

# How to get the most out of your anesthesia billing company

## Why the hands-off approach does not work

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Do you outsource billing and collections? If you are like many anesthesiology practice leaders who contract with an outside billing company, outsourcing allows you to focus on operations. Unfortunately, this benign neglect can cost your practice.

Many billing companies (even those that specialize in anesthesiology) perform at a bare-minimum level. While they're efficient at getting bills out the door, many do not follow up aggressively on denied claims. Reworking denials is time- and labor-intensive and not cost-effective for the billing company.

If you do outsource the back end of your billing process, you still need to supervise the other processes that are critical to strong collections. Failure to do so can lead to chronic underperformance.

For an outsourcing arrangement to work, practice leaders need to:

- Monitor billing company performance
- Clarify practice responsibilities
- Communication regularly with the billing company

## Monitoring billing company performance

Most billing companies provide their clients with regular activity reports. However, these reports typically include too much detail and not enough focus on core indicators. They often are difficult to understand, causing some administrators to just glance at the numbers for an obvious problem.

The better approach requires developing a robust dashboard report with key billing metrics. The report should include daily and weekly charges, anesthesia units, gross collections, net collection rates and denial percentages. The report can also include data on physician quality reporting measures required for Medicare incentive payments under the Physician Quality Reporting Initiative program. It should break down data by payer and provider, and the dashboard should include monthly roll-ups along with month-to-month and year-to-year comparisons.

A well-constructed dashboard report allows you to quickly evaluate performance throughout your revenue cycle and identify problems on both the billing company side and the practice side.

For example, the dashboard's denial metrics might show that a particular payer has rejected claims with a certain physical status modifier for the last three months. Some third-party billing companies will not do

anything about that — the company will just keep submitting bills and collecting what it can. Detecting this problem through your dashboard gives you the opportunity to investigate the cause of the problem, prevent it from recurring and possibly recoup rejected payments.

## Clarifying your responsibilities

Clarify your responsibilities by reviewing your billing company contract – get clear on what is not in it. For example, look at credentialing; a significant issue for anesthesia practices, most of which make consistent use of locum tenens providers to meet hospital service standards. Many billing companies can manage your credentialing process. However, if it is not in your signed agreement, the billing company won't do it. If you do not establish effective credentialing processes and keep them on track, your practice will experience significant rejections and payment delays.

Next, determine what inputs your billing company needs from you. Anesthesia billing is essentially an information management function, and if you do not provide the information the billing company needs, you will not get optimal results. Also:

- Develop processes for providing demographic updates to the billing company on a regular basis. This poses a challenge for anesthesia providers, who do not see patients in the office and do not have an opportunity to capture insurance and demographic information directly. To keep patients' information up to date, work with the hospital or facility to establish data-sharing practices.
- Make sure the company receives full patient service information. For instance, the billing company needs a copy of the daily obstetrics log and the working operating-room (OR) schedule, including “add-ons,” to perform anesthesia charge reconciliation.
- If you make special arrangements with self-pay patients, make sure to transmit those agreements to your billing company.

Most importantly, though, identify the billing-related processes you will manage. Even if you completely outsource your billing and collections, you must stay on top of a number of issues.

One issue is working with your physicians, certified registered nurse anesthetists and/or anesthesia assistants to ensure proper documentation, coding and compliance. It takes persistent effort to make sure providers develop complete, timely, legible and compliant records. Even if your billing company provides education on these issues, you still need to work one-on-one with providers to ensure consistent performance.

## Regular communications

Most problems in third-party billing arrangements relate to poor communication; a lack of clarity about expectations, accountability and obstacles leads to underperformance. To avoid these problems, establish a regular forum for substantive communication with your billing company. Hold a weekly teleconference with key members of the outsourced billing team. Begin with a quick look at the dashboard report. A brief numbers recap provides a good opportunity for practice leaders to call attention to specific performance issues.

The teleconference is also an opportunity to monitor billing compliance. Review concurrency in anesthesia claims. This helps you identify providers whose cases always end on the hour or quarter-hour – a red flag for auditors that suggests inaccurate documentation and rounding of start and stop times.

Regular teleconferences also provide a forum for sharing information about changes in rates, fees, payer contracts, payer rules and regulations. Coordinating this information will help optimize collections performance. Additionally, make sure the billing company has complete information about your practice's financial policies, including policies on discounts and settlements.

The two parties also must share information about their goals. The anesthesiology practice should provide the billing company with a copy of its monthly and annual budgets, including revenue targets. The billing company should share its internal performance targets relating to the practice. Compare goals, discuss discrepancies and modify plans as needed.

Also inform the billing company about happenings at practice sites – for example, a hospital closes two ORs because of soft surgical volume. Openly discuss hospital case volumes and unit fluctuations so that the billing company can adjust its budget and staffing.

### **A good return on time invested**

For the typical anesthesiology practice, taking these steps for managing a billing-company relationship can improve net collections significantly. Hands-on management takes more time than the hands-off approach, but as an incremental investment, it pays off in much better revenue performance.