

## COLLECTING WHAT'S OWED TO YOU

# Why doctors fail to get top billing



Hundreds of consultants' practices share common management problems when it comes to billing and collection. In the first of a two-part feature, **Simon Brignall** highlights some of the most worrying

OVER THE last five years, I have met hundreds of consultants and so I have been exposed to a wide range of themes relating to their billing and collection challenges.

As I came from a finance background, I was surprised at what I came across, but soon found they were not isolated cases.

I thought it would be useful to share some of the main issues that are far more common than might be expected.

## Key person dependency

This is when one of your employees is solely responsible for something and there is no back-up plan for the impact this key individual's loss would have on your business.

Understandably for most practices, there is one person who is responsible for everything relating to administration matters. This is typically the practice manager or secretary/PA. In my opinion, to expect one person to cope with all the patient-related work as well as all the billing and collection administration is unsustainable as the practice grows.

As the practice expands, so then does the risk of all the work being channelled through one resource. From my experience, when the workload gets too much, the first thing to suffer are the finance aspects of the practice, as the patients' demands, rightly, always come first.

I often visit consultants where the medical secretary who has been with them for years either retires or leaves and all the knowledge around their billing and collection then seems to disappear with them.

There may even have been a

handover to the new replacement secretary, but often the information ends up getting lost to the practice.

Issues arising from the decline in the competence and expertise around the billing process is a recurring problem that I see time and time again.

I remember one consultant requested I meet with a colleague who had concerns around the practice's billing. During the meeting, his medical secretary, who had been with him for many years, was kind enough to ask what refreshments we wanted. She said that she would go to the coffee shop and, after leaving the room, she never came back!

We subsequently discovered that all the invoices she had raised on the practice software had not been sent out for over nine months.

They had been put in a filing cabinet, as she had not got around to sending them to the appropriate payee. The amount of these invoices was more than £200,000, which obviously caused the practice lots of cash flow issues until we recovered the money for the doctors.

## Pricing policy

One of the first things that struck me when I started to meet with consultants was how many of them did not know their fee structure or specific billing arrangements for the range of patient types the practice treated.

This is not surprising when you appreciate how busy most consultants are, quite often running both an NHS and private practice and managing all the demands this entails.

A common problem is that this information is not always available in a simple format for referring to if required.

Fees for consultations and procedures often vary between each private medical insurer and so you can appreciate that making sure the correct fee is used when billing is crucial.

Some insurance companies allow for an extended consultation to be billed at a different rate in specific circumstances and one major insurer recently updated its consultation fees across one specialty by as much as 40%. If a practice is not on top of changes like this, then they could be losing

money every single time they see a patient.

It is also important to make sure that your practice keeps up to date with the latest Clinical Coding and Schedule Development (CCSD) changes for your specialty and how the respective insurers have chosen to deal with these. These are updated on a monthly basis and changes can include:

- Rules on which codes can be billed together and those which cannot – known as 'unbundling';
- The narrative against a specific code;
- Replacement codes;
- Discontinued codes;
- New codes.

Most insurers publish a price list detailing what they will pay for each CCSD code. It is important to realise that these prices can vary by as much as 100% and so you should always check you are billing to the appropriate tariff.

If you are not, then you could be losing money every time a procedure is carried out.

Over the years, I have met with a few practices where they have only ever billed their procedures using the Bupa price list. In some instances, this was the only information they had. Some practices did not know that each insurer had its own schedule and even when they did, they did not realise by how much this could impact their income.

One good example of this was where a consultant assumed that because one major insurance company did not allow charging for a local anaesthetic with the most common procedure codes, then this was the same with all insurers.

As a result, the practice had not invoiced for the local anaesthetic procedures over many years – creating a loss of tens of thousands of pounds.

I have come across many consultants who have had issues in relation to incorrect billing with the various insurers. For some, this meant payments they have received being recouped, fewer patient referrals and, in some extreme cases, derecognition by the insurer.

## Delays in invoicing

It is extremely important to make sure your work is invoiced in a timely manner. This ensures that

you have consistent cash flow and will assist with your debt reduction.

The additional benefit is that any billing issues picked up quickly increase the likelihood they can be swiftly resolved. Remember, the invoicing process reflects on the professionalism of your practice.

Raising an invoice is the first step in the billing process, so adherence to this simple rule results in benefits across the whole invoicing and chasing process. I meet with many practices where this simple rule is not being followed and this can be for a range of reasons.

Here are just a few:

- The consultant has been doing the billing but no longer has the time due to an increase in practice size and workload;
- The practice has fallen behind on its billing and is daunted by the size of the problem;
- The insurers' requirement to raise electronic billing.

The adoption by a couple of the major insurance companies of time limits, such as the three- and six-month rule for when an invoice needs to be presented, has highlighted the need to invoice quickly.

With overseas self-pay patients, it is often preferable to collect payment before treatment or at the very least to have chased for the money before the patient returns home and collecting payment proves a problem.

Depending upon the specialty, there can also be a requirement to raise and collect payment up front for UK-based self-pay patients.

We had one practice joining us over five years ago that had 59% of the practice turnover outstanding because the patients were predominantly self-funding.

This was a result of delaying sending invoices out and totalled around £280,000 going back over many years. Much of this debt was with the same patients who kept coming to the practice but were billed well after the treatment took place and never bothered to pay.

We changed the entire way the practice operated from a financial perspective and it started invoicing the patients in advance of treatment and chasing the old outstanding cash.

Today, it has doubled its turnover and the amount overdue at any one time is around 5%, with bad debts running at less than 0.5% over the five years.

These examples show the frightening potential to lose money or have cash flow issues.

Next month, I will discuss problems with electronic billing, reconciling and chasing payments and ensuring you have adequate infrastructure.

If you feel that your practice is weak in any of the areas I have outlined, then you need to decide what action to take and consider whether you should outsource this vital element of your practice to a professional billing company instead. ■

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