

BUSINESS PROCESS  
OUTSOURCING

**Make**

vs.

**Buy**

Part 1

**OUTSOURCING**

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## EXECUTIVE SUMMARY

If you think the old adage, “If you want a job well done, do it yourself,” applies to medical practices, think again. The healthcare landscape has become increasingly competitive and fast paced. With ever changing insurance rules and government regulators breathing down their necks, physicians are in a quandary. How can they provide quality patient care while performing the time intensive, sometimes tedious job of operating a successful practice? Enter BPO, commonly known as Business Process Outsourcing of services.

Outsourcing is certainly not new. In fact, it is a tried and true concept that has been embraced by corporations fighting to gain a foothold in our cost-conscious and competitive climate. Indeed, the big companies have learned that the cost efficiencies and increased revenue realized from outsourcing services can take an organization to the next level and catapult them ahead of their competition.

From Revenue Cycle Management (RCM), Financial Control & Bookkeeping, Clinical Compliance & Meaningful Use (MU), Practice Marketing and even remote-based Virtual Scribes, small and mid- sized medical practices have begun to realize that they too can reap benefits from outsourcing functions within their essential practice workflow. When physicians and their staff rely on outsourcing an array of complex and crucial services to outside experts, they are relieved of the burden of performing administrative tasks and are able to focus more fully on providing patient care.

While reaping increased efficiencies and reducing mistakes, physicians can see more patients, provide quality care and boost patient satisfaction—all of which are assets to the bottom line.



## INTRODUCTION

**B•P•O [Business Process Outsourcing] Noun,**

No, it's not a texting abbreviation coined to communicate with each other at the speed of light. It stands for Business Process Outsourcing and it is the movement of shifting an organization's fixed cost related services to external sources. BPO is a relatively new term that has its origin in the more well-known term – outsourcing.

Driven by unprecedented advancements in technology, the BPO model has served corporate giants well. BPO has provided proven and effective solutions for businesses across all industries and sectors, ranging the gamut from IT companies, such as IBM, to consumer goods titans, including Coca Cola.

*"Today, outsourcing is not just a trend; it is an integral part of how smart companies do business...a company concentrates on its core business and relies on outsourcing partnerships to get the rest done."*

**– Harvard Business Review**

<http://qcass.wordpress.com/2011/06/20/over-94-of-fortune-500-companies-outsource/>



In comparison, the healthcare sector has been slow to enter the BPO game. The reason in a nutshell: The challenges of converting fixed costs to variable costs are greater for small to medium size medical practices. It is more difficult to convert fixed expenses when you are a practice that employs only a handful of people versus a corporation with thousands of employees on the payroll. A corporation can continue to operate efficiently when it slashes its workforce, compared to a medical practice that has only one employee assigned to perform one function.



Still, small businesses, especially medical practices, are increasingly waking up to the myriad benefits of embracing outsourcing solutions. BPO is quickly becoming a real consideration for an increasing number of small businesses, including medical practices. Simply put: when you purchase services from someone else, you use only what you need. When the entire business solution is handled by an external company, the rewards are greater.

## BPO BENEFITS TO A SMALL PRACTICE? DO THE MATH

The basic premise of BPO allows an entity to convert a fixed cost to a variable cost. BPO provides the ability to modulate your expenses with the rise and fall in your volume. The cost efficiencies and the expertise offered via BPO have a positive impact on your Return On Investment (ROI).

In a New York Times article, entitled "The Benefits of Outsourcing for Small Businesses," the author states, "Cost-cutting may not be the only reason to outsource, but it's certainly a major factor. Outsourcing converts fixed costs into variable costs, releases capital for investment elsewhere in your business, and allows you to avoid large expenditures in the early stages of your business.... An outside provider's cost structure and economy of scale can give your firm an important competitive advantage.

*In an article entitled, "**Electronic Medical Records Return on Investment**," the American Congress of Obstetricians and Gynecologists (ACOG) points out that when looking at ROI, it's important to also consider the investment of capital in comparison to the magnitude and timing of the expected gains (the "returns") to the cost of the investment, with an effort to improve returns by reductions in costs, increases in expected gains, or acceleration of the timing of when gains may occur.*

<http://www.acog.org/About%20ACOG/ACOG%20Departments/Health%20Information%20Technology/Electronic%20Medical%20Records%20%20Return%20on%20Investment.aspx>

*"Cost-cutting may not be the only reason to outsource, but it's certainly a major factor."*

**New York Times**

[http://www.nytimes.com/allbusiness/AB5221523\\_primary.html](http://www.nytimes.com/allbusiness/AB5221523_primary.html)

What are fixed costs? Fixed costs are those costs that do not vary with volume. Take the case of a receptionist who works a shift from 8 a.m. to 4 p.m., five times per week. You pay the employee the same salary, whether you see one or 50 patients. Variable costs are those costs that vary directly with volume. For example, if you pay five dollars per unit for immunizations, your total cost for 20 immunizations is \$100.

## WASTE NOT, WANT NOT

By using only the services you need, you eliminate waste. Outsourcing enables you to take a fixed staffing cost and replace it with a variable cost. As such, the practice does not have to hire an employee for \$50,000 per year, thereby eliminating the need to pay for health and other HR benefits as well as the physical space to house them. In addition, you don't have to allocate time to manage hiring, firing, training, scheduling, etc. By outsourcing medical billing, medical practices can save thousands of dollars in annual salary and benefits, as well as the overhead costs for office supplies, furniture and computer equipment.

There are a myriad of services that can be outsourced by medical practices. This document, the first of a two-part installment, will address the benefits of outsourcing common medical practice services. The second installment in the series is titled "How to Select a BPO Service Provider."

### OUTSOURCING COMMON MEDICAL PRACTICE SERVICES





# 1

## REVENUE CYCLE MANAGEMENT (RCM) TAKES CENTER STAGE

### Right People, Right Expertise

You've all had the experience of being a do-it-yourselfer. Whether it was a home decorating project, a car repair, or a beauty treatment, you started out thinking you can handle every nuance, but at the end of the day, you were disappointed with the results. The project either took too long to complete, or you were missing a part, or you didn't fully understand the instructions. In the end, you had to spend more money to fix what you had done. Studies prove that when physicians, hospitals or basically any business, focus on their core business, they achieve better outcomes. The same is true when you rely on experts who have decades of experience under their belt. Expertise and knowledge is cumulative and over time they become consolidated.

Let's face it. Your biller may never achieve the collective knowledge that an expert billing team has accrued. A biller with experience in your specialty has acquired a career's worth of professional knowledge. Outsourcing brings you specialty-specific billing knowledge, including the coding of claims, claim submission, payment posting, management and reporting.



The author of an article in Healthcare Business & Technology, states that U.S. physicians “leave approximately \$125 billion on the table each year due to poor billing practices” and that “up to 80% of medical bills contain errors.”

According to a Revenue Cycle Management analysis conducted by TripleTree, an investment banking consultancy firm, redundant data collection, manual processes and repetitive rework of claims submissions all contribute to a diminishing bottom line. The report says, “It has been estimated that 30% of all physician claims leave the office with errors; 15% somehow get lost. Of the five plus billion healthcare claims submitted each year in the U.S., more than 25% are still submitted on paper and processed manually. Labor intensive activities associated with claims processing and call center operations have resulted in transaction processing costs as high as \$25 per claim.”

In an article in **Medical Economics Magazine**, David Kibbe, M.D., MBA, senior adviser at the American Academy of Family Physicians (AAFP), says that outsourcing medical billing can result in “money in the pockets” for most small- to medium-sized practices and that outsourcing typically trims billing and claims processing costs by half. “I remain surprised why people want to do their own billing. The last time I looked, the average three- or four-doctor primary care practice spent 8% to 10% of its revenues on billing and claims and had a small army of people inside the practice, including the office manager, doing claims work,” says Dr. Kibbe.

<http://medicaleconomics.modernmedicine.com/medical-economics/news/modernmedicine/modern-medicine-feature-articles/take-new-practice-management?id=&sk=&date=&pageID=5#>

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**Healthcare Business  
& Technology**

<http://www.healthcarebusinesstech.com/medical-billing/>

Outsourcing RCM provides functional and specialty specific expertise. For example, OB/GYN practices can benefit from an OB/GYN coding expert who understands OB/GYN billing.

Consider the case of Trilogy Women's Health in Grapevine, TX. Dr. Rebecca Robert, a solo physician, who works with a Nurse Practitioner, sees 100 to 200 patients a week. Since outsourcing her billing to a BPO company, she is getting paid for her services only two weeks after a claim is sent. Not only does she get paid fast; her practice's revenue is on the uptick.

*"Outsourcing our billing allows me to do the duties I need to do here, without worrying about billing."*

**Gail Wyatt, Trilogy Women's Health**

Gail Wyatt, Trilogy Women's Health's Office Manager, says of her BPO vendor, "Our billing is being done properly and quickly. On top of that, we get a bonus because of the BPO Company's Billing Manager and Billing Team. They are professional, they answer every question I have and they get back to me quickly. The company that handles our billing helps to micro manage it for us and make sure that our claims are getting paid in a timely

manner. If the claims are not getting paid, they call the insurance company to find out what the problem is so we can resubmit the claim or do whatever needs to be done to get the claims paid in a timely manner."

Wyatt continues, "When we have a pregnant patient, we'll see a patient for their global maternal period and that includes all their prenatal visits, labor and delivery and postpartum visits. The bill is not submitted until the patient delivers the baby. We do a lot of work upfront without getting paid, so when that claim goes out it's so important that it goes out correctly. The billing services company we use does have a great deal of knowledge about the OB/GYN field. If the doctor doesn't put something in the claim correctly, they clean that up for us and send it off so that it's not rejected. They send the claims out and we are typically paid in two weeks. Our (claims) rejection rate is around 2%, which is below the industry average. Outsourcing our billing allows me to do the duties I need to do here, without worrying about billing."

Lily Hargrove, M.D., of Ivy Family Medicine in Charlottesville, VA knew that she wasn't going to do her own billing when she opened her new practice. "It's a very low overhead practice; there's not a lot of moving parts outside of



insurance. I knew that I would be outsourcing the billing, so for me not to have to do anything extra and for my billing service company to be able to go into the system, pull what they require and communicate with me about what they need was very appealing. Our external billing company charges a reasonable rate, which is great. I wanted a complete practice management system and I wanted to think about billing as little as possible....When we communicate with the people who do the billing, we've been very happy. I'm getting paid what I should. We're getting reimbursed in a timely manner. It's huge. I was debt free in six months and our billing services company was a big part of that."

*"I was debt free in six months and our billing services company was a big part of that,"*

**Lily Hargrove, M.D.,  
Ivy Family Medicine**

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## FINANCIAL CONTROLS & BOOKKEEPING SERVICES

We have all heard the horror stories of "trusted" staff members ripping off physicians. Many ask, "How could a smart business owner let this happen?" It's actually very common. Practices don't always realize that they are not collecting all of the money they deserve. In some instances, employees may be making mistakes, or even stealing money from the practice. Despite best efforts, interruptions between the front desk and bank deposits can occur. It's important to know if you are being paid for all services performed and if you are being paid correctly. The natural "checks and balances" that are introduced by financial services BPO provider can, and do, make all the difference.



Is all of the money collected, making it to the bank? Having experts focus on your bottom line ensures that you're getting all of the revenue that you earn. Outsourcing financial control and bookkeeping services to a company with an integrated platform enables real time billing and accounting reconciliation and gives you the ability to check your finances from anywhere at anytime.



### Financial Services Outsourcing Provides the Following Benefits:

- Financial experts can create and monitor financial controls customized to your practice, optimizing your financial performance and making certain that no errors are made. Money is correctly collected and then reconciled between the platform, general ledger and your bank.
- An expert can look at profit and loss line-items, balance sheet assets and liabilities and cash-flow and develop a financial plan for the practice based on your goals.
- Financial experts add logic to the numbers, identifying trends, defining your most profitable areas and assisting you in creating operational goals for your practice.
- A series of internal controls ensure that all financial tasks are performed with the highest level of accuracy, leaving no room for error. Experts are also trained to break down your financial reports in a way that is simple and easy to understand, so you can get the information you need without having to work hard for it.

- Accessing the expertise and business processes used by large organizations is not only extremely affordable, but there is usually a 20-30% return on investment demonstrated within the first three months. Based on current expenditures, there is typically an immediate expense reduction.

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### CLINICAL & MEANINGFUL USE COMPLIANCE SERVICES

The time when complying with Meaningful Use (MU) Stage I meant that you could easily boost your bottom line with government incentives is coming to an end. MU Stage II begins in 2014 and penalties will start to be levied for noncompliance in the near future.

Is it really in a practice's best interest to take on and learn the constantly changing rules and regulations or outsource to a company with the depth of expertise and know how to work with a practice to comply? It requires a great deal of organizational resources to stay ahead of the challenges and process to achieve your stimulus payments. If you fall behind on the process, you risk losing stimulus payments and incurring penalties.

#### When In Doubt, Source It Out

Setting up the correct process. Monitoring compliance. Training your staff. These are just a few of the time consuming tasks involved in achieving MU of electronic health records. Outsourcing Clinical and MU Compliance Services relieves you of the burden and headache of taking charge of the complicated compliance process.

When a clinically-trained account manager, usually a registered nurse, oversees the compliance process, this means someone with experience is monitoring your practice for compliance to make sure you obtain the maximum stimulus payment. These clinical experts can analyze your practice for goals and performance gaps, setup the program, evaluate results on a regular basis, manage and train your staff in proper procedure and report for your practice.

Outsourcing Clinical and MU Compliance services provides monthly audits and meetings to gauge your practice's compliance and manage the steps necessary for continual performance improvement. This process includes: an analysis of your practice's strengths and opportunities for improvement; individualized training to improve in areas that are lacking; defined and attainable goals for your staff to achieve within the mandated timeframes; assistance in meeting additional Federal or State clinical compliance regulations; assistance with government reporting and attestation; and any needed help if the case of an MU practice audit.

### Take This Job And Source It

Remember the days when patients let their fingers do the walking through the Yellow Pages to find you? Or maybe you relied heavily on word-of-mouth have patients come to you. These days, with patients flocking to the web to find everything, including their healthcare, it is imperative that physicians market their practice.

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**MARKETING – IT PAYS  
TO ADVERTISE**



A practice must be able to articulate the key differentiators that drive existing and potential patients to them. You may want to attract patients for specific services, such as special procedures, unique testing, related healthcare products, etc., that are both remunerative to the practice and the desired population of the provider(s). Marketing allows a practice to target and communicate with existing and potential patients within the desired marketplace.

You probably don't have the time or expertise to develop a professional marketing plan. By outsourcing your marketing, you can avail yourself of a professional analysis of your practice's personal and professional goals, as well as potential opportunities and weaknesses.



You can achieve marketing success by having experienced marketing professionals, who are highly proficient in search engine optimization (SEO), develop a website for your practice. By having a customized, professional marketing plan for your practice, with branded encounter notes and a web site tailored to your specialty, prospective patients can easily find you when searching the web and your practice has a professional and polished web presence.

Additional benefits of outsourcing marketing can include:

- **increased referrals**
- **greater online visibility**
- **higher patient retention**
- **revenue growth**

# 5

## BRING IN THE SCRIBE

The Blackberry was smart, but the Smartphone is brilliant. The same can be said about transcription versus remote scribe services. Remote based scribe services is the new transcription.

Technology is a big driver in taking transcription and dictation to new heights. Sure, transcription was a useful tool for the dictation of pertinent information, but it was time consuming and inefficient. Transcription has recently seen a decline in use due to the increasing comfort level of using a keyboard by younger practitioners as well as the introduction of higher performing voice recognition solutions, such as Dragon Dictation.

Factors fueling the fire: MU attestation requirements and the need for greater and more accurate documentation, as well as heightened concerns about privacy and security have made the use of dictation not only more viable, they have brought an entirely new solution – remote based scribe services.

A physician's time is valuable. The time you spend on repetitive tasks such as charting, renewing prescriptions and reviewing test results can cut into your time in treating patients. By freeing up time on these tasks, you are freeing up space in your schedule to

*Remote based  
scribe services  
is the new  
transcription*

see more patients, extend the capabilities of your practice and bring in more revenue.

Scribes and virtual assistants are registered and certified medical professionals, often nurses, who are trained to meet physicians' needs and free up their time while dramatically improving the efficiency of their medical practice. Scribes are experienced so that they provide maximum accuracy and productivity. They cover a myriad of functions, including documenting your patient encounters, following up on patient education, prescription submission, order tracking, and coordinating follow-up activities.

### **A Day in The Life of a Remote Scribe**

A remote scribe prepares the chart for the encounter by ensuring all test results are available for review and charted appropriately. Medical and social histories





are reviewed, medications are reconciled, and allergies are entered and confirmed prior to the encounter. At the time of the encounter, using real-time HIPAA-secure video conferencing technology, scribes record all data in EMR Note in real time. Next, the physician relates their assessment, plan of action and orders to the scribe, who records all of this information in EMR Note in real time. The scribe then prepares, sends and/or prints all prescriptions, orders and instructions for the patient at the practice printer or patient pharmacy. Patient educational content is sent to the patient along with medication instructions. Procedure, as well as E&M codes, is charted to ensure complete charge capture. The physician reviews and signs off on EMR Note, and the visit ends, the EMR Note is coded and complete, leaving the physician free to see their next patient.

Certified and experienced scribes and virtual assistants relieve physicians of the burden of the systematic process of documenting each aspect of their patient encounters and follow-up activities. Like all of the BPO services described in this white paper, scribe services allow physicians to see more patients, focus entirely on patient care, improve patient satisfaction and increase revenue.



So, now that we have discussed the benefits of BPO, how do you select BPO services? We will address this question in the second installment of this white paper two-part series.