



Using Outsourcing Effectively

By Margie Satinsky

You know how medicine works. You provide patient care in the area(s) in which you are trained and board-certified, and you refer patients to your colleagues when they need care that you can't provide.

The same principle applies to practice management. If you feel that the scope of managing your practice is larger than you and your staff can comfortably handle, you don't have to go it alone. You may consider outsourcing one or more functions to an external consultant with particular expertise.

Let's talk about two topics: what to

outsource and how to select a consultant or vendor to provide help.

Practices commonly outsource the functions of managed care, billing and collections, information technology, human resources and compliance.

MANAGED CARE

An external consultant with managed care experience can help you review contracts that you have in place and verify your current rate of reimbursement. As any managed care company will tell you, insurers don't offer medical practices higher rates on a regular

basis: you have to ask. Consultants know how each plan pays (for example, percentage of Medicare and/or fee schedule) and can negotiate increases in your reimbursement. They review the language in the contract document and other plan materials to ensure it is favorable to you. They also show you how to develop systems for matching expected with actual reimbursement.

If you outsource some or all of your managed care work, ask potential consultants about their experience in your state. Find out if the consultant insists on reviewing all of your managed care

Your practice...

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contracts or is willing to review those that are most important to your practice. Most important, select a consultant that is willing to teach someone in your practice what to do so that you can eventually do the work yourself. With respect to price, most consultants charge an hourly or per contract rate. An incentive-based price that is tied to increases in reimbursement, while theoretically appealing, can be difficult to implement.

BILLING AND COLLECTIONS

Obtaining managed care contracts that are favorable for your practice doesn't guarantee that the revenue cycle management process in your office works smoothly. The ways in which you capture patient demographic information, code, submit claims, bill and collect all impact the revenue you receive. Other

characteristics of your practice impact the bottom line. For example, if you have frequent staff turnover, your accounts receivable statistics won't meet industry standards, or you will always be behind in your collections. If this is a characteristic of your practice, outsourcing billing and collections may be a favorable opportunity for you.

When you talk with vendors that provide billing and collections services, ask about company ownership, structure, history and long-term goals. What results has the vendor had with current clients, and what one-time savings and long-term results are projected for your practice? How does the vendor service new accounts, and who will be the service representative for your practice? Will the vendor clean up accounts that are older than 90 days, and, if so, will there be an

extra charge for the service? Is the vendor available and willing to meet regularly with your practice so that you can work out operational issues? Most billing and collections vendors charge a percentage of revenue collected or a flat monthly fee. Remember to ask about start-up costs, such as license fees, hardware and network connections. Finally, ask what software the vendor uses.

INFORMATION TECHNOLOGY

Successful practice management in the 21st century depends on your ability to select and use a practice management system, electronic health record system and interactive website. If your practice is like most small ones, you lack the internal expertise to plan and implement information technology applications that can help you.

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