

Know-How

Expanding knowledge for the
practice administrator

(Billing) help wanted

A guide to selecting a third-party biller

Medical group administrators oversee the challenging process of selecting a third-party billing entity (TPBE) for their organizations. A TPBE typically provides medical billing services, including charge-data entry, billing, electronic claims submission, payment posting and collection follow-up.

Set priorities before shopping for a vendor

Before starting the search, set your priorities and determine the services you need.

Consider a TPBE's size. Large ones have the benefits of:

- In-depth compliance programs with dedicated staff and budgets;
- Multispecialty expertise;
- Many employees/cross-training; and
- The ability to offer additional services.

However, cons include:

- Fees that may include TPBE overhead costs;
- Inconvenient locations;
- Potential for high employee turnover; and
- "Losing" your group in a large client base.

Small TPBEs bring benefits of:

- Lower prices, less overhead;
- More personalized service;
- Quicker response time; and
- Potentially more control for you.

Their possible downsides:

- Limited compliance programs;
- Limited multispecialty expertise;

- Coverage issues because of fewer employees; and
- Possibly fewer services.

Costs and data

The TPBE should explicitly describe its scope of services. Determine whether you'll pay extra for services such as:

- Record storage;
- Computer equipment;
- Software upgrades;
- Ad-hoc reports;
- Correspondence backlogs; and
- In-person representation for appeals with payers.

How will you be billed? Per transaction or per claim? By a flat monthly fee or a percentage of practice revenue collected?

Ask each potential vendor for:

- Samples of management reports, including:
 - Accounts receivable
 - Charges billed
 - Collection/revenue
 - Denied claims
 - Credit balance
 - Contractual and other write-offs;
- A list of policies and procedures;
- A sample contract;
- A tour of the facility; and
- A completed questionnaire (box, page 28).

Speak with the manager who will be responsible for your account. Does this person review reports in detail?

see **Know-How**, page 28

By Janet Marcus, CPC



about the author

Janet Marcus, CPC, senior consultant, Sinaiko Healthcare Consulting Inc., Los Angeles, janet@sinaikohc.com

mgma.com

- From the home page, search for "outsourced billing"
- From the Practice Management tab, choose "Tools" and then "Financial management" to find a billing service selection checklist
- In the *MGMA Store*, enter 4840 in the *Search Products* box for the Information Exchange "Billing Services"; 6116 for the book *The Physician Billing Process: Avoiding Potholes in the Road to Getting Paid*

e-mail us

Has your group selected a third-party billing entity? How did you choose the firm? Tell us at connexion@mgma.com

Establish an understanding of current performance measures and the practice's short- and long-term goals.

Contract negotiations

Before entering into a contract, refer to the Department of Health and Human Services' Office of Inspector General's guidelines for TPBEs (<http://oig.hhs.gov/fraud/docs/complianceguidance/thirdparty.pdf>) to ensure vendor compliance.

Consider including in the contract specific terms and agreed-upon standards for:


- Maximum average number of days in accounts receivable;
- Maximum number of charge lag days;

- Other benchmark numbers important to your group; and
- Consequences and/or penalties if the TPBE fails to achieve benchmarks.

You will need to supply:

- National Provider Identifier numbers and other billing numbers;
- Accurate patient information for billing purposes;
- Timely and accurate charges; and
- Authorizations and advanced beneficiary notices.

Give the vendor an overview of your providers' credentials, services and production volumes. Establish an understanding of current performance measures and the practice's short- and long-term goals.

Knowledge on both sides will go a long way to building a successful long-term partnership. 

TPBE questionnaire

Use this as appropriate for your group's situation. The questionnaire is intended to enhance, rather than substitute for, your own research on a TPBE.

What is your average client size? e.g., number of physicians, total charges per month

How does your organization inform staff of current state and federal rules, regulations and guidelines?

What billing compliance policies and procedures do you use?

Have you ever had a claims review by a local or regional carrier?

How many clients do you serve? How many FTE* employees support them?

Which employees will be assigned to my account? How many years of experience do they have?

Which employees are experienced in my group's medical specialty?

Are your employees credentialed? Please explain.

Outline the specific tasks a collector performs.

Do you measure employee productivity? How?

Do you perform quality reviews of your employees' work? How?

Do you provide management reports on a monthly basis? If yes, what do they reflect?

Do you have standard performance benchmarks? If so, what are they?

Do you have record retention and storage policies? If yes, please describe.

Do you provide electronic imaging? Which paperwork?

Do you process credit balances and refunds? If yes, please share a sample credit-balance report.

Do you follow state escheat laws for returning unclaimed payments?

What information technology system do you use? Is it proprietary?

Will you demonstrate your billing system?

Does your IT staff incorporate the most current required industry changes? How often do you make updates?

Do you conduct background checks on new and current employees?

What is your employee turnover rate?

Do you have customer service guidelines? Can we review them?

Can you address current health care issues that affect our practice, e.g., can you report diagnoses specified in Medicare's Physician Quality Reporting Initiative?

Describe your firm's financial health.

Please provide current and past client references.

* full-time-equivalent