

## Why Outsourced Medical Billing Offers More Benefits Than Ever Before



### **Demand to rise 168 percent over next eight years as more physicians outsource billing**

More physicians and medical practices are choosing to outsource their medical billing. According to a [recently released report by Grand View Research, Inc.](#), the demand is expected to result in the rapid growth of the medical billing outsourcing market — from \$6.3 billion in 2015 to \$16.9 billion by 2024 — surpassing demand for in-house billing.

This new data echoes similar 2014 research that found that [90 percent of independent and small physician practices were planning to outsource their billing](#) as well.

Here's why so many physicians are moving from in-house to outsourced medical billing over the next decade and why it may make sense for your practice too.

## Reasons for Increasing Demand

The entire healthcare industry has faced a bunch of changes over the past several years. From the introduction of the Affordable Care Act to the implementation of ICD-10, physicians are finding it difficult to keep up with all of the new regulations, especially those related to billing and coding.

Below are some of the top reasons why physicians are choosing to outsource medical billing:

- 1. Limited in-house expertise.** Coding and billing — and revenue cycle management (RCM) in general — have become increasingly complex, requiring a greater level of expertise to achieve maximum reimbursement and optimal cash flows. While in-house billers and coders may process hundreds of claims each month, a medical billing company's staff likely processes thousands across multiple specialties. Medical practices can benefit from this wider range of expertise and knowledge.
- 2. Obsolete software.** Billing software has undergone its own series of evolutions in order to meet the latest industry demands. To stay compliant and maintain billing efficiency, upgrading software can cost anywhere from thousands to tens of thousands of dollars. Physicians who are reluctant to invest in upgrades may find that their current software is obsolete, making the billing process more difficult and less efficient.
- 3. Refocus on patient care.** With changes like [MACRA and the shift to value-based care](#), physicians are under pressure to refocus on quality metrics to prevent penalties that can lead to lowered insurance reimbursements. When billing is outsourced, physicians can focus on patient care without the added stress of also overseeing their medical billing. On a similar note, front office staff will likely benefit from reduced call volume as well since all incoming billing-related phone calls will flow to the billing company.
- 4. Lower overhead costs, increased revenues.** In-house medical billing tends to be a fixed cost for medical practices. Costs related to staffing and IT expenditures can be a significant cost for an independent practice and must be paid regardless of the amount of revenue coming in. Outsourcing billing can eliminate a portion of those expenses, shifting them to variable costs that are based on the

number of claims processed as well as reimbursements captured. Medical practices with high claim volume experience significant revenue growth by outsourcing, in part, because [20 percent of claims are processed incorrectly by payers](#), resulting in underpayment or no payment at all. Even small practices who have a few dozen unpaid claims per month can see a vast improvement in cash flow and revenues when outsourcing.

## When Outsourcing Makes Sense

Outsourcing your practice's medical billing can be a tough decision. However, there comes a time when it makes too much financial sense not to pursue it.

Making the switch can be an intimidating and daunting experience, especially for physicians who have completed billing in-house for years. But moving from in-house to outsourced billing can actually be a smooth process — not nearly as scary as many may think.

*“Paying a lower fee to a medical billing company who collects less money is not the bargain you're looking for.”*

It's important to remember that not all billing companies are created equal though. So if you currently outsource your billing and have had a bad experience, don't settle. Look for a billing company who meets your needs, is responsive, and has a proven track record of increasing reimbursements and paid claims.

And while pricing and budgets should be part of the discussion, refrain from making that the ultimate deciding factor and look long-term instead. Paying a lower fee to a company who collects less money is not the bargain you're looking for.

Going with a company who has proven recovery rates who also charges a higher fee often wins out. The increased recoveries not only offset the higher fee, but puts more money in your pocket to boot.

Plus, the improved cash flow means physicians can now afford to pay staff to do follow-up work and go after even more of the practice's money.

## Consider Capture Billing

If you're interested in outsourcing your practice's medical billing, [Capture can help](#). As a physician-owned company, we know that every dollar and claim counts. We understand the complexities of revenue cycle management and how [accurate billing processes lead to more satisfied patients](#) — all important factors in maintaining practice profitability.

**Why did you decide to outsource your practice's medical billing? Please join the conversation below.**

## About the Author



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Manny Oliverrez, 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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