

# Client Billing Results in Lower Pathology Charge

BY ALICIA AULT

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WASHINGTON — Client billing may cost patients less than other forms of billing for pathology services, Manika Kumar and her associates said in a poster presentation at the annual meeting of the American Academy of Dermatology.

There is much debate about whether dermatologists should be allowed to bill patients directly for interpretations of skin biopsies done by pathologists. Nine states are considering laws to require direct billing from the physician who interprets the biopsy, while four states expressly prohibit any markup on pathology interpretations, according to Ms. Kumar and her associates of Wake Forest University, Winston-Salem, N.C.

The researchers surveyed North Carolina-based dermatology and pathology practices on skin biopsy practices and about billing for interpretation of those biopsies.

The researchers called 229 private dermatology practices, asking what they charged for interpreting biopsies, and whether those biopsies were interpreted in-office or sent out to pathologists.

The researchers also called 213 pathologists' offices to ask if they interpreted specimens from dermatology practices, and if so, how much they charged.

Of the 229 dermatologists, only 105 reported charges. Half of those 105 dermatologists could not give

the exact charge because specimens were sent to pathologists who directly billed the patients. Of responding dermatologists, 9% interpreted skin biopsies in their office and directly billed the patient. Twenty-two percent sent the specimen to a pathologist but billed the patient for the interpretation—a practice known as client billing.

Client billing resulted in the lowest charge—a mean of \$120. Patients who received a bill for interpretation by dermatologists on-site were charged an average \$131. The most expensive charges were from pathologists who billed directly—a mean of \$147, Ms. Kumar and her associates reported.

When pathologists were asked to report charges, only 48 of the 213 offices responded.

The average reported charge was \$150.

A Turkey-Kramer statistical test determined that the difference between client billing by dermatologists and direct patient billing by pathologists was significant. There was no significant difference between direct patient billing by dermatologists or pathologists, the investigators wrote.

Client billing is probably less expensive because dermatologists have lower billing costs and less risk of unpaid bills. Based on this small study, it is possible that Medicare and Medicaid payouts for pathology services could be reduced if the federal laws were changed to allow client billing for skin biopsies under those programs, Ms. Kumar and her associates suggested. ■

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# Office Staff Can Be Helpful For Testing Cosmetic Products

BY BETSY BATES

Los Angeles Bureau

LAS VEGAS — Look no further than your own office staff in deciding which cosmetic products to offer for sale in your practice, Dr. Kathy Fields suggested at the annual meeting of the American Society of Cosmetic Dermatology and Aesthetic Surgery.

The best product lines are simple, efficacious, relatively affordable, and beyond all else, safe, said Dr. Fields, a dermatologist in private practice in San Francisco.

But how do you know?

She suggests conducting mini-trials in-house, using your office staff.

"Leverage your team. Grab your

staff and do your own before-and-afters," she said.

It will quickly become clear if a product line is popular. An added bonus is that staff members serve as in-house examples of how well a product works.

In one mini-trial in her office, 7 out of 12 staff members had skin reactions to a product line she was testing.

Obviously, that one never made it to the consumer shelf.

"Test it and make sure," she said.

Certain products are sure to sell if they work, especially if they're "elegant, simple products."

For example, many consumers love eye creams, night "boosters," and products containing Retin-A, Dr. Fields said. ■

## MANAGING YOUR DERMATOLOGY PRACTICE

### Is a Billing Service Right for You?

Before I begin this month, let me take a paragraph to say how nice it is to receive so many excellent questions from readers. Please keep 'em coming.

Several recent questions have concerned billing services: Are they a good idea, and are they worth the cost?

As with most things, it depends. To answer the question for your particular situation, you and your office manager should do a detailed analysis of how your billing is being handled now.

In reviews of this type that I've observed or participated in, it is common to find examples of missed charges, as well as failures to add modifiers and unbundle services (where that is legal and proper).

The most common errors made by in-house billing employees include the following: missing filing deadlines, writing off services that should be appealed, appealing issues that are not winnable, not responding to carrier requests for information, not working accounts receivable, and not sending out timely statements.

Engaging a good billing service will correct these problems.

Embezzlement is another serious concern, as I've discussed in the past. (If you missed that column, go to [www.skinandallergynews.com](http://www.skinandallergynews.com) and click on "The Archive Collection" on the left-hand side.) A reputable billing service will create ample paper trails so that you know where all your money is going.

In addition, there are changes coming to the billing process that your staff needs to be aware of. Since the beginning of the year, there has been a new CMS-1500 form to fill out. Beginning in May, you'll need to have your National Practitioner Identification (NPI) number in use. Carriers are mandating in ever-increasing numbers that claims be filed electronically. The same goes for electronic fund transfer and automatic remittance—meaning no more checks or paper explanation of benefit forms. And, of course, electronic health records are adding their own wrinkles. If your office equipment is inadequate to meet these new demands, a billing service could be your best option.

So, should you outsource your billing or not? Inga Ellzey, the noted practice management consultant (and owner of several billing services), suggests you ask the following questions:

- ▶ How much are in-house billing and collections costing you?
- ▶ Is your staff writing off services unnecessarily?
- ▶ Are they following up on unpaid claims?
- ▶ Do you honestly know what percentage of your gross charges you are collecting?
- ▶ What is your accounts receivable after 90 days?
- ▶ Are you losing key employees and having problems finding good replacements?
- ▶ Are you adding associates, nurse practi-

tioners, or physician assistants, and do you need the space now being occupied by your billing department?

▶ Are you facing expensive computer upgrades?

These are excellent questions, in particular the first. When calculating what billing is costing you now, be sure to factor in postage (the biggest expense); printing of statements; envelopes and return envelopes; computer time; ink and paper; and, of course, staff time (printing, stuffing, stamping, etc.).

The greatest cost to a practice from in-house billing, however, is revenue lost by underqualified employees performing this vital function in a suboptimal manner. So it is worth remembering that even if, on paper, in-house costs are the same as those of a billing service (or even a bit lower), outsourcing may still be preferable due to decreased staffing headaches and in-

creased quality of billing.

If you are considering a billing service, Ms. Ellzey suggests looking for a company with organizational stability, sufficient staffing, knowledge and experience within your specialty, reasonable fees, acceptable contract length and penalties, efficient methods of communication with your office, and state-of-the-art technologic capabilities.

She also suggests you consider the following questions before making a final decision:

- ▶ Are you willing and ready to give up control of the day-to-day billing process?
- ▶ Can you accept that a billing service has its own ways of doing things, which may be different from yours?
- ▶ Is your entire staff willing to change the way billing is handled? (A stubborn holdout could be an embezzler.)
- ▶ Does outsourcing of billing make economic sense for your practice?

If the answer to all of these questions is an emphatic yes, outsourcing may be the way to go.

Then again, now that I have perhaps convinced you of the merits of billing services, there is another alternative you might consider—one that I've mentioned before.

Consider doing what a growing number of businesses—including every hotel, motel, and country inn on the planet (and my office)—already do: Ask each patient for a credit card, take an imprint, and bill balances to it as they accrue.

It takes time to implement such a system, but once in full swing, your billing needs could decrease by as much as 80%, as they have in my office.

The details of this system were spelled out in my columns of December 2005 and March 2006.

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