is coding technology in place?** In some cases the technology will involve the use of natural language processing (NLP) software that “reads” a radiology report and assigns codes – or it may be “facilitated” coding, whereby the radiology report and demographic information are displayed on a computer screen for ease of handling. In the latter case, procedure codes (CPT-4) and indications for the study (ICD-9 codes) may also be displayed for confirmation by the coder. Coding technology has greatly increased productivity and reduced bottlenecks in the billing process so it has been one of the more significant advancements in recent years. On the other hand, there should be an active auditing program in place to ensure correct coding since even the best coding software cannot be counted on to achieve a high degree of accuracy

due to differences in dictation styles.

- **Are radiology reports used as source documents for coding?** This is a critical question in terms of the billing company’s process and while it appears “yes” would be the only logical answer, there are still companies who code from the hospital’s order information and do not use the radiology report as a source document. Since accuracy problems with hospital information seem to be a universal problem across the nation, the radiology report should logically be the source document for coding since it will more accurately reflect the details of the procedure performed.
- **How is coding accuracy audited (in terms of both internal and external audits)?** Again, most of the leading companies will have a process for auditing and monitoring coding accuracy and a few of them also contract for external audits from an independent source.
- **When coding problems occur, how is that information communicated to the group?** This is especially crucial in regard to addressing medical-necessity denials, since they often occur when there is insufficient information for the coder to identify an appropriate indication for the study. Teamwork in this area involves feedback from the coders and a joint effort with the practice to improve the quality of documentation. Medical-necessity denials frequently involve high-dollar imaging procedures so the results of a joint denials management effort can be measurable financially while improving compliance elements as well.

In Summary

Selecting the right billing service should be a long-term decision, with the goal of establishing a mutually successful partnership that will adjust and endure over time. It is a major financial decision for any practice and therefore worth the time to do the homework, establish selection criteria, and exercise care. Billing companies vary dramatically in terms of experience, resources, and operational structure and unless the foundation for a sound decision-making process is established, it will be too easy to go with the best sales pitch and/or cheapest price.

The next article in this series will address the role of technology, staffing, and experience; an operational overview; determining (and seeking) value; a few final hints for the selection process; and a summary of variables impacting fees. »

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