

Medical Office Software Guide

Selecting Medical Billing & Practice Management Software



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Guide to Selecting Medical Billing and Practice Management Software

Choosing the best Practice Management (PM) software is singularly the most important decision the ambulatory provider practice will ever make. In the US healthcare system, providers are compensated on a fee for service basis. Having an ability to move patients through your practice easily and efficiently needs to be of primary concern when a provider begins a practice. Thankfully, PM software facilitates this move of patients through the office and does so by adding efficiency in the following core components of the practice:

- Registration
- Scheduling
- Charge entry
- Payment posting
- Insurance & Patient Billing
- Reporting

Step 1 – The Feature Guide



The first step in the evaluation of any good PM system is to verify that the above components exist, are easy to learn, and scalable as your practice grows. Without these core functions, a practice can in no way survive billing and receipt of payment for more than a very small number of patients. Certainly, prior to the advent of PM systems, there were systems in place to help move patients

through a practice; however, the process of reimbursement as it becomes more and more regulated has made the utility of a paper based office a thing of the past.

Each component above should be evaluated firstly for feature function. This is not to say that one should select a system based upon the most bells and whistles, but rather that one should select their PM system based upon the exact needs of the practice. An anesthesiology practice has dramatically different billing requirements than a pediatrician. Each feature needs to fit within the workflow of your type of practice. This being said, there are overlaps and commonalities that should be looked for to help you decide which system works best.

Registration includes several features that can make system selection easier. Beyond the basic patient address, employment, and insurance information, the software should accommodate today's patient – one with multiple phone numbers, emails, and frequent address changes. Under registration, also check for integrated insurance eligibility. Great software will give you flexibility on when and how often the automatic eligibility verification is done. Make sure on-demand checking is possible at multiple points along the patient flow process – when the patient schedules the appointment, before they show up at the office, when they present in the waiting room, and even just before the claim is sent. The extent to which you use the eligibility checking will vary depending upon your patient population, but having the capability and flexibility is important.

Scheduling should be easy to learn, intuitive, allow you to schedule patients for different time blocks, easily and quickly, and should facilitate rapidly changing appointment locations, times and should integrate with the provider's daily schedule. Don't be fooled by gimmicks here, drag and drop scheduling sounds like a great idea and demonstrates really well; however, most practices couldn't possibly keep every day where there is an open slot with a provider on one page. Look instead for a system that has an ability to lock in on a patient and keep them in focus until you have located the appropriate slot for them.

Charge entry means not only actual entry of CPT codes and associated diagnosis codes, but the creation of a claim form that can be sent by paper or electronically. Make sure that the system you are evaluating can do both. When researching the basic data entry of procedures, make sure quick keyboard entry is inherent in the system. A feature you'll see from good, experienced software is the ability to create and enter macros that give you quick entry of multiple codes through only keying in a single code. More advanced systems will build in coding rules and perform an on-demand validation that the codes entered make sense when compared to general coding edits. This is often called "code scrubbing." The last mission critical piece is ability to communicate this claim information electronically. When sending claims electronically, ask what insurance plans the software can connect to. Which of those plans can offer electronic eligibility verification? Which plans offer Electronic Remittance Advice? Make sure the plans your practice interacts with most have these electronic connections.

Payment posting includes the ability to manually enter checks you receive from insurance carriers to full electronic remittance advice (ERA). ERA has come a long way from the early nineties. Now, most payers offer the ability to send their checks electronically, with partial billing, claim denials and other line item posting features all via an electronic file that should post very easily and quickly. Embracing these types of features into your workflow will save you and your staff a lot of time.

Insurance & Patient Billing is considered a portion of the total payment posting process. Does your PM system have an ability to manage those claims that remain unpaid or those that have switched financial responsibility to the patient? The ability not only to send statements, but different statements on different cycles that say different things, all related to how old a claim balance is, or how long it's been since a payment has been received are really great features to have. Sometimes, integrated letter writer or mail merge feature allows you to send targeted statements and collections letters to patients who are delinquent or those who are on payment plans. Features vary widely, but this is a really nice thing to have.

Reporting is one of the major features and benefits that can really make a huge difference between PM systems. How flexible are the reports that come with the system? Can you target AR days? Can you show productivity reports? Can you look at collections by payer? Collections by referring provider? Posting lag? The specifics are varied based upon your type of practice; however, the best rule is to take a look at the reports included in the PM system you are evaluating and see if they look like they would be helpful to you in running your business.

Step 2 – The Vendor Guide



Now you know what features should be included, but what about the vendor? Another important piece of information that one should consider when selecting a PM system is the vendor from whom you are buying it.

Questions to consider:

- Are they the creators of the product?
- Are they a reseller of someone else's product?
- How is the product installed?
- How much does the product cost to get started and in the future?
- How is the product supported?

These are all mission critical questions one should ask the vendor before any decision is made.

Resellers are not good or bad. This simply means that they did not make the product and may only sell, install it, or support it. They may have other services that they offer once the software is installed. While resellers have good points, it is important to know that there are other considerations as well. They didn't make the product. Ultimately, supportability can be a challenging if the source of the issue or error is not easy to decipher. Use of a reseller raises the likelihood of a finger pointing nightmare of technical support. It is because of this main issue that most practices choose to purchase software and services directly from the creator of the PM software.

Cost? Assuming that you are evaluating solutions that are not being resold, the first question one should ask is how much does it cost? Cost is also an ongoing thing. How much does the system cost, up front, and how much does it cost on an ongoing basis? Is it a transactional model whereby every click or claim is charged? Is it charged on a per provider basis or a per seat/user basis?

Cloud-based or Shrink wrapped? Once you have figured out what your costs will be, the next most important question is how will you install the software? Is it something

that is shrink wrapped and shipped to you? Or is it cloud based system that requires a download or a login?

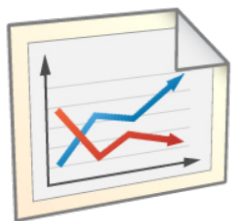
If you choose a software that is shrink wrapped and loaded on your local computers, consider that the total cost of ownership has just dramatically increased! You will be responsible for loading the software correctly. You will be responsible for all updates to the software. You will be responsible for performing a nightly backup... These days, most vendors offer some form of cloud based or internet based solution. For the cloud-based internet option, always check with the vendor about how they handle ownership of data, how data is stored, how backups and disaster recovery are handled. Once you have verified that the company you are working with is aware of HIPAA and has a cogent definable plan in place regarding the physical safety of your data (and your access to said data) this is clearly the easier way to go.

Here to stay? This brings back the question of who the vendor is. How many customers do they have? Do they have enough customers so that they will remain in business for five to ten years, or are they so large that you may get lost? A good vendor should be there to hold your hand during not only the sales process, but the installation, training and support process. They should offer services like data migration, back office billing services, AR management and they should not nickel and dime you for every phone call you make for support of the product.

Ask the vendor what other services they offer. Often, there are a suite of services that you would never know about unless you asked. These services should include not only back office administration services, but workflow optimization, HL7 connection, hospital interfaces, lab interfaces, etc.

EHR Connectivity? Next, one should also ask what EHR system is integrated with the PM system. Today, most PM systems are selected as an afterthought of an EMR installation. Don't fall into that trap. Find out ahead of time what systems work with your current PM or the one you are looking to implement. Typically, PM software will offer several options to connect to various EHRs or have an embedded EHR. Though having the EHR and PM as a single system is talked about a lot, common "app for that" philosophies today have proven that practices can select an EHR specific to their specialty or price-point and have data shared with the PM software of their choice. Either way, EHR connectivity is the key.

Step 3 – Guide to Measuring Your Success



Congratulations! Making the practice management decision is the single most important piece of technology for your practice. Since you have, selected a PM solution, pick some key metrics you want to track, get the system up and running and be sure to have a check in meeting with your vendor every three months for the first year and then once every six months thereafter. This way, you can not only see if you are meeting your targeted metrics, but also uncover new metrics you may want to pursue. Here are some tools to help track your progress and overall business efficiency.

Tools for Measuring Success

PM Vital Signs Tracking Worksheet

Measures	Before the Change	3 Months After	6 Months After
Days in AR <i>(# days from time of billing to time of payment – on average)</i>			
Payment Velocity <i>(# days from date patient was seen to the time of payment – on average)</i>			
Posting Lag Time <i>(amount of time between patient visit and charge posting)</i>			

Insurance Productivity Chart

Insurance Plan	Total Charges <i>(last 12 months)</i>	Total Patients <i>(last 12 months)</i>	Total Payments <i>(last 12 months)</i>
<i>{ insert plan }</i>			

Referring Doctor Analysis Chart

Referring Doctor or Organization	Total No. Patients <i>(last 12 months)</i>	Total Associated Charges <i>(last 12 months)</i>	Total Associated Payments <i>(last 12 months)</i>
<i>{ insert referring doctor }</i>			

The Essential Questions

Answering the following essential questions will help form the foundation of an informed selection process.

Features: Are these basic features included?

- ☐ Scheduling
- ☐ Charge entry
- ☐ Payment entry
- ☐ Eligibility verification
- ☐ ERA (Electronic Remittance Advice)
- ☐ Collections Management
 - ☐ Unpaid Insurance Claims
 - ☐ Patient Due Accounts Receivables
- ☐ Productivity reports

Sales & Service

- ☐ Work directly with the software maker?
- ☐ Work through a reseller of the software?

Types of Software

- ☐ Is cloud-based software for me?
- ☐ Is a traditional installed client-server software for me?

Software Maker's Experience & Level of Support

Number of customers? _____

Number of practices like mine? _____

Types of billing handled?

- ☐ HCFA1500
- ☐ UB92

References or testimonials?

- ☐ Yes
- ☐ No

The Essential Questions (continued)

Able to work with me through transitions to their product(s)?

☐ Data migration

☐ Enrollment and setup

EHR Connectivity Options

Is the EHR a part of the PM system (“integrated”) and is that best for my practice?

☐ Yes ☐ No

Are interfaces already built to my EHR or other potential EHRs?

☐ Yes ☐ No

What is the Total Cost?

Can I get a good system without it costing an arm and a leg?

☐ Yes ☐ No

What’s my budget? _____

What are the upfront costs of the software? _____

What are the on-going costs of the software? _____

About the Author

Stelle Smith is a Healthcare IT consultant with over 20 years of experience in both revenue cycle management and clinical workflow redesign and processing. Stelle has served not only as an expert within the organizations he has worked for, presenting at many major healthcare conferences like HIMSS and MGMA, but has also served on several national committees in helping shape the landscape of healthcare IT adoption working on CCHIT for many years and serving as an adviser for many national, international and regional integrative healthcare initiatives like HIE programs, Meaningful Use and Comparative Effectiveness. His web site is www.askStelleSmith.com

About Kareo

[Kareo](#) is committed to providing education and insights to small medical practices. The company works with in-the-trenches influencers, consultants, and Kareo customers to provide relevant tips on how to successfully manage medical practices and medical billing services.



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