

Medical Billing



Medical billing is an extremely important component of the health care industry. This article highlights some common medical billing mistakes and the types of services available to ensure the best record of care for patients and the best physician reimbursements for the services rendered.

After years and years of studying, practicing, and preparing for a future in health care, physicians and other medical care providers

mark their place in the industry by providing the best cutting-edge care for their patients. These professionals face major challenges every day – from providing life-saving emergency treatment to researching complex diseases – but there is another critical component of a successful medical practice that is not the focus of the skills learned in med school: **medical billing**.

In today's complex world and struggling economy, business issues in the medical industry can take precedence (sometimes even over the treatment of medical conditions) in determining the sustainability of a medical practice. One of the biggest challenges facing physicians today is not solely concerned with patient care; instead, many of today's care providers are concerned with the business side of health care, especially concerning medical billing and coding.

Medical Billing Mistakes

It is estimated that doctors in the U.S. leave approximately \$125 billion on the table each year due to poor billing practices. This is a stark reminder for physicians that providing optimal patient care is only one of the big factors in becoming a successful in the industry.

2 of the most common factors contributing to a loss in profits:

- **Billing errors.**

It is estimated that up to 80% of medical bills contain errors. Insurance companies are very strict on correct medical billing and coding practices, and even the smallest mistake can cause an insurance company to reject a medical billing claim. This starts a long process requiring the doctor to fix the error, submit the claim a second time, and then wait (and hope) for the new claim to be accepted and processed. Medical billing errors can cause a doctor to have to wait several months or more before receiving payment for their services.

- **Failure to stay up-to-date on medical billing rules and regulations.**

These rules are constantly changing, requiring physicians and administrators to spend

time and money on continuing education, software, or staff training to stay current, having a direct effect on the cash flow and profits of a practice.

Not only are the rules and regulations concerning medical billing changing, but they are also changing for health care as a whole. Updates and major changes administered with the [Health Care Reform](#) bill have increased the number of insured Americans by more than 30 million, so proper medical billing procedures are more important than ever.

Sourcing Medical Billing

With the economy in such a delicate state, medical practitioner's patients affected as well as their own private practices. Unemployment, along with higher co-pays and deductibles, results in patients that are unable to afford medical services. In turn, practices end up losing tons of money.

Medical practices now have to worry about insurance companies' unique rules along with new and changing coding standards. With the burden of knowledge being so heavy, they're losing money due to lost or ignored claims, denials, and underpayments.

Hiring a third party hold responsibility for billing services can sometimes be an effective way to increase revenue and gain control of the situation, but others feel that keeping operations in-house is the safest and most cost-effective bet.

Here are the arguments for both sides of the sourcing issue.

Outsourcing Medical Billing

Outsourcing medical billing sounds expensive upfront. However, when everything is added up, it may end up being more beneficial over time. Here's why:

- Most billing services charge on a percent-basis, meaning they will only charge a percentage of the revenue they are bringing in for your company. With this in mind, they are going to be a lot more diligent about faster collections and resubmitting claims. Your current employees don't have time to run through denied claims. A third-party professional is dedicated to this.
- Employing a staff for billing purposes can get expensive. Even to hire just one new person, a practice has to think about the costs of training, the employee's salary, benefits, and taxes, as well as compensation for turnover. Using an outside billing service eliminates the headache of training and familiarizing a staff with your billing software, procedures, coding, etc. A billing service has already trained professionals, who only make money when you do.
- The amount of time doctors and nurses spend on billing and staffing concerns can be eliminated. This freed-up time can be used to care for patients – which is what your goal is in the first place.

- Odds are, outsourced billing companies have more billing and coding expertise, and necessary resources. Even if you are still concerned with internally handling billing, an outside service can assist in providing proper software, such as EMR (Electronic Medical Records), packaged billing, and practice management. Sometimes for an added fee, there are companies that provide appointment reminders, electronic eligibility verification, patient follow-up, coding, consulting, and data reporting. For one lump sum, you can outsource services that might have been costly to handle within your practice.
- Certified billing companies are compliant with the latest health care laws, like [HIPAA](#) and the [Health Care Reform](#) bill, so your staff can rest assured that the law is being followed.

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