

## HEALTHCARE PROVIDERS INCREASING LABOR COSTS AND THE BENEFITS OF TARGETED OUTSOURCING

*According to Big Four auditing firm PriceWaterhouseCoopers (PwC) and government estimates, labor costs today account for the largest increase in spending by healthcare providers. PwC determined that paperwork for a typical medical patient adds a full 30–60 minutes to every hour of actual patient care. Given this figure, it comes as no surprise that total labor costs are projected to reach 38% of total healthcare spending. To put this into sharper perspective, compare this percentage to 3% for Pharmaceuticals, 5% for Technology and 1% for Construction.*

Despite soaring costs, the Healthcare Financial Management Association (HFMA) reports that healthcare industry experts still recommend a cost-to-collect percentage guideline of between 2–3%. However, many healthcare institutions fail to take into account other contributing cost factors such as human resources, technology and telecommunications, all of which can drive their cost-to-collect well above the 5% mark.

“When you see an organization’s collection numbers, it’s important to know what they put into that,” says Aaron Crane, CFO of Salem Hospital, Salem, OR. “One organization might be collecting a lot but spending a lot to get that, while another might collect less but be getting a better return for what they spend.”

Outsourcing particular business functions is an effective way for a hospital to contain the rising labor costs of getting claims paid. “Outsourcing (has) proven that it does work,” says Scott Johnston, HFMA technical director. “Many hospitals don’t feel confident in the billing field. Why not outsource when someone else can do it better?”

The outsourcing solution does not necessarily mean a hospital must outsource its entire medical billing operation. Particular financial classes within the revenue cycle, such as aged third party receivables, workers compensation/no-fault and others, are particularly appropriate candidates for outsourcing.

Care should be taken in choosing an outsource medical billing services provider. The provider should have a reputation for timely, ethical and professional services, a high collections ratio, innovative techniques, secure electronic communications systems, highly-trained staff, hands-on management, and the flexibility to custom-tailor programs and services to meet the institution’s unique business requirements.

With a two-decade track record of delivering superior medical billing outsource services to the healthcare industry, Medical Account Solutions (MAS) qualifies as that caliber of provider.

### **About Medical Account Solutions**

Since 1986, Medical Account Solutions (MAS) has dedicated itself to developing and delivering Healthcare Accounts Receivable Programs that increase and streamline healthcare institutions’ cash collections without spending their resources.

*cont.*