

Bringing Your EMS Billing In-House

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The EMS billing environment has evolved into a complex, dynamic environment that requires a professional staff. In the ambulance services industry, billing requirements are constantly changing due to increased reviews and submission requirements by Medicare, Medicaid, managed care and commercial insurers. Failure to be prepared to comply with specific billing requirements inevitably results in lost revenue. Even more problematic are the government sanctions imposed due to incorrect billing procedures. If you currently outsource your billing and collection functions, and are considering the option of bringing your billing in-house, it's imperative that you assess the entire billing process prior to making any changes.

How are things going with your current billing vendor?

Often the decision to discontinue outsourcing results from the perception that "we can do it better ourselves." If you're dissatisfied with your current billing services company, it may make sense to bring your billing functions in-house. But first, you'll need to analyze why you're dissatisfied. Any reputable billing vendor and/or collection agency should be providing periodic reports reflecting all financial activity for each billing period. Based on the total revenue referred to your vendor, you should be able to readily determine their success. You have every right to insist on detailed documentation and reports.

If you're paying a fixed fee per referred account, ensure that collection efforts are being maximized. If you're paying a percentage of collections, ascertain that all collection efforts are exhausted before the revenue is deemed "uncollectible." In either case, it should be you, not the vendor, who determines when a claim is not collectible.

If collected cash, service or reporting from your billing agent is substandard, voice your concerns. Remember, even if you decide to conduct your own billing, your billing vendor will likely continue working the old accounts receivable. Understanding the terms of your contract is critical to ensure the required cancellation notice is provided and legal action is averted. Moreover, you will need to understand billing reports and account activity with your own in-house billing staff. Start now!

What is your approved budget for the new billing department?

Many EMS companies have correctly determined that the overall bottom line of cash receipts and expenses incurred will improve when performed by their own personnel. However, remember that initial start-up costs may be significant and most often are not recouped on a short-term basis.

Additionally, most insurance companies, including Medicare and Medicaid, don't pay claims in a timely manner. Understand that your cash flow will be delayed for a minimum of 14 days for claims electronically billed to Medicare and up to as much as 45 days for commercial insurers. Also, these timeframes account for paid claims only; any denials will increase that time parameter tremendously. Further, if medical necessity is not clearly established on routine transports you submit for reimbursement, you may not be able to bill Medicare and other insurers. Be sure to calculate this factor into your projections.

Once you have an acceptable budget, consider how the expenditures will be segmented. The most obvious high-ticket costs will be for technology needs, both software and hardware, and for new personnel. Other significant costs may include office space,

telephone systems, supplies, furniture, etc. Prepare a detailed set of expenses to make sure that you have included all start-up costs.

After the budget process is complete, set a timeline of required activities; be as specific as possible when defining activities, setting dates and assigning responsibility. Make sure it's reasonable and attainable for everyone involved in the decision-making process. Designate a project manager who meets regularly with the implementation committee to establish deadlines and accept accountability.

How do you select a billing software vendor?

Unless you plan on billing manually, the selection of your software provider is the single most important decision. At the very least, the software will need to directly correlate with hardware requirements, staffing needs, workflow processes and organizational design. Develop the workflow and organizational chart to be conducive with the design of your software program.

You should meet with potential software providers and ask for an in-depth demonstration of their solutions. Asking for a list of current users is always a good business practice.

Prepare a list of your requirements and make sure it's included as part of your contract or have affirmation that your specifications are functional with the purchased solution. To make an informed software selection, you will need to know the following:

- * Volume of your business;
- * Ratio of billing based on payers;
- * How much insurance data will be collected by field personnel; and
- * Scope of your collection efforts.

Each one of these factors will determine what features you will require from the billing software solution.

Your system requirements must include a minimum data set of features. If you use a software company that specializes in the EMS industry, most basic features should be included as part of the initial purchase. Look for the following program features as basic prerequisites:

- * Electronic billing and remittance for Medicare and Medicaid;
- * Preferred vendor status with insurance clearinghouses;
- * Configurable forms for private and commercial insurance billing;
- * Detailed A/R reports, including customized reporting capability;
- * User-defined billing cycles;
- * Automatic secondary and tertiary billing;
- * Batch posting capability for cash application and write-offs;
- * Fully integrated database files maintained at the user level. Set-up files must include data for physicians, hospitals, insurance carriers, diagnoses and procedure codes (HCPCS) with pricing;
 - * List of additional products and applications that interface with the billing system, such as field data and dispatch, and
 - * Staff productivity tracking mechanisms.

In addition to this basic list, your software provider should furnish training, support and regular program updates, particularly for any changes mandated by your insurance carriers. Moreover, the software must work within the guidelines of your compliance program to

ensure all billing is proper.

After you have selected your software solution, you should have a clearer understanding of your staffing needs and workflow processes. You should also be able to have your software vendor provide you with the hardware requirements at this point in the implementation process.

How will you create a new billing department?

Now that you have selected your software, determine the number of full-time equivalent (FTE) employees you will need to complete billing and collection functions. To calculate this staffing number, consider key variables. Based on the skills of your staff, the type of system you choose, the use of MDT (mobile data terminals), volume, payer mix and revenue expectations, the FTE number will vary.

Design a spreadsheet with different scenarios of these multiple variables, and you will determine minimum and maximum staff sizes. In the ambulance services industry, the range of FTEs is as variable as one FTE for every 3,000-5,000 annual ambulance transports.

After you have calculated an approximate number of staff, develop an organizational table and billing flowchart. These critical tasks will be defined by how you delineate job responsibilities. If your volume is significant, you may need specifically designated individuals or units for pre-billing, billing and collection functions. Each individual job function must have defined productivity and quality standards that are objectively measured. One of the most costly mistakes new billing operations make is to place emphasis on initial billing without a reciprocal effort on follow-up and collection of denied and open claims.

After you have the department's functions explicitly documented, the hiring process should commence. Based on the size of your new department, you may need to hire one or more managerial level personnel. Typically, the ratio of line personnel to management should be 12:1.

When hiring a potential manager, it's essential that the interviewer be familiar with technical billing issues. Further, the manager should be hired first, in order to assist with the subsequent selection of line personnel. If your organization doesn't have expertise in medical billing, consider hiring a consultant who is proficient in this area to perform the hiring phase of the project.

Although the decision to perform billing in-house requires extensive planning and work, it can be accomplished quickly and successfully. The efficacy of the project is limited only by the failure to plan properly and be flexible. It can be an exciting process that allows all team players to be part of a profitable and controllable entity.

For more information

Native Air, the leading fixed-wing and helicopter air medical transport service provider in Arizona, successfully brought their billing in-house. To learn about their business history, challenges and results, visit www.zolldata.com/nativeair to download a PDF of their success story.

Pamela Olkowski has more than 25 years' experience in the health-care industry. She is currently director at ZOLL Data Systems, managing the professional services area with a focus on process re-engineering in the billing areas. She started her career at Empire Blue Cross and Blue Shield, the largest Blue Cross insurer in the nation, as a claims processor. She completed its management training program and moved to progressively higher

positions, finally serving as the head of the claims processing department, responsible for the adjudication of 35,000 medical claims daily, with a total staff of 120 employees under her direction. Her key managerial positions in billing include practice manager for a medical laboratory, director of operations for a physician billing company with \$100 million in physician revenue annually billed, director of reimbursement in the private ambulance industry sector with \$40 million annually.

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