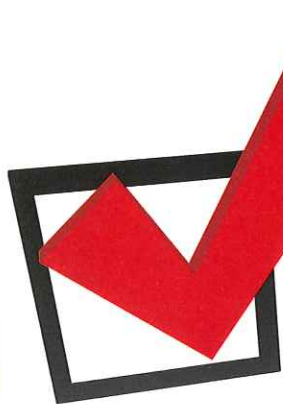




Evaluation

Evaluating Performance of Your Company



OUTSTANDING



Excellent



Very Good



Average

Below Average

BY JIM HALL AND ANGIE MOSS

EXECUTIVE SUMMARY: Beyond hot-button issues, learn to evaluate a billing service within the context of your own practice and billing practices.

I RECENTLY CAME ACROSS A QUESTIONNAIRE REGARDING evaluating a practice's billing process or billing company and was intrigued by some of the questions. While the questions were relevant, they should be considered in context before you make a decision about your billing practices.

As owner of a billing company, I frequently receive calls with similar questions. The responses can be surprising and sometimes shocking, but the answers assist the owner in understanding the issues and making the best possible decision.

Is your accounts receivable (AR) that is more than 120 days past due over 15% of your total receivables?

Every company wants to keep its receivables as lean and mean as possible, since cash in the bank is better than potential cash on the books. But consider the type of payer mix for your clinic.

If your caseload is mainly workers' compensation and with many disputed cases, you might have an extraordinarily high number of litigation-based accounts. No matter how hard your staff works to collect these cases, you are at the mercy of the court system working to resolve the dispute. I know of one clinic owner with 60% or more of AR sitting over 120 days because attorneys refer their automobile liability patients to this clinic. If you factor those patients out of the mix, the numbers are not as severe.

Do a number of your patients have primary/secondary insurance, or are they self-pay? If the patient owes \$1,000 and is paying \$5 per month, what clinic policies are in place to assist your billing company in keeping these patients' balances off the books, or at least segregated in the aging report? Is your billing company able to send accounts to a collection agency? Or perhaps these patients can be stratified in the AR reports to identify which balances your billing company can affect and those it cannot.

Is your billing company specialized in therapy only?

One mistake I try to avoid is mixing other health care specialties with physical therapy, occupational therapy, and speech-language pathology billing. Rehabilitative therapy has its own set of rules,

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requiring constant research to keep up-to-date with any changes. When you throw in the fact that insurance is regulated on a state-by-state basis, and the Medicare administrative contractor's policy is based upon the state in which it is contracted, a billing company will be challenged to bill for other specialties as well.

If my billing company is collecting 45% of charges, is it collecting all it can?

While that statistic sounds pretty bad, no billing company can answer that question without knowing more about your service charges, who is responsible for verifying insurance coverage, and your payer mix. For example, if you charge \$300.00 for one unit of therapeutic exercise (and similar amounts for other direct one-on-one codes) 45% would most likely be a great percentage. However, if you charge \$10.00 for those codes, 45% would not be a good collection rate. Also, if you bill a lot of worker's compensation claims and your state has a published fee schedule, the person answering your question would need to know what Current

PRACTICE FUNDAMENTALS, continued on page 34



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Procedural Terminology (CPT) codes you bill and the number of units you billed. Similarly, if your patients require preauthorization before treatment starts and the clinic staff responsible is not obtaining the information, you will not collect the money due.

Changing billing companies or moving your billing in-house will take time and energy on your part. If it is time to change, then make the change. Just make sure you are asking the right questions.

Is your billing company working every claim to a zero dollar balance?

If your billing were in-house, would you have your staff work to collect a patient balance of \$0.22? Consider the costs of printing the statement, folding the paperwork, stuffing the envelope, running it through the postage machine for \$0.45, and mailing it

out. I've heard owners state that they expect their billing service to send out those statements because it is not costing them anything. However, when you think about it, do you really want the service allocating resources to those types of balances, or would you rather it try to keep the big picture in focus? In addition, patients make a judgment about your practice when they receive a bill like that. Conversely, would you want your billing service to write off a \$4.50 patient balance rather than mailing out a statement? For the \$4.50 balance, I could certainly write it off and conclude that I worked it to a zero balance, but as a billing service, did I really follow the direction you wanted me to take?

The bottom line is that changing billing companies or moving your billing in-house will take time and energy on your part. If it is time to change, then make the change. Just make sure you are asking the right questions by seeking counsel from a mentor, peer, or someone you trust. This will allow you to be more focused on your real goals when you begin evaluating services. ■

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