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How is Your Medical Billing Department Doing?

Do you know how your medical billing department is doing? Most physicians would say “okay.” But how can you be sure?

The only way is to receive insurance aging reports on a monthly basis from your billing department. These reports will show you how long it’s taking for your claims to be paid—30, 60, 90, 120, or more days.

But are the reports you are getting accurate? Are you even getting reports? Just because you are getting paid does not mean you are not leaving lots of real money on the table.

A good aging report will show you exactly how your medical billing staff is doing in regard to follow-up on patient accounts and insurance claims.

What does an aging report look like?

Table 1 shows a typical aging report for a primary care practice. The table includes both patient and insurance amounts due in the different aging buckets. The best way to gage the productivity of your billing staff is by checking to see what your accounts receivable is over 120 days.

But what is a good percentage?

The Medical Group Management Association (MGMA) puts out a yearly report benchmarking the 120-day aging bucket based on the type of medical specialty.

In Table 1 we can see that the practice has 5.2 percent of all accounts receivable over 120 days. Compare that to the MGMA benchmark of 17.7 percent for the average pediatric practice. You can see that the practice in the table is doing extremely well collecting the money due its physicians.

	0-30	31-60	61-90	91-120	121-150	151+	TOTALS	%
PATIENT	1,064	190	644	777	-10	968	3,633	**11.7%**
	29.3%	5.2%	17.7%	21.4%	-0.3%	26.6%	100.0%	
INSURANCE	19,045	4,986	2,393	288	105	541	27,357	**88.3%**
	69.6%	18.2%	8.7%	1.1%	0.4%	2.0%	100.0%	
TOTALS	20,109	5,176	3,036	1,065	95	1,509	30,991	**100.0%**
	64.9%	16.7%	9.8%	3.4%	0.3%	4.9%	100.0%	
MGMA* Average	**52.5%**	**16.8%**	**7.5%**	**5.5%**	**17.7%**			

TOTAL OVER 120 DAYS 5.2%

Patient over 120 Days **26.4%**

Insurance over 120 Days **0.8%**

17.7% MGMA* Average

Now, let's take a look at the reports from your practice. What is your figure for outstanding claims over 120 days old? Are your figures better or worse? If worse, you have serious problems in your billing department or your medical billing company. If better, great—but let's take a closer look. There may still be a problem.

Why would it be a problem if my number is better than the MGMA's?

Well, you have to be careful here, because there are two ways your practice management system and staff can calculate your aging of accounts receivable.

Some systems will calculate the aging based on when the insurance is billed. The problem here is that any time you re-bill insurance, the aging clock starts over again. A 160-day-old claim can be reset to look as if it is current.

Here is an example of what I mean: A patient comes in on June 1, insurance denies on July 1, insurance is then re-billed with an appeal on August 1 .In this case, the aging will be based on the August 1 re-bill date, *not* on June 1.

Not only does this method not produce accurate accounting, but it may be masking serious issues with your billing staff.

How do I know if I have problems with my billing department?

One thing you will have to watch for is whether your biller routinely mass re-bills insurance claims that have not been paid.

Remember, the aging clock starts again. If you were to run an aging report right after those claims were re-billed, they would not show up as old, but as current.

Your report would look very good, and it would seem as though your medical billing department was doing a fantastic job, when in reality they may not be, and you are losing money.

So, how do I calculate correctly to get an accurate report?

The correct way to calculate the aging of insurance accounts is to run your accounts receivable reports based on the date of service. This will give you an accurate accounting of how old your claims really are and how well- and how quickly- your billing staff is following up on unpaid and denied claims.

If you are not sure which report you are currently running, contact software support for your practice management system. They will be able to help you determine how the report is running.

By using the MGMA benchmark and calculating your aging correctly, you now have a standard by which to hold your manager and billing department accountable.

But now that you have an idea where your problem lies, what is your next step? In the next edition of this column, we will give you problem-solving ideas to make your practice run smoother and more profitably.

About the Author

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Manny Oliverez, CPC, is a 20-year healthcare veteran and the CEO and co-founder of Capture Billing, a medical billing services company located outside of Washington, D.C. He teaches the nation's physicians, administrators, and medical practices how to maximize billing and revenue cycle management processes. Manny also frequently posts articles and videos on his award-winning healthcare blog. For more information on Manny and his company, please visit his website, or call (703)327-1800. And if you're on LinkedIn, please look for him there too. **READ MORE**

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