

# What medical practices need to know before deciding where medical billing should reside

Before most medical practices reach out to our firm to explore possible changes to their medical billing processes, they have usually done a certain degree of preliminary planning. More often than not, this planning has focused on an examination of the medical practice's in-house capabilities and some initial attempts at cost-comparisons between housing the billing function within the practice, or utilizing an outside firm.

It is often in this context that we are asked to provide a proposal based on what our firm may have to offer a particular practice.

This has happened with enough frequency that I've been generally prepared to have a heart-to-heart discussion with the practice head before getting too deeply into the proposal process. My goal is to identify the most important issues and concerns facing the practice so that I can counsel whether tapping an external resource is the best possible approach.



**DONNA J. KELL, BS, MPM**

At the center of that discussion is my core belief that it really doesn't matter whether the medical billing function is housed inside the practice or managed externally. What matters is that whoever is in charge of medical billing fully understands the needs of the practice, and the external regulations, processes and protocols with which the medical billing system must function. And further, the medical billing function must be capable of efficiently and thoroughly processing all of the relevant data in a timely fashion to ensure maximum cash flow for the practice itself.

There are many times this can be best achieved in-house. There are just as many times that an external resource makes sense. The criteria for

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decision-making have much to do with the comfort level of practice management. With this in mind, the following are some key factors that may comprise such criteria before making the decision on where to locate the medical billing function:

1. Do I have the time and comfort level with hiring the staff I need to manage my own medical billing function on a day-to-day basis?
2. Do I have the right resources internally to stay abreast of the latest technologies, rules and regulations as they change and evolve?
3. Are we organized to maximum

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efficiency internally to ensure we are capturing the right data to ensure maximum levels of cash flow?

4. Would it be more efficient to tap an external resource to manage the billing function day-to-day, and to stay abreast of the latest technologies, rules and regulations?

5. Which approach would cost more – take medical billing in-house, or hire an external resource?

The answer to the last question may surprise you. Maximum cost-efficiency can be achieved whether you maintain

an in-house medical billing function or an external one. While in-house functions can appear to save certain fees and charges, they do require a higher exposure to salaries, benefits and other workforce costs.

In addition, any time a medical practice commits to increasing staffing levels, it also commits to regular training, technological support, along with the management of staff turnover, and the day-to-day management and administrative demands of those increased staffing levels.

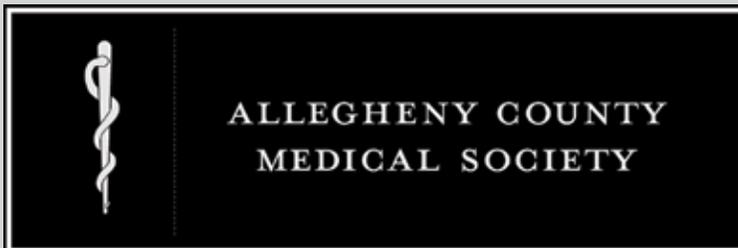
On the other hand, while hiring an external resource carries with it

associated fees, the medical practice is not responsible for staff training, managing turnover, or the day-to-day management and administration of the workforce.

Still, in both situations, if the medical practice hires the right people, it should be able to expect competent and current management of the medical billing function.

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