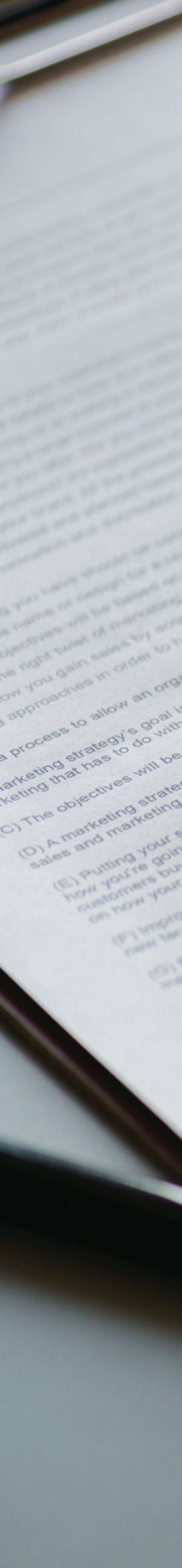




**You Get What  
You Pay For!**

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As the famous novelist Kurt Vonnegut once said, **“In this world, you get what you pay for.”** This notion certainly holds true in the Revenue Cycle Management space (hereinafter referred to as “RCM”). I have run into numerous practices that placed the cost of a service as a higher priority than the quality of the service rendered. I have also encountered these same practices when they inevitably run into issues based on prioritizing the cost of a service over the quality of the service itself. In this month’s newsletter I am going to address a few of the potential dangers when RCM decisions are based solely on cost.

Look, we all know we are getting a much different product when we purchase a luxury vehicle versus an entry level sedan. You either see the value in the additional safety features, technology, and overall capabilities of a luxury vehicle or you are simply searching for the most economical option at the time. If saving money is your top priority when purchasing a vehicle, you typically realize the life of the vehicle, capabilities of the vehicle, and overall quality is lower than what you would receive had you purchased a luxury vehicle. But unlike with motor vehicles, in the RCM space most people really do not know what they are getting for their money. At the end of the day, when it comes to your RCM process, if the lowest cost option is all you are considering you are likely going to receive that entry level sedan.

I understand that money can be tight when first starting a practice, and you need to cut costs where you can, but the RCM process should be the last item on the list to skimp on. If you jump from company to company looking for the cheapest solution, you are often left with headaches later, especially if you have plans to bring the RCM process in-house at a future date. Even worse, **cutting costs during credentialing or negotiating contracts can cost you millions of dollars in lost future revenue over the life of the contract.** To me it is simple; take the time and money to do things correctly at the forefront and you will reap the ultimate harvest in the form of a smooth RCM process.

To start, **credentialing is one of the most undervalued aspects of the RCM process.** In fact, some companies do not offer, or even consider, insurance credentialing as part of the RCM process. This is a mistake. Proper insurance credentialing is vital to ensure claims are properly processed and paid. If you simply look for the cheapest credentialing option, often times you will get a final product that will cost you more down the road when someone else has to clean up their mistakes.

Worse yet, many credentialing companies do not negotiate fee schedules and do not offer any guidance on which payers with whom you should credential. For instance, there are several large commercial insurance payers that have acquired other work comp and auto networks that significantly reduce your payments by as

much as 60 to 80%. For this, and many other reasons, it is imperative that you know all the details about each payer before contracting and negotiating fees based on your geographic region. I'm sorry, but \$50 to \$100 an application is just not going to provide this level of detail.

Next, **do not skimp on your practice management and EHR software.** If you cut corners and opt for a skeleton practice management system and a free EHR software package, I can almost guarantee you that you will run into issues. Whether it is a complete lack of certain capabilities or the overwhelming add-on charges some software packages require, saving on the front end with software can cost you thousands of dollars more down the road. Again, I understand there can be shoestring budgets and not everyone needs the most robust software package, but there are many solid systems out there at reasonable prices based on your needs.<sup>1</sup>


Finally, **do not choose your internal billing personnel or third-party RCM company based solely on their hourly rate or billing percentage.** Even if the percentage of collections you pay monthly is of paramount concern, make sure each RCM company you speak with gives you a complete list of all services included within that billing percentage. I have seen several clients go with an RCM company offering services based on 3% of collections who were later hit with itemized invoices for postage, copies, staples, envelopes, patient statements, etc. You need to dive deeper into what the proposed rate offer really entails before you can really make an educated decision.

Similarly, there are many large software EHR vendors that now offer RCM as part of their package. I highly discourage anyone from entering into this type of arrangement. If your software vendor is also handling your RCM process, how much control do you think you will have? How easy will it be if you want to change software companies? Can they perform proficiently as an RCM company when their foundation is in EHR and software development? Even worse, most large EHR vendors will not accept patient phone calls, will not conduct A/R follow-up, and they will charge a percentage of collections on every payment entered into their system, including cash payments. In reality, it just is not a good deal for the provider in these situations.

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<sup>1</sup> I would recommend requesting the per provider price and the transaction-based price for each EHR/PM system.





In sum, I did not set out to write this newsletter to bring doom and gloom to everyone reading, but thought it was important to point out some common pitfalls that have detrimentally impacted providers I have worked with in recent years. I am hopeful that this newsletter will provide useful advice to help you avoid costly mistakes in your practice.

**If you have questions about RCM or would like to discuss any of our service offerings, please email me directly at [eric@commonwealthbilling.com](mailto:eric@commonwealthbilling.com) or give us a call at:**

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