



The Buyer's Guide to Outsourcing ABA Billing

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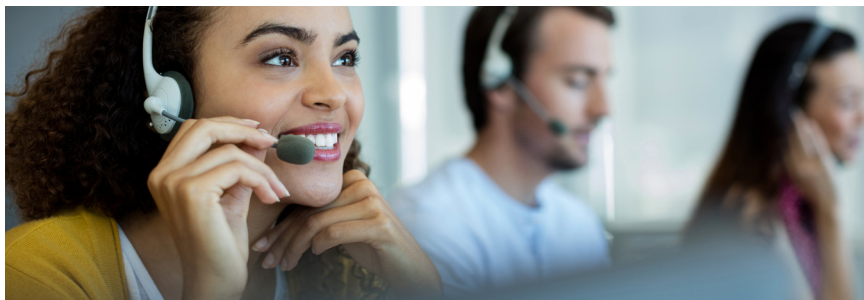


Introduction

The demand for applied behavior analysis (ABA) services is leading to rapid expansion opportunities for new and existing ABA businesses. With autism prevalence rates now at 1 in 54, more individuals are receiving autism diagnoses and requesting services than ever before. Scaling to meet the demand requires the right mix of agility and stability — and billing operations that can keep pace with the influx of new clients, changing insurance payor requirements, and strategic mergers and acquisitions.

When coupled with today's ever-changing regulatory and public health landscape, ABA practices are faced with a choice: maintain internal billing operations, or outsource to a qualified managed billing partner.

If you are considering using a managed billing company to support growth, this guide will help you navigate the process and ensure that you choose a partner that is right for your business.



What is a managed billing service?

A managed billing service is a trusted partner that handles your key revenue cycle management functions. This includes everything from initial billing to claims processing and account receivables. Some areas that a managed billing service may address include the following:

- **Payor Contract Review:** reviewing funding sources' contracts with agreed rates, modifier codes, and so forth, then ensuring all details are added to the billing system
- **Initial Billing:** ordering and scrubbing timesheets, then submitting timesheets over to insurance payors
- **Secondary and Tertiary Billing:** for families with multiple insurance payors, submitting additional claims to request payment that the primary insurance payor did not pay
- **Cash Posting:** posting response from payors in the form of a payment or denial, onto the appropriate timesheet
- **Accounts Receivable:** following up on money owed from payors and tracking to ensure payments are received in a timely manner
- **Client Services:** invoicing patients for co-pays, deductibles or co-insurances, per insurance payor agreements

One of the key ways outsourcing billing to a trusted partner differs from in-house billing is that billing companies charge a percentage of revenue collected, whereas internal billing requires the expense of staff salaries, training, benefits, and related costs.

The chart below outlines this key difference.



In-House Billing

- Staffing costs (salary, benefits, and equipment/workstations used for billing)
- Hiring and training costs
- Productivity costs due to employee time off and/or family leave

VS



Managed Billing

- Cost is equivalent to a percentage of revenue earned. This percentage immediately scales up and down based on the amount of services rendered.



Myths about managed billing companies

When it comes to outsourcing billing, ABA organizations may have several concerns. Delegating billing functions may seem like a loss of control, like handing a crucial function — payment for services rendered — to a faceless third party. Below are some myths about managed billing, and how the right billing company addresses these areas.

- **Myth 1: Outsourcing billing leads to a loss of control**

It's vitally important to keep close tabs on your revenue cycle management. That's why the right managed billing partner will provide full transparency into workflows, full visibility into claims status (paid, denied, rejected) and full access by working directly in your ABA practice management software account.

In short, avoid managed billing companies that lock you out of the billing system or use undisclosed methods. Look for a partner that provides fully-transparent workflows and access via your ABA software. That way, you can feel comfortable and in control of your billing processes.

- **Myth 2: Outsourcing billing results in poor communication**

Communication is key to agilely capture new revenue opportunities, and critical when quickly growing or expanding your therapy offerings. Select a managed billing partner that offers a designated billing account manager for your practice. This will provide in-the-moment answers to your questions and needs.

- **Myth 3: Outsourcing billing services do not care about my organization**

A loyal, dedicated, responsive partner will undoubtedly provide better results than an aloof or uncaring billing company. The right billing partner will be completely committed to your billing success because they have a vested interest: due to their percentage of revenue collected (more successful billing equals more revenue to take a piece of), and their commitment to your mission as an ABA service provider.

Remember, managed billing companies are focused on one thing — billing. They are subject matter experts who are always available, unlike an internal biller who may leave for personal emergencies or vacations. Look for a responsive managed billing service that has great customer reviews, and 5+ years of expertise providing billing services for ABA and related verticals.

When to consider managed billing

There is no one best time to outsource billing functions. However, many practices find that internal billers struggle to keep pace once growth becomes more rapid. Once a practice is looking at opening additional locations, or adding new therapy options (e.g., mental health or physical therapy), outsourcing may become increasingly attractive in order to support scaling and handle the intricate needs of billing various services.

Keep in mind that very small organizations — ones that are billing less than \$100,000 in claims per month, and often under 30 clients — may not find value in managed billing. This is sometimes because the individual completing billing functions may also be fulfilling other responsibilities, and sometimes because the volume of claims is more manageable internally.



Evaluating managed billing services

Outsourcing billing requires trust, reliability, and transparency. Take some time to learn about the history and expertise of the billing companies you are evaluating. You want to feel confident that the company has proven expertise, will be around for a long time, and will be responsive to your needs.

Calculator: Prepare by Estimating Costs

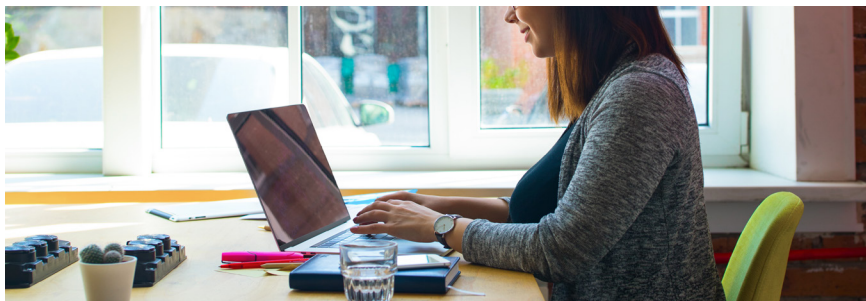
As you begin to look at managed billing companies, it's important to understand your own cost of billing. That way, you will have a benchmark to understand the value that outsourcing will (or won't) bring to the table. Additionally, it will help you estimate the financial implications of maintaining your own billing staff, or selecting an appropriate billing partner.

Use the calculator below to generate a quick estimate of the true cost of in-house billing. Fill in the blanks with the number of billing staff you have, their wages and benefits, and so forth, to estimate total employee costs. Then, get a sense of your gross collections rate. Finally, calculate your net profit after deducting employee costs and claims left uncollected.

An example organization, billing \$1,000,000 per year, is provided in light grey text.

Feel free to write over this example with your own practice's figures.

Step 1: Calculate employee billing cost	<u> 2 </u> # billing staff	X <u>40,000</u> \$ wages (average is \$33k-63k)	= \$80,000
		X <u>12,000</u> \$ benefits (salary x 0.3 or 0.5)	= \$23,000
		X <u>1,500</u> \$ equipment (hardware, software, workstation, costs)	= \$3,000
		X <u>2,500</u> \$ hiring & training (average is \$2k-5k)	= \$5,000
	Total employee costs		= \$112,000 (total the above)
	Step 2: Calculate gross collections rate	<u>700k</u> \$ claims paid (claims paid by insurance in a given year)	/ <u>1,000K</u> \$ claims billed out (claims submitted to insurance in a given year, based on agreed rates)
Step 3: Calculate net cost	<u>300K</u> \$ claims billed out - claims paid	+ <u>112K</u> \$ total employee costs	+ <u>412K</u> \$ net cost of internal billing



What to look for in a managed billing service

The following questions will provide you with a sense of how strong the billing company is. Seek to uncover whether or not they can provide the excellent paid percentages and rapid response times that will support your growth.

- 1. What is the average gross collections rate provided to customers?** The best billing partner will provide a gross collection rate far above the healthcare standard of 80-85% (or ABA standard of perhaps 60-80%). Industry leaders will cite a paid percentage of 95-96%.
- 2. What services do they bill for?** Look for a partner that has experience in applied behavior analysis and any other pertinent verticals. These may include early intervention, occupational therapy, physical therapy, speech, and various psychological services.
- 3. How many years of experience does the company have?** Be sure to select a company with a solid reputation and proven knowledge. Ideally, their expertise should be more than simple initial billing.
- 4. How did they respond to recent industry changes?** Discovering how a managed billing service responded to recent events like the 2019 CPT code change and the 2020 pivot to telehealth may uncover how adept they'd be in supporting

growth in a shifting environment.

- 5. What practice management software does the billing company work with?** A strong billing partner will work hand-in-glove right out of your ABA software, providing you with maximum transparency and fully-disclosed workflows.





Making your decision

Narrow down your options.

Once you've spoken with a few managed billing companies, one or two may stand out as potential partners for your organization. These considerations may help you single out the best option:

- **Evaluate the whole team.** Are they working directly with your practice management software provider, ensuring every step of your revenue cycle is contributing to maximum returns? Or are they running solo, with limited people and say in streamlining your billing operations?
- **Consider future plans.** Does your organization plan to acquire another business down the road? Or do you hope to merge with a larger organization eventually? Speak with the billing company about their experience and commitment in supporting your long-term objectives.
- **Be realistic about today's landscape.** Smart leaders recognize that 2020 has been a year of uncertainty. Weigh which managed billing companies can best help you mitigate risk, achieve high paid percentages, and scale up or down as needed -- as well as quickly adapt to change.
- **Tap into your network.** Your colleagues may have current or previous experience with a particular managed billing service you're exploring. Talk to them about their experience(s).



Worksheet: Revealing the Top Choice

Company name: _____

Years of experience: _____

Areas of billing expertise (list services billed):

My organization bills 1,000,000 \$\$ per year.

Gross Collections Rate (GCR) comparison:

Managed billing company's GCR: 96 %

My organization's GCR: 70 %

GCR improvement with managed billing company:

26 % (or 260k \$\$)

Cost of Billing comparison:

Managed billing company's cost:

6 % of claims billed/yr (60k \$\$) v In-house staff cost: 11 % of claims billed/yr (112 \$\$ total employee costs*)

Cost improvement with managed billing company 52k \$\$

How this solution addresses the following potential business issues:

Visibility _____

Communication _____

Training/workflows _____

Future expansion, merger, acquisition _____

Rapid payor changes _____

**Use the calculator, Prepare by Estimating Costs, to find total employee costs*



Learn More

CR BillMax simplifies billing, maximizes revenue, and increases your ABA practice's bottom line. Specializing in ABA billing, our dedicated team of experts understands the complexities of your billing needs. We know how best to navigate claims, payors, and contracts to yield superior results and increased cashflow. BillMax collects up to 96% of funds billed to third-party payors -- up to 20% or more above the industry average.



Contact us for a no obligation demo.

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