CAPLINE
HEALTHCARE MANAGEMENT

HOW DOES THIRD-PARTY MEDICAL CODING AND BILLING TEAMS OPTIMIZE REVENUE

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In the intricate landscape of healthcare revenue, the continuous rise in denial rates serves as an indicator, alerting providers to the weakness of their revenue cycle systems. The 2022 Change Healthcare's Revenue Cycle Denial Index shows that the average denial rate for in-network claims reached 12 percent, surpassing previous levels. Payer-specific denial rates display a wide spectrum, with some insurers rejecting only 2 percent of claims, while others reject a staggering 49 percent.

Specialties also play a role, as evidenced by the MedScape Physician Compensation Report, indicating specific denial rates for 27 specialties.

Plastic surgery leads with a **28 percent** denial rate, followed by emergency medicine at **22 percent,** and radiology at **20 percent**

These variations underscore the financial challenges faced by providers, especially in specialties like critical care, general surgery, physical medicine and rehabilitation, anesthesiology, and orthopedics.

While many practices opt for in-house management through a combination of automated and manual systems, this paper advocates for a superior solution—engaging a third-party partner equipped with highly trained billing and coding specialists.

From a macro perspective, maximizing revenue within the complex third-party payer system of the healthcare industry remains an ongoing challenge. The payment models, fee schedules, and heightened scrutiny for advanced procedures underscore the critical need to stay ahead of technological advances in the revenue payment lifecycle.

In this context, the utilization of a third-party medical coding and billing team emerges as a strategic solution to navigate the complexities and optimize revenue generation in the ever-evolving healthcare landscape.

Why Should You Read This Whitepaper?

To Understand The Role Of Third Party Teams

Third-party teams bring specialized expertise, advanced technologies, and scalability to the table, offering healthcare providers a strategic solution to navigate the complexities of coding and billing processes.

Statistically, a study published in the Journal of AHIMA (American Health Information Management Association) revealed that healthcare organizations using third-party coding services experienced a 25% reduction in coding errors and a 20% increase in clean claim submissions. These improvements directly contributed to enhanced reimbursement rates and minimized revenue leakage.

To Understand Their Impact On Revenue Enhancement

According to a comprehensive analysis conducted by the Healthcare Information and Management Systems Society (HIMSS), healthcare providers using third-party solutions achieved an average revenue increase of 15% within the first year of implementation.

Additionally, a case study of a medium-sized hospital in the U.S. showcased a 30% reduction in claim denials and a notable 18% improvement in overall revenue after outsourcing coding and billing processes to a third-party service provider.

These statistics underscore the transformative potential of third-party teams in optimizing revenue streams and ensuring the financial health of healthcare institutions.

The Challenge of Escalating Claim Denials in Healthcare

In the endless pursuit of simplifying and streamlining the claims process within the healthcare industry, a concerning trend has emerged—a rapid increase in claim denials. Despite industry-wide efforts, the number of refused claims is on the rise, posing a challenge for hospitals and healthcare facilities.

The American Medical Association (AMA) sheds light on this escalating issue, revealing claim denial rates ranging from 1.63% to a staggering 9.6% for major commercial payers. The situation is even more serious for Medicare, where denial rates reach up to an alarming 23%. This upward trend in denial rates translates to a greater impact on healthcare providers, leading to increased days sales outstanding (DSO) and putting strain on their cash flow.

The financial toll of this surge becomes more noticeable when considering the magnitude of denied claims.

The AMA reports that over $260 billion in claims are denied annually, underscoring the urgency of addressing this pervasive problem

The Council for Affordable Quality Healthcare (CAQH) quantifies the administrative burden imposed by claim denials, revealing an annual expenditure of approximately $31 billion

How Does **Third-Party Billing Partners Help Your Practice?**

In navigating the healthcare payment lifecycle, the collaborative efforts of Patient Access and Revenue Cycle Management (RCM) become important. The stages of prior authorization, insurance verification, coding, billing, and A/R management not only define this journey but also hold the key to unlocking maximum efficiency and recapturing revenue.

Advantages of Third Party Medical Billing

Revenue Optimization and Cost Reduction

- Prevent revenue loss by ensuring thorough attention to all claims and payments.
- Potentially lower overhead costs related to salaries, software, and errors.
- Practices can reduce billing-related costs by up to 30% through strategic outsourcing.

Efficient Resource Utilization

- Eliminate the need to allocate staff time and resources for payment or claim submissions.
- Plug revenue leaks by expertly resubmitting and escalating denied claims.
- According to industry data, efficient denial management can recover up to 90% of denied claims revenue.

Enhanced Operational Efficiency

- Redirect internal resources currently dedicated to billing tasks, optimizing staff productivity.
- Outsourcing billing tasks can result in a 15-20% increase in operational efficiency for medical practices.

Understanding The Role Of Third-Party Medical Billing And Coding Teams

In the landscape of healthcare administration, the role of third-party medical billing and coding teams becomes crucial in navigating the challenges posed by evolving coding requirements and billing complexities. Let's delve into the distinct areas where these third parties play a pivotal role in optimizing the revenue cycle for healthcare providers.

Medical Coding: Maximizing Precision and Revenue Capture

01

Ongoing Education and Streamlined Workflow

For practices facing challenges, in maintaining a coding department due to ongoing education and personnel-related issues partnering with a third party can be immensely valuable. By outsourcing coding tasks to third parties, practices can ensure workflow management and thorough coding practices ultimately maximizing reimbursement. Studies have shown that external coding teams can achieve a 15-20% improvement in coding accuracy directly impacting revenue capture.

02

Staying Up to Date with Coding Standards

Keeping up with the standards is crucial for accurate medical documentation. This includes staying informed about ICD 10 CM and PCS, CPT, and HCPCS codes. Continuous training on updates and changes in these coding standards is essential to maintain precision in coding. In fact, ICD 10 CM and PCS alone experienced over 5,000 code changes in 2022 highlighting the importance of education.

03

Minimizing Errors through Accountability

Establishing an accountability structure that rewards coding practices is instrumental in reducing errors and keying mistakes during the reimbursement process. Studies indicate that around 80% of claim denials are attributed to coding errors; however, implementing an accountability structure has proven to reduce these errors by 30%.

04

Ensuring Comprehensive Medical Documentation

Ensuring thorough documentation is imperative for preventing claim denials. Key elements of documentation include descriptions of procedures performed, involvement of physicians or advanced practice providers (APPs) test results, billable supplies utilized referrals made if necessary as well as obtaining prior authorizations when required.

Insufficient documentation has an impact on revenue as it leads to a rate of denial with an increase of 15%.

05

Compliance

When coding, it is crucial to focus on the diagnosis rather than the symptom. Regular reviews and audits should be implemented to ensure compliance with regulations and insurance payer requirements. Medical practices that code with specificity have reported an increase in reimbursement ranging from 10% to 15%.

Streamlining Processes for Efficient Revenue Flow in Medical Billing

01 Scalability and Automated Solutions

To address scalability issues in billing functions, engaging a third-party partner can be beneficial. By utilizing cost-effective automated solutions, accurate claims submission, quicker payments, and reduced denials can be achieved. Practices that leverage automated billing solutions have reported a reduction in claim processing times ranging from 25% to 30%.

02 Comprehensive Billing Support

Third-party teams perform several billing functions behind the scenes. These functions include charge entry, payment posting, credit balance resolution, contract management, and analytics designed for financial management purposes. Efficient credit balance resolution contributes to a reduction of 10%, in outstanding accounts receivable.

The involvement of party billing and coding teams goes beyond providing mere support; it forms a strategic partnership that empowers healthcare providers to navigate coding complexities while maximizing revenue capture, ensuring compliance, and optimizing operational efficiency.

Why Does Everyone Trust Capline?

Capline Healthcare Management stands as the epitome of trust and excellence in the realm of medical billing services. Renowned as one of the premier providers in the U.S., Capline offers a comprehensive suite of smart medical billing solutions that has earned the trust of numerous esteemed healthcare providers nationwide.

Our billing experts and certified coders are the backbone of this trust, efficiently navigating the complexities of coding and billing procedures. At Capline, we fully utilize your resources, maximizing revenue and taking patient experience to the next level.

Why Choose Capline?

Error-Free Billing: Capline ensures a near-zero margin for billing and coding errors, setting new standards for precision in healthcare administration.

Revenue Maximization: Experience faster claims processing and witness your healthcare organization meet and exceed its revenue goals.

Patient-Centric Focus: We enhance customer service and elevate patient-care quality, placing a premium on delivering unparalleled healthcare experiences.

At Capline we let our achievements speak for us. Let's see how healthcare providers have benefited from capline's billing and coding service.

Choose Capline for a transformative journey in medical billing, where trust meets excellence, and your healthcare organization thrives.

Monthly Production/ Collection/Cost	In-house	Capline Healthcare Management
Projected Insurance Collection Rate%	85%	93%
Projected Insurance Collection ($)	$85,000	$93,000
Gross Cost Of Resources	$8,400	$3,255

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