The Myth of 'Control' with In-House Billing

■ MONTE SANDLER

We keep our billing in-house so we can control it. I guess I have heard this quote from people more than a thousand times. Unfortunately, 95% of the time it is just not true! Having your billing staff in the clinic may make you feel better but, in most cases, this is just a false sense of security. *Actually* being in control includes all of the following:

1. Knowing all your monthly metrics
   - *Days Sales Outstanding (DSO)*: The days of charges in accounts receivable (AR)
   - *Days to Bill*: The lag time between date of service and the date the claim is released to insurance
   - *Evaluation and Management (E/M) Weights*: The weighted average E/M level
   - *Average Revenue per Visit*
   - *Percentage of AR over 120 days*
2. Reviewing, monitoring, and reconciling daily claims submission to your clearinghouse and payers
3. Active AR management including monthly detail analysis of unpaid claims every 30-45 days
4. Monthly meaningful touches with documented notes of actions taken on specific claims outstanding to get the amounts paid and resolved
5. Monitoring and reconciling daily cash receipts

Experience tells us that a clinic's billing success is dependent on the specific people doing the work. If Jimmy or Suzy is doing the billing, there are no problems. Is this really control? What happens if Suzy quits or Jimmy gets hit by a bus?

In this situation, the knowledge resides with Jimmy and Suzy. Most urgent care organizations have no formal RCM policies and procedures. Few have documented best practices. Each of these people does the process/steps of RCM differently. If they leave for any reason, you have no RCM operations.

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Why do you have more control of your RCM when it is outsourced?

1. You manage the outsourced team. Choose the right vendor and they'll make you look good.
2. All the RCM company's employees are trained in RCM utilizing a tested program.
3. Policies and procedures are well defined and used as a basis for the team member training.
4. The policies and procedures include best practices that ensure your RCM is being optimized.
5. Your outsourced company is committed to compliance and will assist you in making sure you are doing things in a compliant manner.
6. The assigned account manager is actively monitoring your metrics and front desk operations. This individual is your main contact point for RCM operations. They will make sure you have a pulse on your billing results.
7. The account manager works with the cash posting team to make sure your billing system is reconciled to your bank account, making year-end accounting easier.
8. The outsourced AR management team has an active AR management program that provides regular follow-up with detailed notes on outstanding claims.

The lists above are the tip of the iceberg in the ways that a well-organized, efficiently run RCM organization adds value to your business. In a customary environment, there are cost savings, as well. The current environment where clinics saw volumes plummet 60%+ in a matter of weeks due to the COVID-19 pandemic is a perfect illustration. The contingency fee model assures that as your revenue decreases, you are not stuck with a fixed cost model to running your RCM and having to do layoffs or furloughs to adjust.

The inverse is true with the onset of flu season each winter. In-house RCM organizations are faced with volume increases, resulting in the need for temporary help, which assuredly will not come from experienced, proficient staff.

If volume is down because of the pandemic, make the best of the time to work the old AR as hard as you can! The only way to collect is to do the follow-up and resubmissions. ■