Optimizing Fee for Service with Medical Billing Transcript

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Introduction and Sponsor Message

Welcome to the Art of medicine, the program that explores the arts, business and clinical aspects of the practice of medicine. I'm your host, Doctor Andrew Wilner.

I've planned a great program for today. But first, a word from our sponsor, Locum story.com. Locum story.com is a free, unbiased educational resource about locum tenants.

It's not an agency. Locum story answers your questions. On their website, podcast, webinars, videos. And they even have a locums 101 crash course. Learn about locums and get insights from real life physicians.

Pas and NPS at Locum story.com. And now to my guest. Before we get started, I'd like to thank all my followers here in my hometown of Memphis, Tennessee.

Today is episode number 150 of the Art of medicine. So I took a look at my stats and 10% of downloads were from Memphis. Yay! Thanks everyone and everyone else all around the world.

My guest today is doctor Heather Sydney Raley. Heather is a physician and owner of a medical billing company. An uncommon combination, but it might be a logical and synergistic one.

In the last episode, I spoke with CPA Paul Sippel about retirement and saving and for one case. But there's no 401 K unless the practice is profitable.

And that's where Heather comes in.

Heather Raley's Physician-Billing Background

So Heather Singer Kelly, thanks for joining me. Awesome. Thanks so much for having me I appreciate it. Heather, let's let's learn a little bit about your background as a physician and entrepreneur.

Yes. So physician. So I'm a pathologist. So not a typical combo when it comes to, you know, medical billing. But I've been on the business side of healthcare really since the beginning.

So even in residency, I was doing consulting work. I just loved it. And I think my, my dad was an ob gyn. He ran his own practice. My mom ran hospitals.

So I think that just business side was something I've always been around and I love and truly got out of fellowship within the first 24 hours, was put in charge of some hospitals in terms of the laboratory side of things.

And then that went from one hospital to five to, you know, over 180, that I do in my day job. And I just I love that part of medicine. I like that physicians are in those leadership roles because it allows us to kind of think about the clinical part, but then also the the business side and marry those together.

So it's, maybe not exactly what I planned, but it has worked out. So it was kind of in your genes, it sounds like a little bit, to figure out, well, I'm very interested in this because it wasn't in my genes.

If I saw anything that had to do with numbers and money, it's like I ran the other way. And I think a lot of physicians are like me. They are much more interested in the, frankly, the Krebs cycle.

And, suturing than they were learning about, medicine. Unfortunately, there's some consequences to that. And, we do live in a world where understanding finance, is, critical.

So first, you work, you have a day job as a pathologist. Sounds like that's pretty demanding, covering a lot of hospitals. And so how do you balance that with billing?

What do you actually do? Yeah. So we have a team of 17 now. So there you go. There we go. So and a whole administrative team we actually I actually open to this with my husband about five years ago.

And so from the get go, we were hiring individuals who were experts in the billing and coding world. I understand the high level. I understand, you know, revenue cycle when it comes to lab and pathology.

And obviously, you know, now beyond that from a subspecialty perspective. But, but yeah, we we hired from day one and an incredible team who's who we've built up over, you know, started with one.

Now we have 70 individuals and and, you know, I think the biggest thing is, you know, just solving a problem, right? We what why we did it was we had physicians who were coming up to us at conferences coming up to me specifically who were saying struggling post-Covid, can't figure out how to pay my bills, revenues, a challenge.

And I love a spreadsheet. And so I thought, well, we can hire really good people.

Challenges in Medical Billing and Concierge Models

I know data really well. I know, process really well. Like, those are my two superpowers. And so if we can combine that with a really talented team, we could do a better job.

I was in private practice for eight years, and I wasn't directly involved with the running of the business. But I remember that collecting the money that you billed and overhead were huge problems.

I mean, you would send a bill and it would go to the insurance company, and then it would get lost or it get delayed, and then you'd have to send it again or you'd get denied.

I mean, there was this huge churning. I mean, imagine you went to the supermarket, right? You're in the checkout line, you got 100 items and you, you know, you present your credit card and the lady says, oh, no, we're not we're not accepting, you know, visa today, today is I, I mean, there were so many ins and outs of it that it all seemed designed really, with a complexity to ensure that the physician actually didn't get paid.

That seemed to be the goal of the whole thing. Is that still the case? Yeah, yes it is. It's probably gotten worse. Because there's all kinds of other hoops to jump through.

I mean, it it is a pain. I on one hand, I get it right. Physicians are we've got to communicate to the insurance companies why they're paying, what they're paying for and yada yada.

But but the complexities of the number of carriers, the number of plans, the number of rules that each individual plan can have is astronomical. And getting paid is not easy.

You know, it takes on average, you know, industry benchmark is it takes 40 days for a claim to get paid. We try and get that closer to 20, depending on the type of practice.

But yeah, it's a pain it because I, I understand, you know, there is a movement towards what's called a concierge practice, which many physicians certainly when I was sort of a developing physician, we thought it was very unethical because you're going to be denying care to people who can't pay.

But the concept, the premise of the concierge practice is that people pay, you know, you cash service and then they pay you. It's very old fashioned. Yeah.

And it eliminates all of this churning, which is frankly, very I mean, why do you need 70 people? Right. Well, we have a couple hundred, doc. We have a couple hundred doctors we built for.

So we have a we. But you're right, I mean it, you know, an a cash based model is becoming more popular. We certainly have practices that do that. You know, that comes with its own challenges in terms of marketing and membership structure and collecting from patients up front and so forth.

But I mean, concierge works. I mean, in if you're in a field and in a subspecialty that you can do that, that's certainly one approach 100%. Now, on this program, I interviewed on August 31st, just, less than a month ago, Cara Pepper, doctor Cara Pepper, who I understand is a good friend of yours.

Yeah, I know her. And Cara is a physician coach and a practicing physician, and her expertise is helping physicians succeed in private practice, which, until I talked to Cara, seemed to me to be something that was fading.

But her thesis is, well, with AI and telemedicine, you can really lower these overhead costs of doing your job, which I remember was over 50%. This is 30 years ago, you know, of having the office and administrators and magazines, you know, and billing and paying the rent, and utilities and insurance, I mean, so that patients would get these huge bills and say, wow, you're just, you know, spent 15 minutes with me.

Why am I getting this huge bill? Well, number one, you know, most of them didn't pay. And and number two, we never got that money anyway. And the money we did get, most of it went to, overhead.

So it seemed like a very, unsuccessful model. But Cara thinks it can be done. What do you think? I agree, I mean, so there are micro practices, which is something similar to what Cara does.

And she does more.

Locum Tenens Billing and Practice Structures

But then there are other micro practices where they actually do an in-office rent a space, maybe have a very small space, maybe only one additional staff.

And then we're seeing still, you know, the continued growth and use of traditional practices, right? With all the overhead, you know, you're right. It is common to have a 40% net profit margin on a lot of these practices, maybe even lower, depending on how you run things.

So, yeah, I mean, all the things you said is true, I think from a, from a physician standpoint, you have to decide what kind of practice model do you have, right?

What specialty are you? And can you do just telemedicine? Do you want a micro practice where it's just you and maybe one other Ma or front office person and you do cash?

I actually think that's kind of the nice thing about medicine today is you can do locums, you can open up in my practice, you can do Telenet, you can run a massive multi location practice if that's what you want.

But you have to make the decision and decide okay, what kind of practice do I actually want to have. Or do I want to go be employed. I mean that's I mean there's a plethora of options.

Do I even want to go do something completely outside of medicine? When we see physicians now doing real estate and all kinds of other random things. So I think it just comes down to what do you want your day to look like?

I think that's a great point, because in my day, you just sort of joined a practice and off you went and you kind of dealt with these, obstacles as they came up, usually with no, you know, background to do it.

But I think intentionality seems to be the key word of the day that, that now you really have to decide ahead of time is like, okay, this is what I'm willing to do.

This is what I want to deal with. I worked locums for many, many years, and Logan's is kind of the opposite. All you

do is show up. You know, you're kind of nice though.

Simon. Oh, I loved it. You just show up and you practice medicine, right? That's all I have to do is get a paycheck and just walk out the door. Practice medicine.

I loved it because, while I was always doing a million other things, and I was writing and, doing journalism and traveling and, you know, doing some underwater photography.

But when I worked, that was 100%, you know, involvement, dedication, focus. This is my time to work. I'm going to work. And then when it was over, it was over.

It was all done. Continuity was an issue, but, you know, neuro hospital's practice, which is kind of what I evolved into. I was one of the first neuro hospitalist.

There's not a lot of continuity in that kind of practice anyway. Patients, you get admitted, you see them for an average of 4.3 days. Sometimes a lot longer, sometimes shorter.

And then you're done. You know? And with any luck, you don't see them again. You don't want them bouncing back. And in the next month. So by its very nature, the, the concept of, oh, I'm going to have the same primary care doctor for 30 years doesn't really apply to the, hospitalist model.

So locum tenons worked very, very well for me. Does your billing, you know, this is a very specific question. Yeah. About locum tenons and maybe you know the answer and maybe not.

But I know when when you sign on a locums or when a locum tenant's physician signs on, sometimes they bill under somebody else's number.

Finding the Right Billing Partner

Can you explain that. So it may be that they're so they'll have typically the locums doctors under a group. That's then doing the billing. And sometimes that's with the hospital, sometimes that's with an external, you know, kind of third party group.

So it just depends on how that structured. But someone is billing for you. So it's either again through that group or through the hospital or some sort of third party mechanism of managing the locum tenants.

Physician. So just depends. We do not currently bill for any locums groups. We have kind of a mix of, you know, single practice docs to doctors practices that are 20, 30, 40 docs in multi locations.

So it just, I think the, the option though of managing locums or other practices just depends on how you're structured and how who you're electing to do your billing.

Okay. So before we go too far, it sounds like you know what you're doing. So how do people get in touch with you? Yeah. So we've got a website, not Rev MD.

So it's Nat Rev md.com but we also have a podcast. So I don't quite have as many episodes as you. You're at 150 I think our last was 115, so. Well, what many? We've got a lot.

So that's, a place where people can go and take a listen and we just talk about business. Right. The number one reason why we did this is to educate physicians like you said, we we don't always get the education in this.

And it's not something that we're bred, I think, to learn and do in training. And so my hope is just to share the lessons that we're learning. The lessons that our practices have been through, and, and just help folks be successful in whatever, choice they make in terms of how they want to practice.

Now, you mentioned, I think before we started recording that you and doctor Pepper had been in some business group together, which seemed, really phenomenal because I didn't know that.

So what was that all about? So we were connected, through Doctor Una. Who, I guess, you know. Yeah. Yes. Entre MD, so she's got a business school that helps physicians who want to do entrepreneurship.

Actually, her and I were just exchanging messages earlier today about a joint thing. Her and I are going to, get organized, so. So, yeah, I mean, and I do think there are select physicians who are kind of leading this moment herself, include a doctor, you know, who are saying, hey, if you want to be an entrepreneur, you can.

This is kind of her path that she's been able to teach and do. I'm sure there's others, but it's been very successful for us. And it's successful for many different physicians who are like, I need to learn more.

Where do I go? So huge shout out to Doctor Una. So hypothetically, I'm back in private practice. Our billing is a nightmare. I know that. I don't know how to fix it.

It's outsourced to some no name billing firm, and I want a different one. So how do I find one? What questions should I ask? So I think the first thing you've got to do, if you're looking at your billing, is really understand.

Okay, what do my metrics look like? And if you're thinking to yourself, Heather, I don't know what metrics are, I, I don't know what any of them mean.

Most billing teams will sit with you and go through current state. So they'll go into it, you know, either ask you to pull reports or go in and they'll pull the reports.

You've got to understand where you're starting to get a plan for where you're going. And a huge believer in that, and need to understand what the current rate, the current struggles are so that you can find a team that can help.

I would say the number one mistake that we see, with billing teams is that they have, like you said, a lot of accounts receivable, right, hasn't been paid.

And you've got to understand why that is. We see a lot of operational workflow challenges. We there within the billing team or within the office that create that accounts receivable, that just kind of continues to increase.

And so when you're searching for a new billing team, you know, having them do that audit, understanding their communication, you know, how do they communicate with their client.

Is it weekly meetings? Is it do you have an assigned account manager? How often do you get to meet with them. And, you know, figure out what's going on?

Because inevitably whenever you take on a new client, there's a there's a book of work that has to get fixed. Right. And so you've got to get a plan around that book of work that needs to get fixed.

And somebody at a high level needs to be able to step that out for you. And then last would be, you know, are they going to give you metrics regularly?

That's a must. You got to have monthly metrics to review. And then do they have the right folks on the team who know your subspecialty and know how to help address issues you have?

What kind of payment model is there for billing teams? Is it a flat fee or do they get a percentage? Or how does that work? Most states, there are some states that don't want you to do a percent, but most companies do percent.

Coding, AI, and Front-Office Optimization

As long as you're not in one of those states, which I don't have off the top of my head, I know New York is one that

you need to do a flat rate if you have a client in New York.

But most it's by percentage, which I think smart, right. Because it aligns everybody to the same goal. Right. And we even incentivize our even staff, based on those, metrics as well, because if everybody's incentivized at this in the same way, you're going to have a much higher likelihood at even that front level staff that we're all aligned in the same direction.

I mean, and just like we recommend front office staff, right? In a practice, they all need to be aligned to the same thing if they're collecting patient balances upfront and you can see that they've collected 90%, they should also be rewarded for that sort of alignment.

Again, huge fan of align. And that's with any staff or any role. In a company. You know this is not, you know, news. It's just something I recommend. Periodically I get these, anonymous, emails from some, some company somewhere that's telling me that my coding could have been better if I did this or I did that.

Usually it's pretty irrelevant to what I was doing. I don't know what book they use to to say what I should be doing, but it it seems to me that. As long as coding is still a thing, you know, it's a level two or a level five, and you did that a I should be able to look at your note or look at the problem and, and just do it and figure it out.

I mean, can't I getting there. We're getting there. We have some softwares that we work with that do AI coding for the practices. Typically. So for our billing company we code for some practices, but most practices for physicians are doing 100% of the coding themselves.

We'll address modifier issues, when we scrub the claims. But in general, the physicians are doing that. I'd say AI is getting better, but it's not 100% so.

And actually, some of the softwares that have started building AI coding into the, into the platform have had some lawsuits related to the coding. At the end of the day, the physician is the one that is responsible for the coding.

So even if you have AI helping you, you still have to know what you're doing. Because if there's I'm up coding things, which was what the lawsuit was about, it's still back down to the physician if there are recruitments that need to happen.

So, you know, it is a tricky thing. The coding, world and they change every year. There's codes that get outdated, there's modifiers that change. So it is important to, you know, kind of understand some of that.

I think AI is going to get there. It's just it's we keep looking at towards it from a company perspective to see what we can, you know, improve and our efficiencies and workflow.

We're so close, but not quite there yet. So, we're we're staying on top of it, trying to see what problems it can solve. Because I have, made an honest effort to try and get the coding right.

But when I look things up, it can be overwhelming, you know, even, like, I'm an epileptic ologist. What kind of you know, with the seizures on the left side or the right side or the front or the back, or were they simultaneous or what, say, video particle as a crypto genic?

And a lot of times the coding terms actually don't make any sense medically anyway, and they don't really apply to the patient. So it's like, well, I'll just pick one so I can move on one.

And it's funny, mistakes do happen. And if and even if they do happen, they don't always impact the revenue. And so, you know, good to have a certified coder who sits down with you and reviews once a year, like, hey, can I just let give me some charts to review and they'll sit down with you and do education?

And we have, coders on our team that will do that with practices. And they'll sit down and they'll say, okay, here's what I would have done. You know, here's the, education around it.

And that can be really helpful. What are physicians doing to optimize their billing? You know, in these, many, many practices, what's what's kind of the, the way to make this work so that the number one thing and it's it it's funny, it's the staff in your front office that really start the billing process.

And that is the most important role of your office. And I know oftentimes they may be on the lower end from a pay perspective, but it is the most important so that the number one thing we tell practices is really getting what's called the eligibility process at the front desk solid.

Because that's the number one denial we see from a billing company in any of our practices. Those are the individuals who check is the insurance active?

Does the patient actually have coverage under your contracts? Do they have coverage for the type of service you're going to be providing? And, making sure, you know, any copays or deductibles or all that patient balance stuff, you know, ahead of time.

Because guess when is the most important part to collect a patient payment? Certainly not after they've left your office with the service provided. It's before before you have a service.

Done. I mean, just like your grocery analogy, we pay for our groceries at the time we purchase them, and so if there are patient balances that, you know, are going to be there, like if the patient has a co-pay or deductible, please collect them at the time of service because it does get harder to collect.

So I would say that's number one. Number two is understanding your denials. Right. So understanding why things are denying so that you can fix root causes like eligibility issues or coding issues.

And then number three is, is to have metrics that you review every month and that you understand. And I mean, those are the top three things that if you can get those and again it may not be perfect on day one.

You may have to work on it slowly, but just pick one of those to start. And then every month continue to make progress on those. And you can have a thriving practice that sounds like you need a, business manager or physician champion or somebody who's spending an hour a day, making sure this happens, if not an hour a day.

If you've got a small practice, you at least need an hour or a week that you are sitting down and understanding these. And maybe in the beginning of a transition, it's an hour a week because you got problems, you fix and then you kind of help those along.

The most successful practices we have are really engaged physicians and who are willing to understand the metrics. And a rock star office manager, a huge fan of office managers, they they they are worth their weight.

Do you, recommend that they be incentivized also in terms of their compensation? I think in most companies now, this is probably from my corporate world.

I think all employees need to be incentivized, for, for doing a good job. Right. You've got to communicate what those shared goals are. Figure out how that individual takes part in those.

Right. Are they growing the practice or are they helping?

Hiring Strong Teams and Closing Remarks

No. Shows they helping collect patient balances like what's their role and then incentivizing in some sort of bonus structure? Hey, you know, these are the things you control that impact our bottom line.

If you can get these three things accomplished, you know, here's the bonus at the end of the year and or end of the quarter or however you want to structure it.

And of course, you could have some some sort of threshold that if the practice isn't doing well, you know, nobody gets a bonus, I get it. But you've got to have shared goals, I think in order to have a successful business, that's that's imperative.

I like that a pat on the back does doesn't always cut it. No, no, it's nice. People are motivated by money. I hate to say it, but people are motivated by money.

You know, the the bills really don't respond to that. Just OG kind of response. They want a check right? They do. They want they want to see the cash.

And the cash is always flowing out. So there there do have to be, ways to make it, company either way. Right. So keep the circle, going. Heather, this this has been, terrific. Very informative.

And, you seem to have a really great handle on, what's going on in the medical billing and business world. Is there anything you'd like to add before we wrap up?

You know, I think number one is hiring strong people, finding a good teammates, whether they're in-house billers or outsourced, that you can trust and have a good working relationship with.

And, yeah. Check out our podcast. Nat Rev MD and it was great to spend some time with you today. Heather. Cinderella, thanks for joining me on the Art of medicine.

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