

## **Superior Patient Accounts Work Starts With The Right Staff**

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Before digging into practical realities, let's engage in a little fantasy. Just imagine it was a perfect world, and patients routinely and cheerfully for their own eye care the same way they go through the checkout line at the grocery store. Or imagine eye surgeons were paid by the hour, with different billing rates based on experience, like lawyers and accountants. Imagine that the ophthalmic world was fully wired, and patients would simply swipe smart cards at various service stations in your practice, receive services, and send a bill to Medicare at the speed of light, and readily as happens when you buy a tank of gas. And just imagine third-party payers reviewed claims and were actually helpful in pointing out mistakes and educating staff so you were paid fairly and promptly for your work. If any of these were the case, the typical clinic, with three or four doctors and two or three million in annual collections could get by with a single low-level billing clerk instead of two, three or more resident experts.

Extrapolating any of these fantasies to the entire country, we might free up at least 10,000 workers in America in ophthalmology alone to directly help doctors and serve patients rather than having to spend their working lives so unproductively, chasing down lost payments.

Alas, we live with reality and not fantasy. As a result, we need to hire, train and supervise more these 10,000 people so the doctors and everyone else on the team can their paychecks, along with the landlord and all the other vendors (it's a very long line.)

Let's start with a few basics. In the typical setting, your patient accounts department needs one full-time staff member (one full-time-equivalent or "FTE") for every \$800,000 to \$1.2 million in annual collections. This calculation includes everyone involved with posting charges, submitting claims, posting payments, resubmitting claims that had errors, submitting secondary claims, and following up with payers and patients when claims go unpaid.

Practices with a very high average revenue yield per patient visit, like retinal practices, will fall at the high end of this collections per FTE per year range. Such practices may even generate up to \$2 million in annual collections per insurance clerk. Elective practices (Lasik, elective plastics) and practices with a strong bias toward routine eye care have relatively little third-party billing to do, and can get also by with fewer patient accounts staff. Pediatric specialists will typically fall at the lower end of this range, with \$800,000 in annual collections per clerk or less. Bread and butter general ophthalmology practices are at about \$1 million annually per FTE, give or take.

Generally, these staff are all in-house. Of course, most practices typically outsource collections work on past-due accounts, and perhaps 10% of practices, especially smaller/solo practices, hire no in-house billing staff at all, and out-source billing duties to a local service firm. Such firms come in all sizes and levels of quality, from part-timers running a small business on their kitchen table to large regional companies. The cost for the typical billing service ranges from 4%-8% of collections. For mixed general and elective care practices, the large cash payments you collect in-

house for services like Lasik and cosmetic plastic surgery should be charged at a lower rate, or not included with you billing fees.

The advantages of hiring a competent outside billing service, especially for a small practice, are that they can deliver a higher level of expertise and greater cross-coverage. For example, if your small practice loses one key biller or coder or key computer operator, your cash flow could be interrupted for months. The disadvantage of an outside firm can be cost.

Let's compare costs for a \$1 million solo practice to stay in-house or go out of house for billing. Let's say our model practice finds a competent outside service at 6% of collections, a typical, even thrifty vendor, particularly in any urban setting. That's \$60,000 per year. How does this stack up against doing the work in-house? Let's go down the list. Unless you've planned ahead, you're not going to save any facility costs (although you may be able to get an extra exam room or doctor's office out of the arrangement; if so, you should factor this in.) As we've already covered, the typical \$1 million practice will have one FTE devoted to the full range of patient accounts work. With outsourcing, that same practice will still have some residual in-house staff work to perform with a billing service engaged, even if it's just to traffic the super bills and other paperwork back and forth. Let's say you save 80% of one FTE, which, fully-burdened with benefits and taxes might run roughly \$38,000...that comes to about \$30,000 per year. You may also have computer savings of up to \$20,000 per year (amortizing the typical system in place today, and keeping in mind that you'll still need in-house terminals for scheduling and to check patient balances.) So you are going to save about \$50,000, but pay out about \$60,000. In this scenario it costs 20% more to outsource.

From this, you can see why the majority of practices handle patient accounts work in-house. Let's assume your practice will, too. What kind of staff do you need? Put simply, you'll need clerks and a supervisor...and ideally, they'll be cross-trained enough to all know how to perform all of the objective tasks.

Department supervisors should be "working managers" in all but the largest settings. Here's a sample position description for the patient accounts department supervisor of a typical 3-5 doctor practice. Please note that in a smaller setting, the office manager is commonly responsible for all of these areas, plus management of the overall enterprise.

#### POSITION DESCRIPTION

#### Patient Accounts and Reception Manager

**Salary Range:** Commensurate with experience, with up to a 10% discretionary annual performance bonus

**Reports To:** Administrator

#### **Core Skills/Experience Inventory:**

- Two or more years of experience supervising the patient accounts function in a \$3+ million medical practice, with an emphasis on serving Medicare beneficiaries (eg: ophthalmology, cardiology, orthopedics, etc.)
- The ability to step in and operate immediately; this is not a "learn on the job" setting or a manager trainee position, but one calling for a seasoned individual.

- Our department manager must have a core competency in patient accounts management and have sufficient experience to become the internal key operator for the practice's computer system.
- This is a "working manager" position; our new manager must have sufficient working knowledge of the details of patient accounts work to be able to post charges, submit claims, post payments, file secondaries, challenge claim denials and execute collection procedures. S/he should be able to sit in any chair of the department and perform the job functions of that person. (Just a doctor knows how to competently perform all of the job duties of a technician.)
- The supervisor must be able to establish and write down reasonable performance standards for each of these areas, train staff to these standards, and monitor ongoing performance.
- At least basic working knowledge of Microsoft Word and Excel.
- An undergraduate college education is preferred, but the level of formal education is secondary to real-world experience.
- Financial acumen sufficient to plan and manage to agreed departmental budgets and defined volume performance targets
- A demonstrated ability to build and lead a staff team, and to actively mentor staff; rudimentary knowledge of employment law.
- The ability to communicate directly and clearly, in writing and verbally.
- An extreme attention to operational detail and smooth daily operations in a complex and changing environment.
- The ability to contribute to the practice's business planning process.

#### **Core Duties:**

- Broad Charter...Works with the administrator, practice owners and fellow employees to build and manage an economically successful, cohesive, high quality practice in our regional market.
- Reporting and Forecasting...Coordinates, with administrator and practice accounting resources to periodically prepare various practice reports. Prepares the various daily, weekly and monthly computer system reports. Reviews the aged trial balance report monthly with the practice administrator and managing partner. Receives and helps interpret monthly graphs showing over time the accounts receivable ratio and other key performance indices.
- Work Flow Engineering...With the administrator, works to develop and continuously fine-tune the complex flow of events, from the entry of patient demographics and marking of a super bill, through claims submission, tracking and payment.
- Doctor/Technician Education...Works with providers and clinical staff to assure that the superbill is being consistently and accurately filled out; with the practice's administrator and managing partner, works to help reform the lagging compliance in this area of any providers.
- Front Desk Supervision...Supervises, through a designated "team leader," the work performance of the reception staff. Maintains a "quality improvement feedback loop" so that errors generated by the front desk and subsequently discovered by the insurance staff are brought to the attention of front desk.
- Performance Review and Enhancement...Develops volume performance goals (in terms of the A/R ratio, revenue and claims processed per clerk per year, etc.) and directs the resources required to meet these goals. Intervenes briskly if performance lags agreed levels.
- Committee Positions...Member of the Practice Management Committee, composed of all supervisors, the administrator and the managing partner.
- Payer Relations...Maintains ongoing contacts with representatives of all of the practice's current and potential payers to assure that the practice's current payments are aligned with contractual allowances and to facilitate periodic contracting efforts with potential payers.

- Supervisory and Recruitment Authority...Directly supervises, evaluates and rewards/reprimands the work product of all staff in the department; in consultation with the administrator, has hiring and termination authority over all such staff. Involved in staff recruitment activities for the overall practice.
- Spending Authority...Has full on-budget spending authority; subject to review and oversight, has off-budget discretionary spending authority up to the limit of \$150 total impact before consulting with the administrator. This spending authority will be subject to ongoing adjustment.
- Operations Documentation...Coordinates the preparation, maintenance and periodic revisions of the patient accounts section of the practice's operations manual; participates in the periodic review of the practice's staff policy manual.

The rest of the staff in billing department might have a position description that looks like this:

#### POSITION DESCRIPTION

#### Patient Accounts Clerk

**Salary Range:** Commensurate with experience

**Reports To:** Patient Accounts and Reception Manager

#### **Core Skills/Experience Inventory:**

- One or more years of experience performing patient accounts function in a medical practice, with an emphasis on serving Medicare beneficiaries (eg: ophthalmology, cardiology, orthopedics, etc.)
- Basic bookkeeping, phone and interpersonal skills; computer skills.
- Education: High school; college degree work is helpful but not required
- The ability to step in and work immediately; this is not a trainee position, but one calling for a seasoned individual.
- Must have a diverse working knowledge of all details of patient accounts work and be able to post charges, submit claims, post payments, file secondaries, challenge claim denials and execute collection procedures.
- Ideally, prior experience with \_\_\_\_\_, our computer system.
- The ability to communicate directly and clearly, in writing and verbally.
- The ability to contribute as a member of the overall practice team.

#### **Duties:**

[Note: Our practice seeks a patient account department with the highest possible level of cross-training among staff. This helps us cover vacations, share the work loads, and maintain skills redundancy. Therefore, all members of the department are ideally able to perform in all of the areas below. At any one time, you are likely to have a narrower list of core duties.]

- Participates in all staff meetings
- Answering patient and payer questions over the phone
- Know and periodically update the written provider guidelines from all payers
- Review and audit patient charts and completed super bills for errors and omissions; know the correct coding and documentation standards for all practice services
- Pre-approval/pre-certification/pre-determination/referrals, where required
- Ability to fill in for reception staff

- Daily posting of charges
- Daily submission of claims (paper and electronic)
- Prepare/mail patient statements
- Follow up with payers on rejected claims and to check claims status
- Sort/distribute incoming mail; open payments
- Daily posting of payments and preparation of deposits
- Follow returned check protocol
- Daily and monthly period closings and reconciliations
- Generate various daily, weekly and monthly computer system reports, including the aged trial balance report monthly
- Working older accounts and making recommendations for accounts to be turned over to collections
- Monitor trends in payments and denials and inform the department heads of these trends
- Maintain cordial relationships with all payer representatives
- Preparation of refunds
- Participate with the preparation and periodic revisions of the patient accounts section of the practice's operations manual.
- Any other duties that may be required in any department for smooth operation of the practice

How and where can you find these paragons of patient accounts excellence? In a word, you are often best off *raiding* them from other well-run practices, unless your practice is so large that you can afford to have a few green staff at the bottom of the ladder in training positions. This area of the practice is not like practice marketing, or even technical work, where there may be several "right" ways to do the job well. Unfortunately, there is only one right way to do this job, while there are hundreds of incorrect ways to post charges, submit claims, and get paid for the work that you all do.

Beyond the usual classified ads and calls to placement agencies, it may make sense to:

- Develop a close relationship with your computer vendor to help you network with other users in your area. It's a huge advantage to bring in staff who are already familiar with your system.
- If necessary, hire an outside agent to call other well-run practices in the region, ask for the billing department, and offer a finder's fee for information leading to a hire. [Simultaneously, make sure that your own staff are paid and treated well enough to be immune from such poaching by other practices!]
- Make sure you hire from the top, downward...there's no sense loading up your department with people who don't entirely know their job, with no real guru, and end up with the blind leading the blind. On the other hand, hiring a truly superior supervisor and building on his or her strength is a wonderful formula for success.
- Make sure that you have enough staff on board. If you've allowed the billing department to get behind (as, for example, when the >90 days accounts exceed about 18% of total receivables), you will need additional staff at least temporarily to keep up. A practice that's growing 10% a year should have a billing department that is mildly over-staffed enough so it doesn't feel hard-pressed and is ready to easily absorb the growing claims volume. Conversely, a practice that's shrinking (losing doctors, closing down satellite offices) should be proportionately downsizing the billing staff to keep costs in line.

Practice managers often asked, "Should we divide up our billing work alphabetically or by payer?" With small practices, with only one or two billing staff, everyone obviously has to do everything (and NO practice should have just one person who knows the patient accounts

routine...in the smallest solo practice, the office manager will commonly handle billing, but the doctor needs to know how to post charges and submit claims, as well, just as a backup. With diversified/medium-sized practices, with multiple billing staff, it makes sense to divide accounts up alphabetically, so that you are not vulnerable to the departure of a single key employee. With extremely large practices, let's say those over \$12 million in annual collections, an argument can be made for having the billing staff become more specialized. However, you should make sure that cross-training is sufficient and that key payers (Medicare, the Blues, etc.) are handled by at least two resident staff experts.

Before we close this subject, we should cover proper office facilities for your patient accounts staff. The proper husbandry, care and feeding of these key employees is critical. Think about the nature of this work: it's very precise, very dull, and can be maddeningly elaborate. It's easy to get distracted and lose your place. You have to be able to hear people on the telephone. Just because they have little direct contact with the public doesn't mean insurance clerks should work in the basement. The worst possible setting is to put your insurance staff, almost as an afterthought, in a hallway—this is much too commonly done. The result is constant interruption by passing staff, high error rates and very low output. The ideal arrangement is a large/airy room and cubicles for every staff member. The partitioning walls should be fabric-covered for soundproofing, and about five feet high—tall enough to block out the world when you are sitting, but low enough to peer over if you have a question for your neighbor, or just need a little human contact. Ideally, there are windows in the room, and the position of the cubicles give most staff a glimpse of the outside world. In terms of economic priority, the efficiency and quality of the workspace for your billing staff falls secondary only to the workspace for your doctors. It's your *cash flow*, after all.

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