

SYNERGY POST

2014 Q4 Synergy Billing Newsletter

THE **OUTSOURCING** BOOM

Why a Growing Number of Community Health Centers are **Outsourcing** their Billing Operations

WHILE THE CONCEPT OF OUTSOURCING the revenue cycle has been around for decades, community health centers have lagged behind in the adoption of outsourced services until the last several years. Now, a rapidly growing number of health center CEOs and CFOs are choosing to outsource their revenue cycle and billing operations. Why the sudden change and what do these executives know that others do not?

In today's business environment, all decisions in healthcare revolve around the revenue cycle. Revenue is the lifeblood that fuels the rich programs and services that community health centers provide. Unfortunately, regulations and red tape have clogged the arteries for the majority of community health centers and getting paid in healthcare has never been more challenging. The complexity of billing requirements and the challenges of hiring qualified billing managers have forced health centers to seek alternative solutions.

Historically, it was not uncommon for the revenue cycle to take a backseat to other core business concerns. Grant revenue covered most operating expenses and patient revenue was not nearly as critical to sustainability. Patient billing was straightforward and simple. Fast forward to today and the environment is much different. Billing requirements are different for every payer and the time limits for claim submission are shorter than they have ever been. The majority of health centers report it is impossible to find a qualified billing manager who understands the complexity of federally qualified health centers, along with billing and coding requirements. As a result, the average community health center collects less than 75% of possible reimbursements and writes off \$500,000 in insurance bad debt each year. The volatility of regulation, and the lackluster results, have caused many health centers to flock in droves to outsourced billing.

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MEDICARE PPS: DON'T LET REVENUE COME TO A HALT

The introduction of a true Medicare PPS presents a number of opportunities for all health centers. However, the complexity involved in processing claims to obtain payment will be more challenging than ever before. Your fiscal year-end and cost reporting period will determine when your health center needs to begin using the new G codes. While most health centers will struggle with getting paid, the good news is your partners at Synergy Billing have done the homework and are already obtaining Medicare PPS reimbursements for clients. We are offering a number of complimentary webinars as well as onsite training for health centers in need. *Please contact Ronnie Reeves at 386.675.4709 to learn how we can help you to plan and prepare for Medicare PPS.*

A subject once considered taboo by health center executives has become the status quo as the barriers to entry have subsided. While the financial benefits have long been known, concerns about lost jobs in the community and less control of the process previously deterred CEOs. Most executives have found that those former billing employees are uniquely qualified to perform front desk operations and the increased collections from outsourced services allows them to reinvest in their community and create more jobs.

Greater Control and Improved Reporting

In past years, health center executives have reported concerns about not having revenue cycle operations under the same roof as administration. But in recent years, this concern has subsided as CFOs report gaining more control by receiving better data, reports, and analytics to help them manage the financial operations of their health center. By outsourcing to a reputable billing company, CFOs report they are freed from time consuming tasks, headaches, and costs associated with having an in-house billing staff. Items like charge entry errors or payer reimbursement issues are more readily identified and can be addressed before they spiral out of control. Meanwhile, the quantity and quality of month-end reports gives health center CEOs more data to assess the performance of providers, satellite locations, and overall operations.

Peace of Mind from Compliance

The healthcare industry is an ever changing world of rules and regulations. Keeping in compliance can be a daunting task that is not only time consuming, but mentally draining and frustrating. "Outsourcing our billing places the responsibility of compliance firmly on the shoulders of the billing company. It is their responsibility to stay up-to-date with industry regulations, procedures, and requirements. This was a key motivating factor for our health center", reports one FQHC CFO. Concerns about errors, omissions, and false claims liability have been key factors in the outsourcing boom.

Challenges Finding Talent

Hiring qualified billers who understand the unique requirements of FQHC billing can be nearly impossible. In the absence of a national standard certification for FQHC billing, health center executives report challenges assessing the technical skills of billing professionals. One health center CFO compares the hiring process for billers to "rolling the dice in Vegas; you just do not know what you are going to get." For the most critical business process in the back-office, most health center CEOs and CFOs do not want to take the gamble, which has been a contributing factor to the recent boom in outsourcing.

Outsourcing vs. Offshore

While outsourcing among community health centers is on the rise, offshoring outside the United States is on the decline. The few health centers that have experienced challenges outsourcing, report that their vendor either did not have prior FQHC experience or they offshored their billing operations outside the United States. Offshoring, or the process of subcontracting labor from parts of the world, is riddled with challenges. When health centers decide to offshore their revenue cycle operations they are hoping to gain a competitive advantage from lower labor costs. Most health centers report lackluster results from offshoring along with declines in quality. When billing duties are outsourced offshore, the ability of protecting patient information is significantly diminished. Certain privacy laws also limit offshoring companies from accessing and verifying coding data from electronic health records. Most health centers feel that saving a few dollars is not worth putting a patient's sensitive health information at risk. As one health center CEO put it "We were offered an extremely low rate of 5% which seemed too good to be true. It was."

"...we collected an extra \$1,073,325 on less charge revenue. My advice to other CEOs is that you can't afford not to outsource your billing operations."

The Bottom Line

Many CFOs have done their own calculations on the cost to collect revenue which is reported to vary from 12% - 14% of revenue. "Once we added up the labor costs, indirect costs, and bad debt expenses we accrued each year our cost to collect revenue was over 12%. We pay less for outsourced services and collect more. It's a no brainer." The common theme among health centers that outsource is their report of consistent cash flow. Health centers that have outsourced their revenue cycle operations report increased revenue that offsets any service fees that they pay to their vendor. One CEO reports that the initial research revealed prices between 8% - 10% of collected revenue which she felt seemed high. "Our finance committee did the calculations and at first, we felt we could not afford to outsource. Over the course of 20-months we collected an extra \$1,073,325 on less charge revenue. My advice to other CEOs is that you can't afford not to outsource your billing operations."

As a Synergy Billing client you are already familiar with the many benefits of outsourcing. In our business, referrals are the greatest acknowledgement we can receive. If you know of a health center that may be struggling with their revenue cycle please let us know by emailing Ronnie Reeves at ronnie@synergybilling.com. It would be our honor and privilege to help them achieve their financial goals.

SYNERGY CORNER

Meet M. Jayson Meyer, CEO at Synergy Billing

The story of Jayson Meyer begins with humble origins. Born and raised in Daytona Beach, Florida Jayson is a third generation entrepreneur who started his first business at the age of fourteen. As a boy, he aspired to change the world by becoming a doctor, but realized that to make a large impact he would have to think 'bigger'. Resourceful, tenacious, and ambitious, Jayson started his first business when he was fourteen years old. His company grew and evolved. By the year 2000, he entered the software business and began developing tools to aide health care providers in billing, collections, and HIPAA compliance.



After seeing the challenges his own mother faced with medical bills, he became intrigued by the health care revenue cycle. For several months Jayson worked in a health care facility and was astonished by what he called “administrative red tape.” He became obsessed with trying to fix an industry which he called “archaic” and “inefficient.” Jayson applied the knowledge he gained through developing billing software and in 2002 he started providing a service to help physicians with their billing and collections. The service was an overwhelming success and growth was rapid.

In 2005 he started working with a non-profit community health center known as a Federally Qualified Health Center. Jayson applied his business acumen and knowledge of the revenue cycle to demonstrate significant increases to the health center’s net collections. He explored the rich history of community health centers and became passionate about the mission of health care for all individuals, regardless of their ability to pay. Understanding that community health centers are unique, and rarely understood, Jayson started a new company in 2006 to work specifically with community health centers. From inception, he and his company, Synergy Billing, had the bold vision of improving the quality of health care in the United States. Jayson set out to build Synergy Billing around his personal and business philosophies. He committed to always doing the best job possible and making sure that he kept the promises he made to his customers and employees. He was determined to be the very best and to focus on people, not just profits.

Fast forward eight-years and Synergy Billing is the nation’s leading revenue cycle management company for community health centers. The company is on track to create over 100 jobs in its community and has helped many community health centers across the United States to improve their financial performance. Today, nearly eighteen years from when he launched his first company, Jayson shares his experience as a young entrepreneur and his passion for the community health center movement.

Q. Jayson, thank you for this opportunity to ask you a few questions. You have accomplished a lot at a young age and that makes people curious about you. Clearly to accomplish so much, and be so young, there have been sacrifices. What has been the biggest sacrifice?

A. I am just as grateful to share a little about myself, so thank you for the opportunity. First, you mention sacrifices. I would say that any great achievement requires the sacrifice of something. You just have to be willing to pay the price. My sacrifice is the time away from my family. I have four young boys and a great wife that I miss every moment I am away.

Q. Can you explain what it means for your companies to be “values-driven?”

A. This is a really great question. Most people hear “value” and they think about cost or price. For us at Synergy Billing, when we say “values-driven” we mean that our core values and philosophies are what guide us in business. I believe that you either stand for something or die for nothing. My values in business are a direct reflection of my personal values and they best resemble those found in proverbs. Quite simply the philosophy is good thoughts, good words, and good deeds.

Q. Leadership is something that you speak of often. What is your definition of leadership and what influences your leadership style?

A. That is a very philosophical question! I think leadership is the foundation to any great company. To me leadership is about embodying my core values and then mentoring and developing those around me. I believe in doing things the right way even when no one is looking. I am student of great leaders like Lincoln, Solomon, and David and I aspire to be just a fraction of the men they were.

Q. Can you tell us about the name “Synergy Billing?” What inspired the name and what is the story behind it?

A. Like most great ideas, it came when I least expected it. I was explaining to my late grandfather what I did for a living. I told him about the revenue cycle process and how it was like a symphony when everything worked well or like heavy metal music if something was broken. I told him that everything had to be working together in “synergy.” It was an “aha” moment and I said “Synergy Billing, that’s it.”

Q. We have chatted a lot about Synergy Billing and your business experience. What about the “softer” side of Jayson Meyer? What are your other interests outside of business and your family?

A. I am very fortunate because I wake each day between 4AM-5AM with a zeal for life. I love to be outdoors and really enjoy golf. I even aspire to be good at it one day! I exercise a good bit because I want to make sure I can physically enjoy everything in life. Most of my good friends are also clients so I get to spend a lot of time with them.

LETTER FROM THE CEO

Dear Clients and Friends,

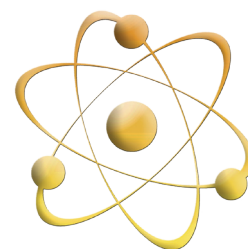
I can’t believe that 2014 is nearly over. What a ride it has been! We started this year with some very ambitious goals but as a management team we were committed to maintaining the same standards of quality. Thanks to world class training and our certification program we were able to successfully hire and train nearly 30 FQHC billing experts this year! Most importantly we have been able to assist some health centers that were in dire situations. We helped multiple health centers to come out of financial recovery mode and for another center we recovered more than \$1 Million of its accounts receivable. Instead of reducing expenses, Synergy Billing clients were focused on ways to expand services and increase access to care. This is what ‘Synergy’ is all about.

Another year draws to a close, and I want to extend my gratitude for your contribution to the health center movement. Being a leader can be a lonely road and most people do not understand what it takes to run a health center. I have a unique understanding and appreciation for what you do. Your leadership and dedication makes a difference to so many people and I just want to say “Thank You” from the bottom of my heart.

Please accept my wishes for a happy holiday season and many blessings in 2015.

Sincerely,

M. Jayson Meyer
Chief Executive Officer
Synergy Billing, LLC



SYNERGY BILLING
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