



What practices should look for when contracting with a billing company

Are you considering a transition from an in-house billing department to a billing service, or thinking of replacing your current billing service? This checklist will help you get started in evaluating vendors.

Review your current billing service contract

Pay special attention to:

- Inadequate notice and potential penalties
- Ownership of data and data formats
- Automatic contract extensions
- Written notice requirements
- Termination options
- Continuation beyond termination date

Evaluate companies and services offered

- Ask for recommendations from other practice managers
- Decide on using an in-state or out-of-state company
- Find at least three companies to interview
- Ask about the company offering an electronic medical records system
- Ask about the company providing random and routine coding audits
- Ask about other consulting services such as strategic planning, billing audits, etc
- Use the questionnaire for each company interviewed

On-site visit

Narrow your search to two companies

Visit each one and:

- Ask to meet some of the staff who will work on your account and talk about what they do and how
- Ask the staff and management similar questions and compare answers
- Get a feel for the company and workflow. Do you feel comfortable with the people and procedures?
- Check references
- Make decision

Finalizing the commitment

- Review the contract carefully before signing it
- If you are replacing a billing service, compare your old contract with the new one. Does it have all the provisions you want?
- Have your practice's lawyer review the contract before signing it

General Questions

1. Company Name:
2. How many years have you been in business?
3. Have you been in business under any other name?
4. If yes, what name?
5. Do you have a compliance plan in place?
6. Do you have the necessary Health Insurance Portability and Accountability Act regulations in place?
7. Has your company ever been investigated in a fraud or abuse case?
8. If yes, what was the outcome?
9. Have you provided billing services for a practice that has been investigated in a fraud or abuse case?
10. If yes, what was the outcome?
11. What is your in-house audit system?
12. Do you have periodic audits done by an outside firm?
13. How many certified coders are on staff?
14. What type of training do you provide your staff?
15. How often is training done?
16. What is your hiring and background-check policy?
17. Do you carry errors & omissions insurance?
18. Do you offer bookkeeping services?
19. How many clients do you have with my specialty?

Billing Questions

1. What insurance companies do you bill electronically?
2. Are insurance payments posted electronically?
3. If yes, from what companies?
4. Are there any exceptions to billing electronically?
5. How is the information transmitted back and forth between the practice and billing service? Is the information sent on paper, disk or electronically?
6. How is the work load distributed? Is one person responsible for an account or do several people work on it?
7. Are there any billing processes that your company does not supply?
8. If yes, what are they?
9. Do you handle all billing-related and ancillary documentation to insurance companies and private-pay patients?
10. If no, what is not handled?
11. What is your procedure for deposits – lock boxes or other?
12. How often do you submit claims to insurance companies?
13. How often do you send statements to patients?
14. Who is responsible for:
 - CPT coding
 - HCPCS coding
 - ICD-9 coding
15. What is the process/policy for handling problems, such as incomplete billing information?
16. How are electronic rejections handled?
17. How are charges batched?

Payment Posting/Follow-up Questions

1. How are returned claims and statements handled, and who is responsible for them?
2. Are payments posted line by line or by the total amount of the claim?
3. How are zero payments (deductibles) posted?
4. How are denied claims posted and tracked?
5. How are rejections tracked and resolved?
6. How often are reports run for credit balances?
7. How do you handle credit balances?
8. Do you prepare a report for abandoned property?
9. Who reviews the reports and makes the decisions regarding bad debt, write offs, etc.? What standards do you follow?
10. Payment posting/follow-up questions Is there a threshold below which a balance is not billed?
11. Are small balances kept on the books or are they written off?

Reports Questions

1. What types of standard reports do you provide?
2. Can you provide customized reports?
3. Can an aged report be completed by "billing date" and "date of service"?
4. Can the practice access the computer terminal to perform queries, update records, schedule appointments, generate demand reports, demand statements and superbills?
5. Can one report (same page, tabular style) be generated showing a patient's name, insurance provider, charge, payment, adjustment and balance?
6. Can you provide a report showing the names, amounts and reasons for bad debt, write offs and full adjustments?

Costs Questions

1. How do you determine your fees?
2. If payment is by percentage, is it determined by the amount billed or by the amount collected?
3. Is there an additional charge for paper claims?
4. Is there an extra cost for adding a new physician to the system?
5. Do you handle physician credentialing?
6. What is the conversion process and the costs involved?
7. Approximately how long will the conversion process take?
8. Do you provide a conversion schedule?
9. Do you handle any old A/R from the previous billing company?
10. Does the practice generally require additional staff to handle the conversion?

Computer/Software Questions

1. What is the security system and who has access?
2. Do you have regularly scheduled virus checks?
3. When is the system backed up and where are the back-ups stored (on-site or off-site)?
4. How are yearly computer system updates handled for:
 - CPT codes
 - HCPCS codes
 - ICD-9 codes
5. Can the software track a patient's demographics?
6. How would the system handle the following situation? A patient changes insurance companies and there are outstanding balances on Plan A and new charges on Plan B.
7. Can the system handle two primary insurances and differentiate which needs to be billed by date of service?

8. Is the practice required to pay for a software license?
9. Does the practice have to pay for any software or hardware updates or maintenance?
10. Is the practice required to pay for any hardware?
11. If so, does the practice retain the license and hardware if the agreement ends?
12. Do you use the latest version of the billing software?

Collections Questions

1. What process do you follow to turn an account over to collections?
2. If you turn an account over to a collection agency, are the “regular rate” fees subtracted from the amount due to you when payment is collected?