

# CASE STUDY | San Antonio Radiology Halves Billing Costs

## HOSPITAL-BASED RADIOLOGY PRACTICE DISCOVERS THE OUTSOURCED ADVANTAGE

San Antonio Radiology Medical Group (SARMG), a ten-radiologist practice based in Upland, California, reads around 180,000 outpatient imaging exams annually for 279-bed premiere acute facility San Antonio Community Hospital, where the practice is based. Though SARMG does not own the technical component of these exams, by 2008 the practice still found that, thanks to the constant regulatory changes that have impacted imaging in recent years, its billing was sufficiently byzantine to necessitate a staff of 11-12 professionals in its billing office, or 9 full-time equivalents.

The practice was not alone. As Patricia Kroken, CRA, a principal with radiology consulting firm Healthcare Resource Providers, noted in a recent issue of the

*“The hoops you have to jump through to get the reimbursement are going to become even more complex. You need a billing service that can stay on top of these changes, loopholes and complexities, so that even when reimbursement goes down, you can maximize what you’re entitled to.” - John Goffigan, MD*

Radiology Business Management Association’s RBMA Bulletin, “An increasingly complex regulatory environment and the spread of managed care have demanded an even more sophisticated billing operation... Radiology business

professionals have had to tackle higher costs for employees and training, and address the need for closer monitoring of accounts receivable, dedicated claims follow-up and a formal regulatory compliance plan.”

### MOUNTING CHALLENGES

John Goffigan, MD, SARMG’s interventional radiologist, recalls the impact on revenue that SARMG was facing with as many billing professionals as radiologists on staff. “The costs for the entire billing operation had risen to 14% of our annual operating costs by 2008, but revenue was essentially unchanged,” he says. “We didn’t see reimbursement continuing to go up—just like the housing market, we knew it couldn’t continue to rise forever. But the potential for the costs, especially billing costs, to remain elevated was there.”

The primary issue was the cost of maintaining so many employees, Goffigan says. Between salaries, health care costs and pension contributions, the expense per employee was continuing to increase, even as more employees were needed to handle the increasingly

complex billing environment. “The billing costs, from the time that I started with the practice eight years ago through 2008, had been gradually increasing, steadily but surely,” he says. “It was becoming a big expense.”

A secondary, but equally critical concern, was the growing complexity of the regulatory environment surrounding billing for radiology. “With the economic pressure it is currently facing, the government is looking to slash reimbursement just about everywhere—but it seems like they are disproportionately targeting imaging,” Goffigan notes. A host of new regulations have made properly billing for imaging services an even more complex proposition than it was in the past, and Goffigan expects to see that trend continue.

“The hoops you have to jump through to get the reimbursement are going to become even more complex,” he predicts. “For an in-house billing service, it’s very difficult to stay on top of these things. You need a billing service that can stay on top of these changes, loopholes and complexities, so that even when reimbursement goes down, you can maximize what you’re entitled to.”

### THE SERVICE FACTOR

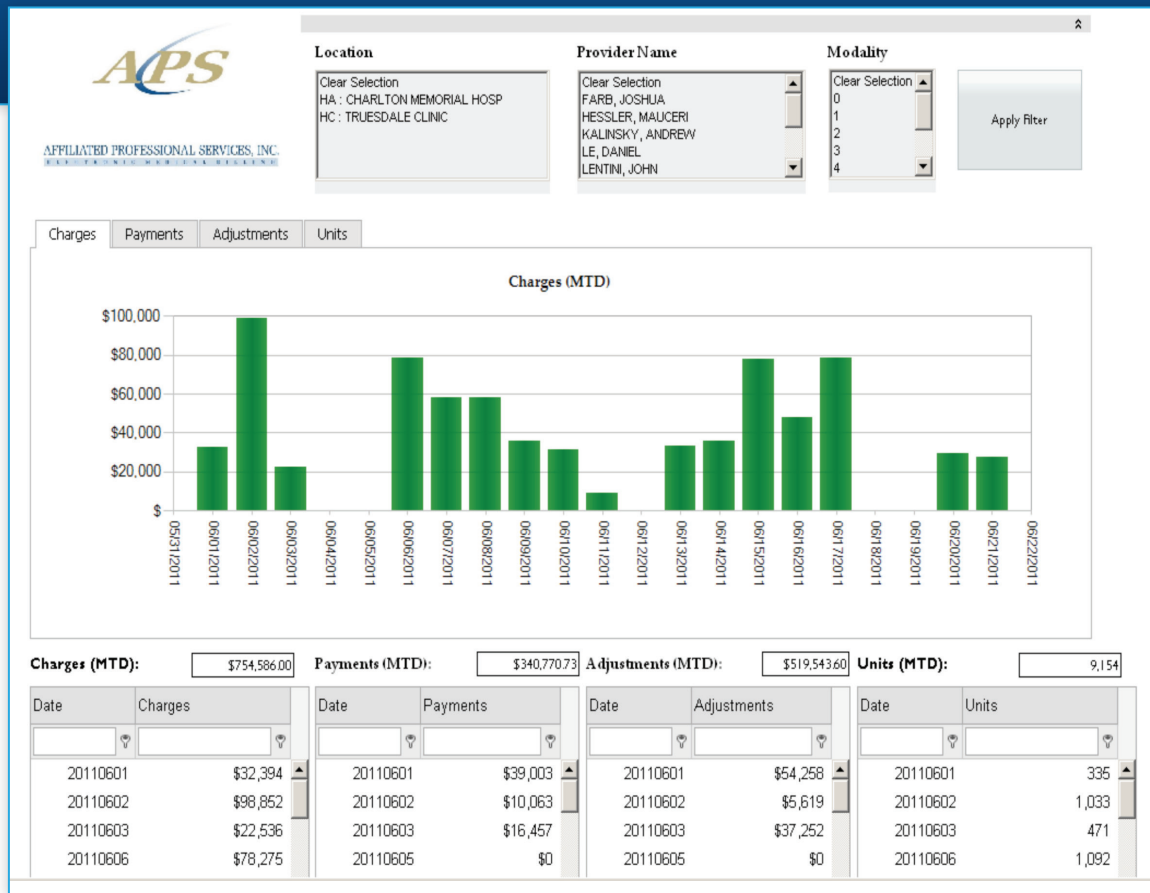
Given these factors, like many radiology practices of its size, SARMG determined that handling its billing in-house was not sustainable in the long term. On the recommendation of an outside consultant, Radiology Business Solutions, in 2008 the practice began evaluating outsourced billing providers, seeking a partner that could meet the increasingly complex requirements of radiology billing at a lower percentage of total operating costs.

Goffigan and colleagues evaluated several billing companies before making the decision to partner with Wareham, Massachusetts-based Affiliated Professional Services, Inc. (APS). He explains that the decision was made based on SARMG’s desire for exceptional customer service. “When you work with these huge billing services, you can’t put a face to them, and they can’t put a face to you,” he notes. “You lose something there. APS offered us a competitive price coupled with the personalized service we were looking for.”

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## APS Client Data Reporting.



Indeed, service should be a critical consideration for practices transitioning to outsourced billing, Kroken advises in her RBMA Bulletin piece. “It is important to note again that it is unacceptable for physicians to abdicate responsibility for the performance of their businesses (and radiology is a business) by failing to be involved in some level of physician oversight,” she writes. “There is a need for strong communications between the billing company and the group and for a high level of confidence in the leadership of the billing company. Reports need to clearly illustrate how the practice is doing through the identification of strong, consistent key indicators.”

### PROVEN RESULTS

APS provides SARMG with just such a monthly overview, notes Goffigan, “a very detailed report that breaks down our RVUs by modality and by radiologist, and includes plenty of other detailed data as well.” Before, he says, “We would get that information once a year, but in big categories, with nowhere near that level of detail.”

In addition to billing and accounts receivable management, the company also provides its client practices with medical coding services, medical enrollment and credentialing, claims follow-up and denials management; customized practice management reports are delivered daily, weekly or monthly in electronic and/or hard copy formats, and APS recently launched a secure online Client Data Center through which the information can be accessed as well. “I don’t believe I would get this kind of service anywhere else,” says Goffigan.

The best measure of the billing company’s success with SARMG, Goffigan says, is the percentage of costs now dedicated to billing services: fifty percent of what the practice was spending on billing when it was handled in-house. “It saved us half the cost, with no reduction in revenue,” he says. “We have the personalized service we were looking for as well—if there are any questions or problems, the customer service from APS is unbelievable. This has been a very positive change for our practice.”



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