

Outsourcing vs. In-House

Evaluating How to Best Manage Your Revenue Cycle

Should I outsource my back office or keep these functions in house?

Traditional Considerations

There are many considerations physician practices have traditionally weighed when deciding whether to outsource their billing and collections.

If I outsource, I can:

- Improve collections performance
- Focus more energy on practicing medicine
- Stop worrying about hiring and retaining billing staff
- Lock a portion of my operating expenses at a set percentage of revenue
- Avoid purchasing a billing system

If I keep my billing in house, I will:

- Retain control of my billing and collections process
- Utilize the full capabilities of my existing staff
- Recoup my investment in our billing system
- Avoid being dependent on a poor performing billing company

New Considerations

In addition to these traditional considerations, the decision about whether to outsource must now also consider new, emerging issues, including:

IT Costs

As practices migrate from old billing systems to the type of information technology platform needed to succeed in the future, the investment can be substantial. Leading outsourcing partners offer a new way to buy technology, as many elements of that platform are provided as part of the outsourcing fee. This allows practices to significantly reduce their out of pocket investment or redirect it toward clinical information systems

IT Complexity

The increasing complexity of data centers and hosting, communications and connectivity, and the integration of multiple software applications often outstrip the capabilities of the practice. The right outsourcing partner can manage the full range of IT requirements.

Security Risks

More than ever, data and systems security is a major business issue. Outsourcers with strong IT capabilities provide a very robust hosting environment. This helps practices protect their systems and data from viruses and attacks, well beyond the protection that even the largest practices can afford on their own.

Compliance Issues

Qualified outsourcers have rigorous compliance coding, billing and HIPAA requirements that ensure maximum protection for practices.

New Solution Alternatives

Some outsourcing partners have unique solutions that give practices a variety of options for configuring the management of their revenue cycle to meet their specific needs. Outsourcing services beyond billing and collections, such as accounting or payroll processing; or taking a blended approach that uses practice staff for some tasks and the outsourcing partner for other tasks are examples of the new alternatives that are available to physicians.

Below is a list of questions that will help you evaluate outsourcing your back office or keeping these functions in-house.

- Can they help with the entire revenue cycle or just my billing and collections?
- Are they a small or a large company?
- Are they a local shop or a national company with a local presence?
- What is their track record on improving collections for their clients?
- Does their IT platform help my practice reach our long-term IT vision?
- Do they use their own proprietary software, a nationally known practice management system, or a smaller product?
- How does their IT solution help improve collections and cash flow?
- Does their information system enable online tasks (e.g. eligibility checking, claims status) that reduce work for the office staff?
- How well does their IT solution integrate with my other software applications?
- What other software applications can they provide to help with our business?
- Do they help, or hinder, our getting to the clinical information systems that we need?
- What level of information and reporting do they provide to help me better manage my practice?
- Do they provide extensive data mining capabilities or just standard reports?
- What information do they provide to help me negotiate better payer contracts?
- Do I have direct real time access to my data or am I limited to monthly paper reports?
- How can they help me with things like coding and compliance?
- How often will they meet with our practice to discuss results and performance?
- How does their net costs and benefits compare to my current situation?
- Are they professional, credentialed, and proven?
- Does their organization have a strong leadership team or is it dependent on a single person?