

Elite Pediatric Medical Billing



Independent Pediatric Practices



Managing a pediatric practice has many aspects to it, including selecting the best location, having a strong patient population, providing quality care, maintaining solid payer contracts, and managing the medical billing operation. Many pediatricians start practicing independently because they want to provide quality care on their own terms, instead of being part of an integrated delivery network owned by a health system. There are a few approaches to establishing and maintaining an independent pediatric practice. Some practice owners want to maintain a solo practice while others want to grow into a larger practice either with other pediatricians as partners or as employee physicians.

It is known that the goals and desires vary from practice to practice. Some practice owners want to control everything on their own – like seeing patients, owning their office, doing their own payroll, performing the accounting, and managing their entire medical billing process. In contrast, other pediatric practice owners choose to focus on a few specific areas, such as patient treatment, relationships with the community and then outsource other areas such as accounting and pediatric medical billing.

There are many benefits to focusing on a few areas and outsourcing the other areas of the practice. If practice owners focus on a few areas, they can reduce the administrative burden and focus on the areas that grow and maintain a profitable practice. Focusing on core activities (patient treatment, practice growth, employee & patient satisfaction) and outsourcing other activities (payroll, accounting, pediatric medical billing) with the right outsource partner can bring the highest financial return as well as personal satisfaction to the pediatric practice owners. This approach also helps avoid burnout for pediatricians that own their practice.

Importance of Consistent Management of Pediatric Practice Medical Billing

The pediatric practice owner needs to ensure that the pediatric medical billing team provides the optimal amount of revenue to the practice as well as maximum profitability. If the pediatric practice owner wants to manage their billing by a staff in their practice, the team needs to be trained, managed, and coached routinely by a person who knows the pediatric revenue cycle. The practice owner should have an outside group benchmark the performance of their internal team to assure the team performs as an elite pediatric medical billing team (most do not and the busy practice owner is unaware of all the lost revenue).

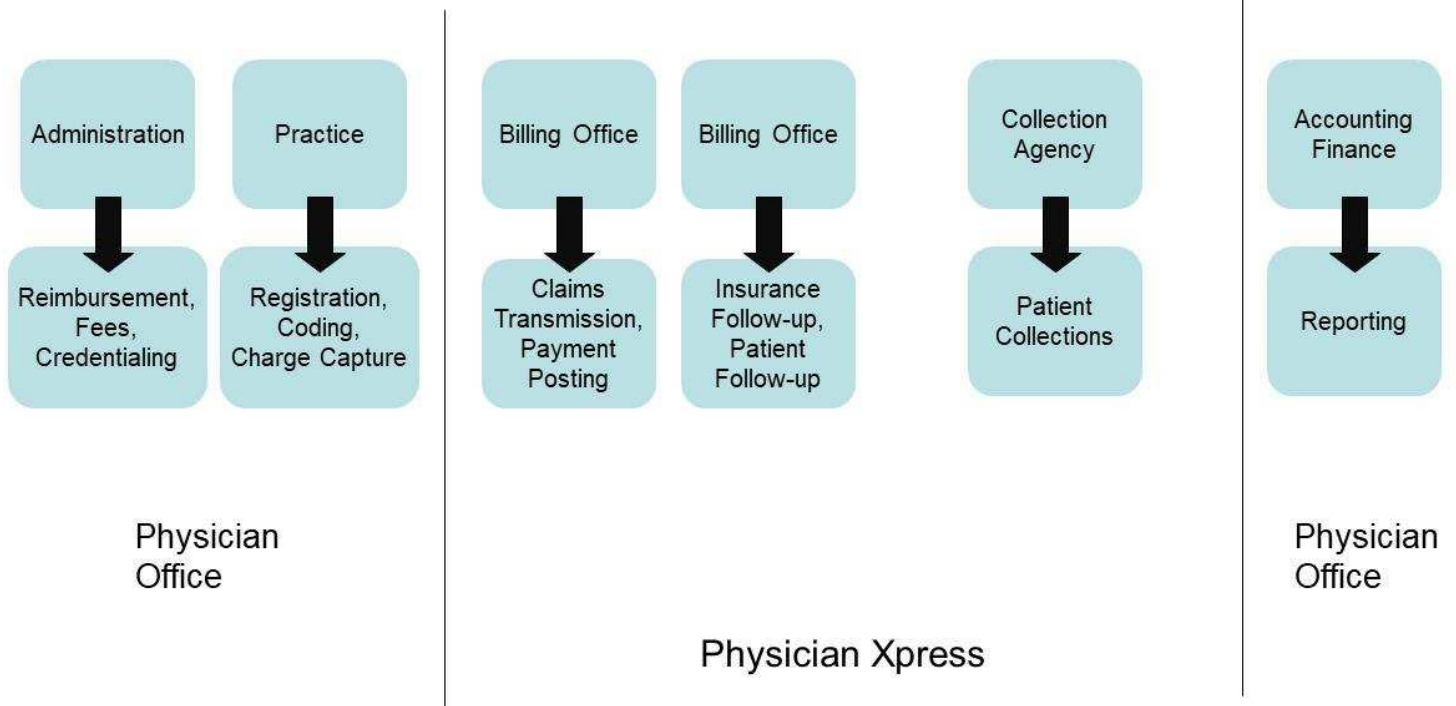
When looking to outsource the medical billing, the medical billing team should have an elite pediatric medical billing process and approach that achieves consistent revenue results for the practice. There is value for providing consistent pediatric medical billing that collects the optimal amount from the insurance company and patients based on the contract rates for procedures and codes for the practice. It can be confusing, even for an experienced practice owner, to guarantee they have an elite pediatric medical billing operation. The first component is to assure that the coding is optimal based on the desires and approach for the practice. We have a separate White Paper titled “Optimizing the Pediatric Medical Coding at Your Pediatric Practice” if you would like to read more about this topic and identify some associated common questions to ask. The second component is related to managing the revenue cycle for the pediatric practice which includes the insurance companies and patients. Below is a graphic of a typical revenue cycle.



Importance of Consistent Management of Pediatric Practice Medical Billing

The practice and the medical billing team need to work together on the revenue cycle components. For instance, the practice owner or practice administrator completes the credentialing and maintains the contracts with insurance companies, the front desk team registers the patient (scans insurance card and takes the co-pay), and the clinicians (Physicians, NPs, PAs) select the service they provided (e.g. sick visit level 3, 4 or 5, procedure, vaccine) as well as close their charts. The medical billing team takes this information, reviews the information for correctness, updates if needed, and sends to the insurance company. There are claim edits that the insurance company links back to the clearing house or via denied charges.

Revenue Cycle



*Note: Net Revenue is the total net revenue received by the practice.

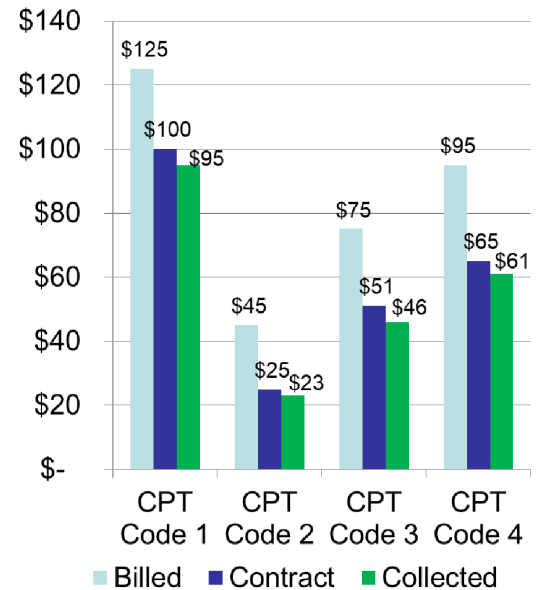
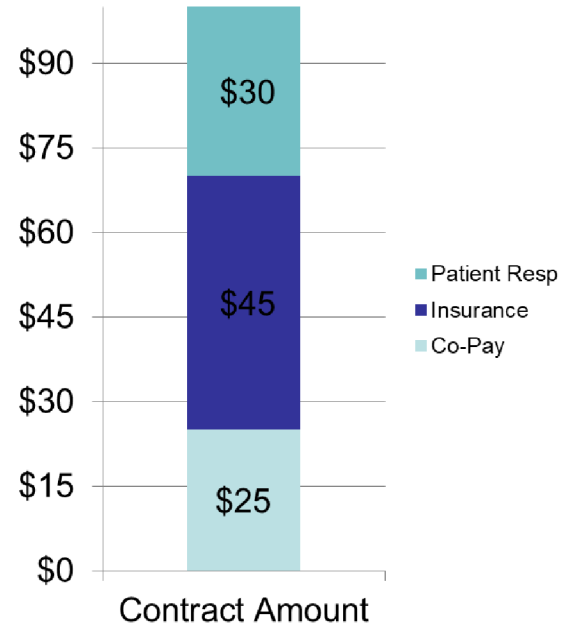
Differences Between a Basic and Elite Pediatric Medical Billing Team

An elite medical billing team will identify the issues, make changes, re-submit claims, and continue to follow-up with the insurance company.

A basic billing team will only send the charges and will not follow-up on each and every claim. This means the follow-up and verification becomes a task of the pediatric practice manager or owner. An elite medical billing team will also contact the patient (via phone or letter) to follow-up when insurance is incorrect or out of date. Additionally, this team will provide a phone number for a patient to call so they can speak with a knowledgeable person.

Each office visit should generate the proper codes and a claim. Some claims are paid by the insurance company completely, while others are paid by both the patient (in the form of a copay and/or co-insurance) and the insurance company. The potential revenue is the contract revenue for all codes while the actual revenue is the revenue collected from the insurance company and patient (co-pay and patient statements). The collection rate is determined by adding the total revenue collected and dividing by the contract revenue for all the CPT codes during a time period.

An elite pediatric medical billing team follows-up consistently with the patient and maintains an account manager who manages the entire account for the Pediatric practice. An elite team engages with the Pediatric practice as needed including the front desk team. The advantage for the practice owner is their account has both focus and consistency in follow-up for the revenue cycle. The Account Manager provides a point of contact and accountability with a specific person to manage the details of the account (note: this Account Manager might work with multiple billers on a larger account). An elite medical billing team should also provide monthly reports that summarize the performance of the practice as well as show the details for patients with aged AR >120 days. These monthly reports should show the collection by provider for the last 12 months, the collection by insurance company that is aged 0-30 days, 30-60 days, 60-90 days, 90-120 days. Ideally, the monthly report should also display each and every patient account that is aged >120 days from the date of the monthly report as well the follow-up actions being taken.



Differences Between a Basic and Elite Pediatric Medical Billing Team

For billing companies providing basic medical billing service, there is more work for the practice related to follow-up with the insurance company and patients and in many cases the practice needs to send out their own patient statements. A basic medical billing service usually does not complete monthly reports and so this additional workload for the office manager or practice owner. Although the fee might be less for a basic medical billing service, the lack of end-to-end accountability of an account manager usually results in inconsistent follow-up due to the practice owner or office manager being busy with many other tasks (the monthly report and additional follow-up to increase the collection rate is important but not as urgent as many other tasks the staff attends with day to day Pediatric Practice Management.

The result, is a lower collection rate for the practice. Even if the providers are certain that they have optimal coding, a basic billing team usually performs well below national averages (below 95% of the contract amount).

The difference in revenue between a basic pediatric billing process/approach and an elite pediatric billing process/approach is at least \$40,000 per \$1,000,000 in annual practice revenue. The small, incremental investment in an elite pediatric medical billing team increases the overall profitability of the practice. Additionally, an elite pediatric medical billing team will provide monthly reports and processes to minimize admin work while providing checks and balances for the practice owners.



How Can I Check To See If We Currently Have an Elite Pediatric Billing Team?

There are some steps that a practice owner can do to check if they have a basic medical billing or elite medical billing team performance for their practice. These include:

1. Confirm the billing team is checking over the claims, sending to insurance, and has a follow-up system for claims. The system should allow the practice administrator or owner to view the current status of claims on the insurance and patient side. Ideal is to be able to see the follow-up actions of the account manager and associated billers for their account.

2. Confirm the time frame for posting payments and identifying the next steps with the claim (completely paid, re-send/update to insurance company, bill patient). Ideal is to post payments within 1-3 business days from receipt of the Electronic Remittance Advice (ERA) or Explanation of Benefits (EOB). The biller should consistently follow-up with the insurance company and send patient statements as needed.

3. Verify the process for patient statements and associated patient billing. There should be at least an initial patient statement, then a follow-up patient statement if the first is not paid then a third patient statement if the second is not paid. Additionally, the collection process for patient billing should include 3-5 phone calls to the patient over a period of three months. Additionally, a local phone number for the patient to contact the medical billing team member helps with the collection rate.

4. Review the current Monthly reports. The monthly report should include a snapshot of the performance by month for the last 12 months, as well as show the insurance accounts receivable for each insurance company and patients in the following categories : 0-30 days aged, 30-60 days aged, 60-90 days aged, 90-120 days aged, >120 days aged. The report should also contain a detailed list of each claim that is aged more than 120 days (insurance side and patient side) and the action taken for each of these claims (e.g. 2 patient statements sent and 3 phone calls).

5. Review the yearly profit of the vaccine business. The team should provide a yearly report on the projected profit/loss of your Commercial and VFC Vaccine Business.

This report should display the profit above the cost per vaccine per insurance company. Additionally, this annual report should display the approximate \$ value in vaccine profit as well as revenue from vaccine administration.

CHECKLIST



Other Benefits of Elite Pediatric Medical Billing Service

An elite pediatric medical billing service should have staff that has experience and good judgement to help the pediatric practice meet their goals. For example, the bill team should check the coding is appropriate and aligned to the service provided by the pediatric practice. I have seen some bad judgements by new practice owners as well as by some consultants (usually ones that are not routinely operating a pediatric practice) related to coding for Pediatric practices. For instance, collecting less than a dollar from patients might hurt the reputation of the pediatric practice (versus writing this off), as well as taking a patient to small claims court over a charge under \$95 (the message this sends to the community can impact the growth rate of the Pediatric practice).



A few practice consultants are advocating for 80% of sick visits being level 4 and 5. While most practices under code, this level of coding is not the norm for pediatric practice and in many cases this is a red flag for insurance company computer systems to identify fraud and abuse (note that this level of coding is okay for some practices that have a sicker population of patients than the average practice).

Collection services are appropriate if leveraged in a manner that aligns to being appropriate for healthcare and pediatric practices. At the end of the day, the choices are yours to manage and operate your pediatric practice. An elite Pediatric Billing service can provide you some options for collection policies. No matter what the goals are for your Pediatric practice, an elite pediatric medical billing team optimizes the revenue and profitability of your practice. An elite Pediatric Medical Billing Team is good for the health of your practice, the employees and the practice owners.

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Your Pediatric Practice

Optimizing an Existing
Pediatric Practice

Starting a Pediatric Practice

Pediatric Practice Vaccine
Management

Pediatric Needs for a Pediatric EHR
and Practice Management System

About the Author

Ken Dominy has over 25 years of experience in the healthcare market and he is the founder and president of PhysicianXpress, Inc. Ken helps pediatric practice owners optimize the profitability and management of their pediatric practice via providing an end-to-end pediatric E.H.R. and elite pediatric medical billing service.

Ken led a team that created the PediatricXpress system, a pediatric E.H.R. and revenue cycle management system. The PediatricXpress system is leveraged by independent pediatric practices that range from hundreds of visits per month to thousands of visits per month.

Ken managed the start and growth of his wife's pediatric practice from a solo pediatrician to four-provider, two office pediatric group. His overall experience includes: pharmaceuticals, vaccines, specialty medical devices, medical group management, as well as development & implementation of Electronic Health Records and medical billing processes/systems.

Ken holds a Bachelor of Mechanical Engineering degree from the University of Delaware and a Masters of Systems Engineering from the University of Pennsylvania.



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