

How to Avoid Conflicts

Between Your New EHR and Your Old Billing Company



A PROACTIVE APPROACH WILL HELP YOU GET THE MOST OUT OF YOUR INVESTMENT.

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Family medicine practices across the country are purchasing electronic health record systems (EHRs) in growing numbers. The majority will choose a system with an integrated practice management module. Unfortunately, most physicians are not aware of the problems these new systems can cause in billing and collections when an outside company handles these functions.

Just last year, a three-physician family medicine practice in the Midwest decided to adopt an EHR. After shopping around, the partners settled on a leading system with an integrated practice management component. They signed the purchase contract and began preparing for installation. Only then did it occur to them to notify their longtime billing company.

To their surprise, the company said it would *not* bill on the practice's new system. Solutions were explored, including having the physicians print out all their charges and mail them to the company for manual data entry, which would have erased many of the benefits of the EHR. In the end, the practice had to switch to a new billing company that could support its new system.

As family physicians shift to EHRs, practices are facing issues like this every day. The wrong decisions can disrupt cash flow, create unnecessary costs, and negate the benefits of new technology. Communicating proactively with your billing company (see "Questions to ask" on the next

page) and steering clear of the following five pitfalls will help you make sure your new system delivers strong cost savings and solid improvements in billing and collections.

1 Don't stick with your old practice management system just because your billing company can't accommodate your new one.

Depending on which EHR and practice management system you choose, your billing company may resist using it. Why? Most billing companies have made a big investment in a specific software package of their own (either vendor-supplied or proprietary), so working on a different system is cost-prohibitive. If you have purchased software your billing provider does not support, the company may try to convince you to continue to maintain your billing records on your old system.

Don't give in. The benefit of an integrated system is that it consolidates all patient service and billing data in one patient account. This is key to realizing gains in efficiency and net collections. It also facilitates the submission of claims data, which is required to earn government "meaningful use" incentives. Practices that use their new EHR but run billing through their old practice management system are adding to their information technology costs while forgoing the potential gains of an integrated system.

ANY ARRANGEMENT THAT SEPARATES YOUR EHR FROM YOUR PRACTICE MANAGEMENT SYSTEM DECREASES THE VALUE OF YOUR INVESTMENT.

Your billing company might offer to solve the compatibility problem by extracting claims data from your new EHR and loading it onto their in-house system, but this isn't a good idea either, for a couple of reasons:

- Changes to patient demographic data, insurance information, and other account fields will probably not update to both systems. Neither system will be fully reliable.
- You will likely end up with little or no access to your practice data. You will not be able to use your system's reporting functions to track charges, monitor payments, analyze profitability, and generally improve performance.

Any arrangement that separates your EHR from your practice management system decreases the value of your investment. If your billing company refuses to perform billing on your new system, you need to find a new billing provider. (See "Terminating your billing company," page 16.)

2 Don't switch to your new system overnight.

The best way to change to a new practice management system is to pick a "go live" date and don't look back. As of your rollout date (typically the first day of the month),

QUESTIONS TO ASK YOUR BILLING COMPANY ABOUT A NEW EHR AND PRACTICE MANAGEMENT SYSTEM

- Can you perform billing using our new practice management system?
- Will we have full access to our data?
- Will our data be accessible in a standard format?
- Will you reduce your fees to reflect your lower staff and processing costs?
- Will you reduce your fees to reflect your reduction in other overhead costs?
- Can your clearinghouse support our new system's advanced data management functions?
- Will you submit to an annual billing audit?

all new charges should be entered into your new system.

What you should *not* do is migrate all your old accounts receivable (A/R) to the new system at rollout. Even though you may be eager to pull the plug on your old system and save on any related licensing, server, and maintenance fees, an overnight A/R conversion is not advisable.

Most EHR system vendors do not offer full data migration. If they do, you can expect to pay thousands of dollars for that service. On the other hand, performing a manual conversion is time-consuming for your staff – and errors occur with manual entry.

The most effective approach is to maintain your old system for a few months while staff process old receivables. Focus on resolving outstanding insurance balances and refiling claims. Send patients with old balances a letter explaining your system transition and asking them to resolve their bill or establish a payment arrangement by a specified date.

At the end of two or three months, most insurance claims should have been paid. Process the remaining A/R as follows:

- Write off any small balances and hardship cases,
- Send other patient balances to collections in accordance with your financial policy,
- Manually convert a small number of accounts to the new practice management system (for example, worker's compensation claims, pending claims, and any claims subject to litigation).

The only potential difficulty during the transition is that some patients could receive two statements for separate balances. To avoid confusion, when you generate patient statements from the old system, you could include a note like this: "To serve you better, we are in the process of changing to a new billing system. During the transition period, you may receive two statements if you have balances in both the old and the new system. Since these statements reflect different service dates and amounts due, please pay both statements. We apologize for this temporary inconvenience." ►

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ONE THING TO CONSIDER AT THIS POINT IS WHETHER TO BRING BILLING COMPLETELY IN-HOUSE.

Be sure to outline transition arrangements with your old practice management system vendor. Depending on your contract, you will likely have to pay fees for using their system during this period. However, maintaining two systems for this short time will ultimately save resources and help you sustain a strong cash flow.

■ To use a new EHR and practice management system productively, you may have to hire a different billing company or bring billing in-house.

3 Don't accept the same fee structure.

One fact many physicians overlook when they install an EHR and practice management system is that they are likely assuming costs previously borne by their billing company. If this is true in your practice, you have every right to negotiate with the billing company for better rates.

■ If continuing with the same billing company is possible, review and renegotiate your contract before renewing.

First, look at charge-entry costs. Thanks to your new system, your billing company will now be receiving patient demographic information and charges electronically. Since their staff no longer needs to enter charges manu-

ally or code claims from a paper encounter form, the company will be saving significant money in staff time. This can reduce your billing company fees by 10 to 25 percent.

Second, examine overhead costs. Depending on your contract, your practice could now be assuming license fees for the practice management system. You might also be covering information technology support and data backup costs. Typically, if the vendor hosts the system, the fees amount to \$400 or more per month per physician. Clearinghouse fees can equal \$75 or more per month per physician. If your billing company is no longer covering these costs, they should be subtracted from your contractual fee.

The same applies if you are switching to a new billing company. Any new billing provider should give you a much better deal than you are accustomed to.

4 Don't accept restrictions on data access.

Even after you have negotiated a good billing company contract, you could still lose out if you do not make sure you will have full access to your practice data. This problem often arises when a practice purchases an EHR system directly from its billing company, which uses an in-house practice management module.

Some billing companies do not allow clients to access their account files. Others provide partial access to limited data sets or data formatted with obscure in-house codes. Physicians and practice managers receive high-level reports that show gross charges, gross collections, etc., but they are unable to examine category details or individual entries.

This makes it difficult to check on the billing company's performance and answer questions such as these:

- Does the company submit claims promptly – or five days later?
- When the company receives an explana-

TERMINATING YOUR BILLING COMPANY

Some billing companies will be unwilling to work with your new EHR and practice management system. Others will agree to support your system, but on their own terms, perhaps placing unjustified restrictions on data access. Still others will be unable to support your system's advanced functions. In these cases, you should strongly consider terminating the agreement and finding a new billing provider.

Extricating your practice from a billing company relationship can be a challenge. Step one is to examine your contract. Are there any penalties for early termination? Will you have access to old practice data? If so, how long will you have access and in what format?

It will probably make the most sense to continue working with your old billing company for a short period even after you have transitioned to a new system and a new billing provider. Have the old company process your old A/R for three months, and then transfer a limited number of accounts to your new system.

tion of benefits with a \$300 non-contractual adjustment, does it appeal the claim – or just write it off?

- When the company receives a timely filing denial, does it pursue its refiling options – or let the bill drop?

One of the advantages of an integrated EHR and practice management system is that it allows you to run detailed reports to identify missed reimbursement due to poor billing company performance. In my experience, practices can use edit and denial reports to recoup an additional 1 to 20 percent in payments.

When renegotiating with your current billing company or contracting with a new provider, make sure you will have full access to system data so you can create monthly dashboard reports to track and manage financial outcomes. As an extra layer of management control, consider contracting with a third party to perform an annual audit of billing company performance.

5 Don't give up your system's bells and whistles.

The best integrated systems offer many advanced functions for tracking and managing billing and collections. Unfortunately, while many billing companies can interface with your software, not all have the clearinghouse capabilities to support the advanced functions. Ask whether your billing company can do the following:

- Support your system's patient eligibility and insurance verification functions in batch transmission,
- Transmit confirmations of payer acceptance and claim edits directly into your practice management system, allowing you to track claims,
- Load denial information into your system, enabling you to manage denied claims using your system's reports and tools.

These and other functions are important for managing your revenue cycle in an increasingly complex reimbursement environment.

Optimizing your investment

While you need to take a hard look at your billing company to make sure it is suitable

IS IN-HOUSE BILLING RIGHT FOR YOUR PRACTICE?

Your answers to these five key questions should help you determine whether in-house or outsourced billing is the best approach:

Do we have the ability to recruit and retain a qualified biller?

Do we have a staff member or other individual who understands the process and who can monitor billing performance?

Do we have a back-up plan or the ability to cross-train another staff member to fill in for the biller as needed?

How much will it really cost to do billing in-house, taking into account the actual expenses including salaries; benefits; practice management and coding software; postage; clearinghouse fees; training; and system hosting, support, and maintenance? How does this compare to the costs of outsourcing?

for your new EHR and practice management system, you should also take vendor recommendations with a grain of salt.

Some EHR vendors try hard to steer customers toward a particular billing company and clearinghouse. In some cases, vendor recommendations might be very good. If the vendor-endorsed billing company offers better system interfaces, functionality, and service, it is certainly worth further investigation. Just realize that you can choose *any* provider that supports your new system.

Of course, one thing to consider at this point is whether to bring billing completely in-house. (See "Is in-house billing right for your practice?" above.) A strong billing staff member may do a better job at collections than an outside company, and integrated systems make in-house billing easier than ever. Still, practices that employ billers take on new management responsibilities and performance risks. Currently, a sizable percentage of medical practices find that working with a billing company makes sense.

The critical point is this: If you do outsource billing, make sure your billing company allows you to get the full value out of your new EHR and practice management system by enabling efficiency, cost savings, and better revenue cycle management. 

■ If you use a billing company with a proprietary practice management system, be sure you will have full access to patient account files and data.

■ If you use an integrated EHR and practice management system with advanced billing and collections features, be sure your billing company can support all of them.

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