

The ROI to Outsourcing Your Medical Billing

A step-by-step guide to the benefits of an
end-to-end eye care billing service



fast pay health

By First Insight

Grow Your Practice with Smarter Optometry and Ophthalmology Billing Solutions

- More than **25%** of lost practice revenue comes from poor medical billing and revenue cycle management (RCM) practices.
- According to the Medical Group Management Association (MGMA), the average cost of reworking a claim is **\$25**.
- On average, about **two-thirds of denials are recoverable**; however, nearly all (90%) are preventable.

25%
Lost Revenue

\$25
**Average Cost of
Reworking a Claim**

Grow Your Practice with Smarter Optometry and Ophthalmology Billing Solutions

- Closing billing gaps requires spot-on attention to patient information, diagnostic and procedure codes, and evolving billing rules and insurance regulations.
- The financial health of any eye care practices depends on greater efficiency and support.



Medical Billing Continues to Evolve and Add Roadblocks

- Every time you think you have medical billing under control, new reimbursement or staffing roadblocks appear.
- When you and your staff are constantly managing billing tasks every day, like outstanding claims, insurance verification, and collections, billing issues start to compound, and soon your staff is buried under a pile of paperwork.
- Providers often find it difficult to retain skilled medical billers and certified coders. Unplanned sick days, vacations, and costly re-training can reduce your bottom line.



Outsourcing Medical Billing Removes Administrative Burdens and Overhead Costs

- On average, healthcare providers will see a 5-10% increase in net collections.
- Focus on patient care instead of paperwork and payments.
- **Time = Money:** Outsourcing RCM services reduces claim turnaround from 60 to 90 days to less than two weeks.



4 Questions to Answer About Outsourcing Medical Billing

1. What are the true costs of your current billing process?
2. Does your current billing staff have the necessary expertise and bandwidth?
3. What will your billing staff do if you outsource medical billing?
4. What is the Return on Investment (ROI) to outsourcing your medical billing?



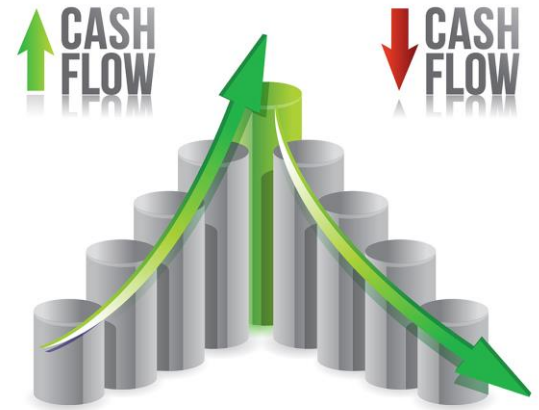
Q1: What are the true costs of your current billing process?

Determinate Costs	Indeterminate Costs
Staff hourly wages	Increase in rejections and denials rate
Employer share of taxes	Decrease in cash flow and net revenue
Benefits	Increase in bad debt
Billing Software	Unplanned staff sick leave and vacations
Clearinghouse fees	
Stationary, postage and statement fees	

Q2: Does your current billing staff have the necessary expertise and bandwidth?

Assess your current situation to identify key decision points for outsourcing

- Are your accounts receivable (AR) greater than 50 days?
- Is your percent of AR over 120 days greater than 15%?
- Are you seeing the same or an increased number of patients, but seeing a decline in revenue?
- Is your net collection rate declining?
- Are you seeing a higher percentage of bad debt write-offs due to delinquent patient accounts?
- Is your staff spending more time on claim follow-ups and calling insurance companies instead of on patient care, services and selling optical products?



**Outsourcing your billing
to an end-to-end RCM
service is the right
decision for you!**

Q3: What will your billing staff do if you outsource medical billing?

There is a growth opportunity with additional responsibilities

- Improve the patient collections process through more frequent and efficient communications.
- Educate patients on eye care benefits, patient financial responsibilities, and increase service and product collections.
- Act as a liaison with the billing service team to learn more about non-covered benefits, collecting deductibles, and more.
- Provide more efficient patient care and have more time for marketing your practice (social media, patient relationship management services, promotional campaigns)

Q4: What is the ROI to outsourcing your medical billing?

- The national average for First Pass Acceptance (FPA) rates is 70%.
- Many practices lose revenue due to poor first-pass ratio and claim re-work because of never-ending healthcare changes.
- You can lose a big chunk of your profit margins if you have to re-work a higher percentage of claims or you process outstanding AR as denials.
- It's essential to look at the number of "Days in AR" and your "Net Collections" together.
 - Days in AR may be at or above industry best practices, or
 - Net collections may be low because your biller is merely writing off denied claims rather than following up with insurance companies.

Calculating Days in AR

- **Days in AR:** The number of days that charges are outstanding
- **Target:** <30 days
- **Calculation:** $(\text{Total Receivables} - \text{Credit Balances}) / \text{Average Daily Gross Charge Amount}^*$

** Average Daily Gross Charge Amount – Total Annual Gross Charges/365*

Calculating Net Collections

- **Net Collections:** The total amount that is potentially due from payers and patients was collected after excluding contractual adjustments
- **Target:** >95%
- **Calculation:** $(\text{Total Charges} - \text{Payer Disallowed Amounts}) / \text{Total Payments}$

Return on Investment Examples

\$1 million eye care practice who typically collects 85% of what is contractually owed. Revenue on the table not collecting is \$150,000.

- Billing Service # 1 (85% collection rate)
 - Fees you pay to billing service: 4% or \$34,000
- Billing Service #2 (87% collection rate)
 - Fees you pay to billing service: 6% or \$51,000
 - Additional revenue collected due to a 2% increase in collections: \$20,000

Revenue Collecting Power with a Smart Billing Service

What if your billing service typically collects 90-95% of what's owed you?

- 90% Net Collections = \$50,000 in additional revenue per year
- 95% Net Collections = \$100,000 in additional revenue per year

To achieve the above net collection returns, the best eye care billing services follow the 80/20 rule and deploy resources to target problem payers through high-value/high-return services. Outsourcing to a billing service can increase your revenue and gross margins. You win with a better ROI.

Paying for a higher billing service level has the potential to be a great investment. But will you know if this investment will generate a higher ROI?

Sample ROI Calculator for Outsourcing Billing

	Monthly In-house	Annual In-house	Monthly Outsourced	Annual Outsourced
Billing staff salary, benefits and taxes*	\$3,744	\$44,928	\$0	\$0
Billing software fees	\$300	\$3,600	\$0	\$0
Clearinghouse fees	\$200	\$2,400	\$0	\$0
Statements, postage fees, stationery, and printer ink cartridges	\$450	\$5,400	\$300	\$3,600
Outsourcing fees	\$0	\$0	\$3,250	\$39,000
Total Costs	\$4,694	\$56,328	\$3,550	\$42,600
Gross collectable amount	\$50,000	\$600,000		\$600,000
Total net collections**		\$510,000		\$570,000
Net revenue to practice		\$453,672		\$527,400
Potential revenue increase by outsourcing your billing				\$73,728

* Assumes 20% benefits and taxes for a single biller

** Assumes 85% net collections for in-house billing and 95% net collections for outsourced billing

What Our Customers Are Saying

“

Partnering with Fast Pay Health is one of the better decisions we have made in managing our practice. Their team is a welcome extension of our practice. They are well-trained, have positive attitudes, and have a fierce work ethic.

*Julie Honda, OD
Kailua-Kona, HI*

“

We love getting paid faster! Before we started using Fast Pay Health, it was taking at least two months to process claims and receive payments. Now, claims are processed and payments are posted within 2-3 weeks.

*Cindy Hess, Office Manager
Clarksville, MD*

What Our Customers Are Saying

“

Fast Pay Health exceeds all expectations. We feel confident knowing they are there to handle any billing questions and concerns.

*Collier Smith, Office Manager
Greer, SC*

“

Fast Pay Health is less than what we pay for a full-time staff member's wages, workers compensation and benefits. We had many claims we had to write off because they were too old and couldn't be rebilled. Our medical receipts are so much higher now.

*Joanne Gronquist, OD
Santa Barbara, CA*

What Our Customers Are Saying

“

We've been in business since 2007 and never received any payments from Medicare until Fast Pay Health stepped in to help us. Medicare and other insurance payments have been rolling in ever since they took over our billing.

*Shari Tullo, Practice Manager
Princeton, NJ*

“

Fast Pay Health has cut our turnaround time to about half of what it was before—now we see payments in 5 to 7 days. Fast Pay Health tailored the service to fit our specific needs too.

*Stephanie Haenes, COO
Wayzata, MN*

**Fast Pay Health
works as an
extension of your
practice.**

**We help you grow
top-line revenue
for a healthier
bottom line.**



Your RCM Partner

More than 24 years ago, First Insight Corporation built a healthcare technology company dedicated to improving the patient-provider experience for optometrists and ophthalmologists. Fast Pay Health is a natural extension of this commitment—focusing on improving the financial health of your practice.

Our full-service RCM services cut down claim turnaround times for many of our clients, from 60-90 days to less than two weeks.

Get a Free Practice Analysis

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By First Insight



**End-to-End
Revenue Cycle Management**