

How Much Does a Medical Billing Service Cost?



Medical Billing Service Costs

How Does Pricing Work in Medical Billing?

The most familiar question medical billing companies hear, “**What are your prices?**” It’s an entirely reasonable question. After all, **price is a sizable component in any business decision.**

In this article, we’ll try to clarify some of the misunderstandings surrounding **medical billing** service rates. We’ll also attempt to present some of the factors that go into determining pricing.

In plain terms, the most treasured client for a medical billing company is a large healthcare practice, all operating in one medical specialty, in a single state, and performing a small volume of high-cost procedures. While no client is totally straightforward, a client with these characteristics would produce the most clear-cut, easy-to-manage amount of work for the billing company.

The more standardized the work, the easier it is to administer. On the other hand, a multi-state, multi-specialty medical practice will most likely interact with various insurance payers and considerably more rules and regulations. As a consequence, managing the work is going to take a bigger team with added know-how, and thus, tax the billing company with more costs. It’s that simple and a common reality for practices that are more challenging to manage.

Truth is, the majority of practices fall somewhere in-between. The closer you are to the ideal client, the lower the rate you can expect. The farther you plunge to suboptimal, the higher the rate you can expect.

Certain healthcare providers, such as solo practitioners, often struggle to find medical billing company that will take them on as a client. Many billing companies just can’t afford to take on specific clients, especially **new practices**. For example, if you’re a solo psychologist in need of fairly wide-ranging **behavioral health billing**, a billing company may have to charge more. And, regrettably, many solo therapists can’t afford to pay that added cost.

How do Medical Billing Companies Charge Providers?

- **Percentage basis**
Under this model, the medical billing company will **charge a specific percentage on the amount collected each month**. Typically, the average percentage is between 5 and 10 percent, contingent on patient volume, types of cases managed and the number of receivables.
- **Hourly rate basis**
Some billing services offer medical billing services on an hourly rate basis. **This technique is reasonable for large-scale practices and hospitals with consistent claims**, and where generally an equal number of claims is managed each hour. Typically, billing companies will employ staff devoted to one client under this model. The hourly rate would differ from client to client and be determined in the course of negotiations.
- **Fixed rate per claim basis**
Some medical billing companies might provide a fixed rate for each claim. Thus, the rates are **based on the number of claims handled rather than the amount collected**. The rates charged would be contingent on the intricacy and the average amount per claim.
- **Hybrid fee basis**
Finally, there's the hybrid fee model. Essentially, a hybrid could be a combination of any of the aforementioned models. This basis fluctuates based upon a healthcare provider's needs. You might benefit from a hybrid fee model, if you see patients during one part of the year and not during another part. For example, if you're an allergist in need of **allergy testing billing**, your client volume might be much higher during spring and summer, rather than fall or winter.

Generally speaking, a percentage-based option is the basis upon which most medical billing companies charges their clients. We believe it's the optimum choice for healthcare practices of all types.

In the end, hiring a billing company really comes down to what matters most to the client:

- What **level of service** do you anticipate?
- How much **patient volume** do you have?
- How **significant is accuracy** to your cash flow? Or, to put another way, **how costly are denials**?
- Do you look for the billing service **to manage coding, claims appeals, credentialing, patient collections, etc.**?
- Beyond just billing, **do you need assistance with HIPAA** compliance, pre-authorizations, etc.?
- Are you concerned whether your billing team is **in the U.S. or overseas**?

These are just a few of the questions you'll want to ask. There are plenty of billing services out there. It's the medical provider's task to work out both the quantity and quality of service(s). **The soundest advice that we can provide is to take a medical billing company's words to heart. In other words, listen to how they present themselves and keep an eye on their on-board process.**

Our Medical Billing Service Benefits Your Practice

Most healthcare providers want paid within a few weeks for rendering their services, rather than months. **The fact of the matter, when there are errors in your billing procedures, it can take**

months to obtain payment. Hence, when clean claims are processed, they will most likely get paid within weeks. **Our motto is simple, “Get the claim out the door clean the first time.”** Remember, when you consider outsourcing, you agree to specialists assuming the tasks where errors can be costly.

Medwave professionals are trained and re-trained due to the dynamic changes in the industry. Regarding new codes, dated codes, modifiers and more. For payment, all of those items must be taken into consideration for each claim submission. For a healthcare provider, billing is one of the most crucial components. A sizable portion of your practice’s income is the result of a having a top-notch medical biller in your corner.

We understand that outsourced medical billing can be a big change for any healthcare provider, even new practices (who we take on as clients). Making the wrong decision on a 3rd party service can be risky. We simplify and make the transition as transparent as possible. Contact us now, we’ll be delighted to answer any and all medical billing service questions.