

In-House Billing vs Billing Service:

Which Method is Right for You?

When labs look to establish or switch revenue cycle solutions, this presents a great opportunity to examine the various options and update billing processes. By looking at a few key points, labs can determine whether outsourcing or in-house billing is the optimal solution for their business.

There are two main factors when deciding on the most suitable option: staffing and costs.

MANAGING BILLING STAFF AND VENDORS

Startup Labs

New labs often outsource their billing to simplify the startup process. The challenge of finding staff with laboratory experience, who know how to effectively manage the revenue cycle is more to take on than some startups can handle. A billing service can alleviate the stress of building relationships with clearinghouses and other vendors; eliminate the time, effort, and expense to manage staffing; and allow the focus to be on new tests, build a client base, or get in-network with payers.

Established Labs

For a more established lab, if they are already billing in-house, they should know their staff's capabilities. If the lab has a strong team in place but an outdated solution, there is a strong case to remain in-house and update to a modern solution. When equipped with the right functionality to automate tedious tasks, labs can reallocate employees to tasks that drive collections improvements while allowing for scalability without the need to hire additional staff.

For an established lab experiencing low collection rates, billing managers may see increased denials caused by submitting missing or wrong information, or simply low productivity due to the lack of accountability of the lab's existing billing staff.

When billing staff lacks the ability to maximize collections, outsourcing may be advantageous. Choosing to outsource, labs gain access to highly-trained billing professionals with experience in managing many of the arduous aspects of the revenue cycle while eliminating the hassle of hiring, firing, training, and managing in-house staff.

FINANCIAL

When assessing the financial components of outsourcing or retaining billing in-house, labs need to examine the costs of:

- Hiring and Training Staff
- Overhead (leases, technology, etc.)
- Staff Performance
- Benefits
- Billing Infrastructure (clearinghouse fees, coding, print/mail vendor, etc.)
- Billing Solution Costs

Most billing services charge based on a percent of net collected revenue (NCR). While some in-house software solutions charge based on a percent of revenue, a few price based on user licenses. The biggest difference between these models is scalability. When charged based on users, if a lab increases testing volume and the current staff absorbs the increase, the costs remain the same thus improving profitability. In the same scenario, if charged on NCR and the lab increases volume,



the amount they must pay the vendor also increases thus hurting profitability.

OTHER CONSIDERATIONS

While there are other considerations, staffing continues to be one of the biggest factors. A labs staffing situation can directly drive the decision and how it will impact your profitability. Other factors to consider include:

Data Accessibility

For an accurate understanding of a laboratory's health, it is critical to have complete data accessibility. Some SaaS solutions offer a high level of access but many fail to provide the level needed to effectively manage a business. When making a final decision on a billing solution, data accessibility should be one of the biggest considerations in the decision-making process.

Reporting

Paired with the necessity of data accessibility, labs need to have the ability to generate custom reports with KPIs for each specific role and uses. With many SaaS solutions failing to provide access to necessary data,

it can be hard to provide satisfactory reports. With billing services, many provide standard month-end reports for accounting purposes or high-level reports for business leaders. Labs need customizable reporting to ensure each person receives the right data to make key business decisions.

Implementation Time

If you need a solution fast, finding a billing service typically offers the quickest implementation of 30-60 days. A SaaS solution can take 90-120 days or more due to the custom configuration of the system, integrating with various vendors, and training staff. An ideal solution for a startup lab looking for a quick implementation is finding a vendor who offers a billing service but can easily transition to the SaaS model once the lab is ready to make the switch.

THE INDUSTRY LEADER IN LABORATORY BILLING

TELCOR is committed to our customers. Our products and services are driven by our customers and evolve as the industry continues to change. TELCOR teams are experts in every area of the revenue cycle process ensuring you are maximizing collections and positively impacting your profitability.

TELCOR Revenue Cycle Management (RCM) is the industry leading RCM SaaS solution, providing unmatched automation to improve workflow efficiency and allow labs to grow without needing to hire more staff. Combining that with complete data transparency and customizable reports, managers can drill down and view key performance indicators to make timely, informed business decisions further improving profitability.

TELCOR Revenue Cycle Services (RCS), our billing service, combines our leading RCM SaaS solution with our talented, U.S.-based laboratory billing specialists. Labs have access to tools necessary to manage billing, including complete transparency to their data. A dedicated management and coordination team work alongside the lab providing recommendations, insight, and assistance as often as needed.

