



# Whitepaper

## ICANotes Users: The Case for Fully Integrated, Outsourced Billing

# 1. Executive Summary

It's no secret that mental health professionals are working harder than ever before, only to see a reduction in income and reimbursement. Declining reimbursement rates and increasing insurance denials are negatively impacting practice revenue. Increasingly complex medical billing and coding rules, as well as industry regulations, require practices to dedicate substantial time and resources to administrative tasks and red tape. The net effect of reduced revenue and higher administrative costs has led to a sizable reduction in profitability for practices nationwide.

To meet these challenges, mental and behavioral health practitioners need a partner who understands the complexities of healthcare management. ICANotes and PGM Billing partnered to provide the first end-to-end, technology-plus service solution for mental health professionals. With more than 50 years of combined healthcare management experience, the PGM and ICANotes' billing platform provides mental health professionals with a resource that turns healthcare practice management into a simple, streamlined process.

"We're an unparalleled team in the mental health space," says Chris Saviano, Vice President of Business Development for PGM. "ICANotes leverages our coding and payor knowledge base to make updates to the practice management system. PGM utilizes these ongoing enhancements to provide behavioral health billing services that help ensure the vast majority of claims go out right the first time. The combination of extensive billing experience and proven technology knowhow delivers tangible results that not only reduce costs and eliminate administrative bureaucracy but also increase practice reimbursement."

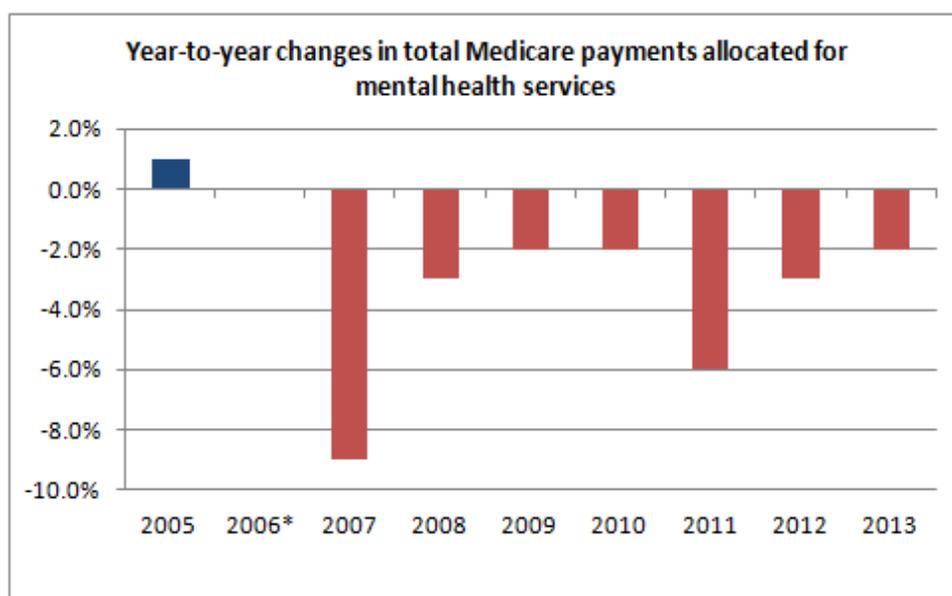
## 2. Increasing Collections

Behavioral health providers all across the country face similar challenges. Frequent changes to insurance carrier rules, compounded by an already complex reimbursement system, have led to an overall reduction in collections. Reimbursement cuts are also taking their toll on practices' bottom lines. According to a 2013 report by American Psychological Association Practice Organization<sup>1</sup>, payments to clinical psychologists under Medicare had declined nearly 22 percent in the previous six years, while the reimbursement rate for the most common mental health service (a 45-minute psychotherapy service) declined 37 percent between 2000 and 2012 (when adjusted for inflation).

Billing rules for behavioral health practices are frequently so complex that even minor changes lead to submission errors and denials. It is estimated that nearly 30% of claims are denied on initial submission, and practices spend as much as 14% of their revenues just to ensure accurate reimbursement from payors, which costs practitioners hundreds of millions of dollars annually.

With a dedicated focus on billing, PGM closely monitors rule changes from federal, state and commercial payors. Once a rule modification or error is established, both the ICANotes system is updated and PGM staff members are briefed to ensure all subsequent claims are submitted correctly the first time. The PGM and ICANotes technology-plus service approach to medical billing and practice management helps to maximize the reimbursement process and streamline overall practice operations.

“Thanks to our relationship with PGM, and their vast knowledge and experience in mental health billing, we can proudly say that ICANotes has not caused a single coding error in more than 15 years,” says Don Morgenstern, ICANotes Founding Partner and CEO. “When practices implement our EHR and then outsource their billing to PGM, they will consistently reach much higher levels of funds collected, and do so in the most efficient manner.”



# 3. Cost Reducing Partnership

According to a 2013 American Academy of Professional Coders salary survey<sup>1</sup>, medical practice billers earn an average salary of more than \$38,000 per year. Billers holding the specialized Certified Professional Biller™ credential earn an average salary of almost \$62,000 per year. By outsourcing, the biller’s salary, as well as a number of other practice expenses, become a non factor.

“When you add up what we save our clients and how much we boost their collections, the figure far exceeds the cost for us to take over a practice’s billing,” Saviano says. “This is just on the financial side, which doesn’t take into account the numerous non-financial benefits a practice recognizes through outsourcing.”

Practices frequently don’t consider the full impact of running an internal billing department. In addition to the more apparent expenses including staff salaries, benefits, bonuses and raises, practices are burdened with the high cost of management and performance. For example, billing departments must undergo ongoing training to ensure they keep abreast of current rules and best practices. This can include everything from investment in training and educational resources, to annual coding seminars where the billing department closes for the day and the practice’s internal receivables process is put on hold.

Additionally, practice managers (frequently the physician or clinician) must dedicate valuable time to manage the operation, and to ensure it is performing at acceptable levels. This time, which is frequently viewed as an opportunity to save money, has in fact the opposite effect. Every hour a clinician spends interviewing, training employees, digging through spreadsheets for financial data or calling an insurance company is one hour less spent with patients.

With in-house billing, you are responsible for all costs upfront, regardless of how much you collect. PGM’s incentive-based pricing ensures that compensation is only earned when performance is achieved.

## IN-HOUSE BILLING EXPENSE

Employee Salary	\$38,000
Social Security, Medicare & Unemployment	5,000
Employee Healthcare	10,000
Hiring & Training	1,500
Office Space	2,400
IT Equipment & Software	3,000
Postage	3,000
Office Supplies & Telephone	1,800
<b>Total Cost of In-house Billing</b>	<b>\$64,700</b>

## OUTSOURCED BILLING EXPENSE

Gross Collections Internal Medicine (Average)	\$310,000
PGM Performance Based Fee	6.0%
<b>Total Cost of Outsourced Billing</b>	<b>\$18,600</b>

## PRACTICE COST BENEFIT ANALYSIS

In-house Billing Expense	\$64,700
PGM Billing Expense	\$18,600
<b>Annual Savings</b>	<b>\$46,100</b>

1 <http://news.aapc.com/index.php/2013/09/2013-salary-survey-coder-employment-on-the-rise/>

## 4. Mitigate Staffing Concerns

The benefits related to staffing go well beyond their considerable cost savings. Finding a biller — and one who meets a practice’s specific needs — can be a slow, difficult and expensive process. Billing is a highly technical position that requires substantial industry knowledge, experience and in-house training on practice services, workflow and systems. In the event an employed biller leaves the practice, the hiring and training process must start over. If just a single biller is hired, a practice will need to find someone to fill the position when that biller is out of the office or risk falling behind on filing claims.

Finally, billers require significant time and resources to stay current on rules — time they cannot put toward daily responsibilities such as filing claims and following up on unpaid claims.

“When a practice outsources to an experienced medical billing company, these staffing challenges are no longer a concern,” says Saviano. “At PGM, we have multiple certified coders and billers trained in behavioral and mental health billing. Our practice partners always have dedicated representatives assigned to their account who are experts in their respective disciplines. We provide year-round training to ensure our billers know the most current rules and best practices that maximize collections for clients.”

He continues, “Our human resources department sources and hires the best in the business, and invests heavily in our staff because we know their performance will determine whether we keep a practice as a client. If we don’t meet and exceed our partner’s expectations, they are likely to change outsourcing companies, so we work to ensure our clients never have a reason to look elsewhere for billing services.”

### Case Study Brief: An ‘Easy Decision’



Dr. Jacob Samander is a board-certified psychiatrist in private practice in Port St. Lucie, Fla. He’s also an ICANotes user who outsources his billing to PGM.

Dr. Samander says mental health professionals using ICANotes should strongly consider outsourcing their billing, if they haven’t already.

“I can’t imagine doing our billing any differently,” he says. “Billing in-house would have been too expensive and too much of a pain to manage. My collections have gone up since I outsourced to PGM. PGM gets me paid for the work I do, which allows me to commit more time to providing patient care. Outsourcing was an easy decision — and the right decision — for my practice.”

Dr. Samander’s words echo what Saviano hears from PGM’s practice partners. “It all comes down to capturing the revenue a practice earns,” Saviano says. “Outsourcing medical billing brings a mental health practice a considerable boost to its bottom line, and does so while eliminating the financial investment, time commitment and stress that come with employing billers. When a practice outsources its billing, mental health caregivers can focus on what they do best: providing exceptional care to patients who need it.”

# 5. Access Detailed Reporting

Understanding practice financial data can be an arduous and challenging task. With financial information and data buried in patient charts, spreadsheets and antiquated systems, gathering the information necessary to make informed decisions is difficult, time consuming and often ends up incomplete.

When a mental health practice utilizes the ICANotes system and outsources its billing to PGM, the practice gains access to numerous, detailed financial performance reports. These reports are sent by PGM to its partners on a routine basis and can be delivered upon request.

With access to such reports, a practice can make educated financial decisions, including what services to provide and whether to renegotiate payor contracts. In addition, these reports help benchmark practice performance and identify areas for improvement that directly affect the bottom line.

“Many practices don’t fully understand the value of reporting,” says Morgenstern. “There’s tremendous truth to the phrase ‘data is king,’ and practices utilizing the ICANotes system have access to more than just generic financial reporting. ICANotes provides clients complete practice analysis reporting that allows clinicians to make informed decisions about nearly every aspect of their practice management. We take tremendous pride in the level of detailed data captured in ICANotes.”

# 6. Conclusion: Improved Efficiency

Outsourced billing is the most effect way a practice can improve operational efficiency. Increased collections, reduced costs and improved financial reporting provide customers an end-to-end practice management solution that works for the long haul.

Resources formerly spent on tasks such as following up on denied claims, contacting patients on collections and keeping up with the latest coding trends can now be directed back into the practices primary mission of providing treatment to patients.

“The cost and time management savings are substantial,” says Saviano. “PGM and ICANotes products and services help practices run more efficiently by managing the most time-consuming work for them, and give them the time and resources they need to deliver better patient care and grow in the ways they always imagined.”

Physician Billing Option Analysis				
	PGM	In-house Billing	Third Party Billing Software	Other Billing Services
Cost Efficiency	High	Low	Low	High
Personalized Service	High	Mod-High	Low	Varies
Tailored Solutions	High	Varies	Low	Varies
Hardware & Software Requirements	Low	High	High	Low
Customized Reporting	High	Low	Varies	Varies
Payer Contract Negotiation	High	Varies	Low	Varies
Claim Follow-up & Adjudication	High	Varies	Low	Varies
<b>Overall Benefit to Your Practice</b>	<b>High</b>	<b>Low-Mod</b>	<b>Low</b>	<b>Varies</b>