

Prescription For Success

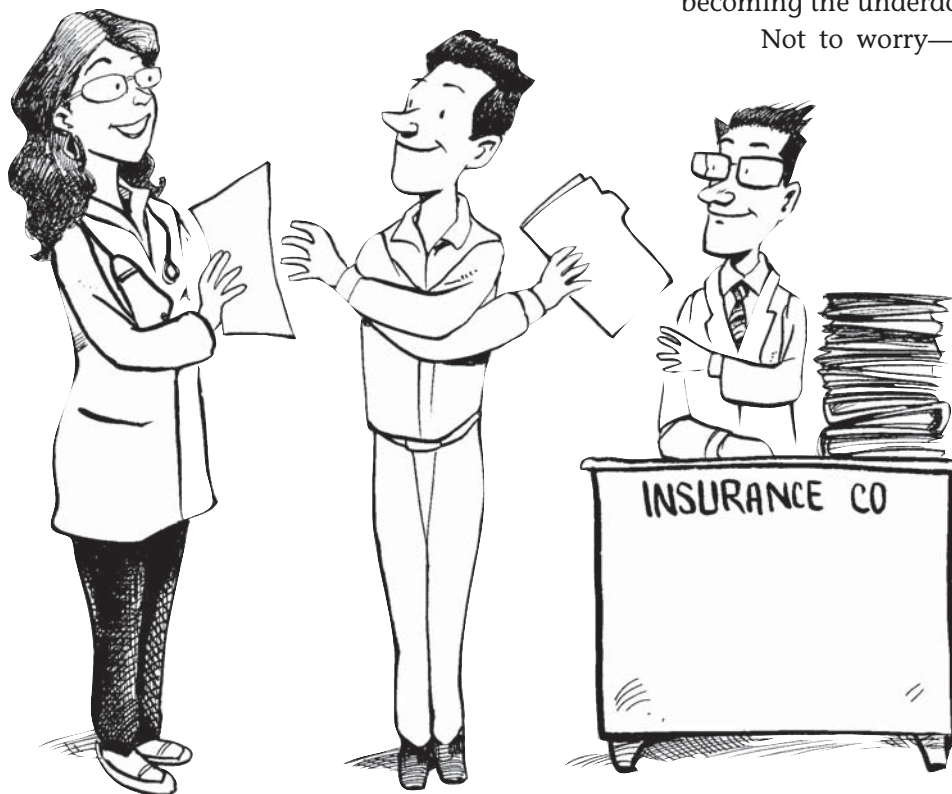
This chapter explores the burgeoning field of medical billing, or medical claims processing, from passé paper claims to progressive—and profitable—computerized billing.

Think of this chapter as an investigative report—like those TV news magazine shows but without the commercials. We will explore the phenomenal growth of the medical billing field and the secrets of America’s health-care billing industry.

The Doctor’s Key

A medical billing service is the doctor’s key to getting paid. Despite the fact that the health-care industry is alive and well in America, most doctors and other health-care providers have no idea how to get themselves paid quickly and efficiently, if at all—either by insurers or by patients who are also waiting for that check to arrive in the mail. Private and government-administered insurance companies, HMOs, PPOs and a host of other mysteriously initialed plans have conspired to make physician reimbursements as elusive as the pot of gold at the end of the rainbow. Doctors, once the lords of the health-care world, are fast becoming the underdogs.

Not to worry—the



medical billing service is on hand to save the day. A billing expert can dramatically increase the doctor's immediate revenue.

Through the miracle of cyberspace, the biller electronically transmits insurance claims directly to the insurance company, or, in other words, into the company's check-generating computers.

Amazingly, however, while electronic claims processing is the method for getting providers paid, most providers are still stuck in the Snail Mail Age. This makes electronic billing a thriving field with room for growth.

Not A Small World

With legions of providers and an ever-expanding patient pool, the health-care industry is flourishing. According to a study by Plunkett Research Ltd., a leading provider of industry sector analysis and research, industry trends and industry statistics, national health-care expenditures recently totaled \$2.17 trillion. Medicare spending accounted for nearly \$397 billion of that total. So let there be no doubt: Health care is big business. And, like Jack's legendary beanstalk, its growth shows no signs of slowing. This makes it fertile ground for the medical billing entrepreneur.

As Rod Serling of "The Twilight Zone" might say, we offer for your consideration the following: America's ranks are swelling. According to the Centers for Disease Control, life expectancy is on the upswing while infant mortality has declined. End result: more Americans roaming around. And that means more people to request or require health-care services, especially since more and more of us are finding ourselves in the once-inconceivable category of Older Americans. Legions of baby boomers have passed the half-century mark.

So, in plain English, what does all this mean to someone planning to start a medical billing business? Income.

What's A Provider?

In the health-care world, a provider is not only a physician but anyone who provides health-care services. Ambulance services, biofeedback technicians and social workers are included, along with the non-M.D. doctors we call dentists, chiropractors, optometrists, podiatrists and psychologists. Doctors specializing in everything from pediatrics to geriatrics, neurology to urology, are also, of course, providers. Purveyors of *durable medical equipment*, such as walkers and wheelchairs, count. So do specialists in hearing aids and prosthetic limbs. And don't forget nursing homes and hospices. They are providers, as are pharmacies.

These not-so-fine distinctions are important to keep in mind because you can consider them all potential clients for your medical billing service.

What Are People Spending?

Type of Service	Amount (in billions)
Hospital Care	\$571
Physician/Clinical Services	\$400
Dental Services	\$82
Nursing Home Care	\$115
Home Health Care	\$43
Total National Health Expenditures:	\$1,877

Source: Centers for Medicare and Medicaid Services, Office of the Actuary

A plethora of older Americans means more health-care dollars spent at the doctor's office. (As more than one retiree is wont to say, "They ought to call it the Rust Age instead of the Golden Age.") From arthritis to arteriosclerosis to prostate problems, cardiac care and cataracts, it all adds up to more and more money spent on health care (\$397 billion worth, if you'll recall). Which, in turn, means more and more Medicare and secondary insurance claims to be filed.

Bevies of babies also equal health-care dollars. Think ear infections, colic, colds, chronic diaper rash and all the other ills junior humans are prey to and you will realize that the rash of babies translates to a steady stream of pediatric patients. Which, in turn, translates to a steady stream of insurance claims to be filed.

Preventive Maintenance

Americans in the age range between teething and losing teeth are also big spenders in the health-care arena. Preventive maintenance used to be something you performed on your car or boat. Now it applies to people.

Just about everybody is into health and fitness these days, which means cholesterol tests, blood sugar tests, weekend athlete injury repairs, liposuction and psychological tune-ups. People weaned on new medical techniques as seen on TV are far more apt to see a doctor for a real or perceived health problem than ever before. Which—again—equals more patients, more bills and more insurance claims to be filed.

The Problem

However—and this is a biggie—the doctor has little hope of receiving any income from all this patient activity if he can't get reimbursement from the insurance companies.

In the pre-computer world, the payment process was protracted but simple. After being treated, the patient gave his insurance form (hopefully with his por-

tion completed) to the doctor's receptionist and walked away, secure in the knowledge that dear Dr. Whosit would fill out all the boxes, send it in, and sit back and wait to be paid.

Which was exactly what happened. After a period of up to three months or so, the insurance company, having leisurely processed the form, sent a check to Dr. Whosit. The doctor's receptionist entered the check into his accounts receivable and then billed the patient for the balance. And Dr. Whosit waited another month or more for that money to trickle in.

Sometime in the '80s, doctors decided this system was unfair and began insisting that patients pay for services rendered before leaving the office, send in their own insurance claims and let the insurer reimburse them.

Nice try. The tables turned in 1990 when congressional law made it mandatory for doctors to complete and submit their patients' Medicare forms. Providers' efforts to achieve timely payments had been foiled again. There is, however, a happy ending to this tale—for the doctor wise enough to employ a medical billing service.

Electronic Filing Beats Paper

Medicare gives priority to any claims submitted electronically. By Federal law, claims received online must be paid in 10 to 14 days, as opposed to paper claims, which are set on the back burner for at least 27 days. Most other insurers now follow this same tenet—electronic claims before paper. The results can be dramatic.

Consider this example from a medical biller near Chicago: “[Previously, the client] would type out an HCFA [claim form] and send it to Illinois Medicare. It would be weeks before she'd know anything,” he says, describing the way one of his clients used to do claims processing. He took over her billing, shot it off to Medicare, and within four days had online confirmation that the claims had been paid.

He explains that a four-day turnaround is a little faster than usual, and that, while the doctor didn't have the check in her hand, Illinois Medicare's tracking software allowed him to show her that her claims had indeed already been processed.

Needless to say, she was impressed.

Software Magic

Electronic billing might seem like magic. Result-wise, it is. But like stage magic, which is all done with smoke and mirrors, there's a method behind it. It's all done with software.

In pre-computer days, the person in charge of filling out patients' insur-

Smart Tip

Unless you're an economics major, statistics probably make your eyes cross. But you can use them to your advantage: to impress potential clients and to woo potential investors (money people love facts and figures).



ance forms (usually a “front office” medical assistant as opposed to a “back office” assistant, who performs the nurse-type duties like drawing blood and giving injections) sat at her desk with a head-high stack of charts.

Stat Fact

There are more than 42 million Americans currently enrolled in Medicare, according to the Centers for Medicare and Medicaid Services.



With the skill of an Egyptologist deciphering hieroglyphics, the biller worked through each chart, decoding the doctor’s scrawl into the type of services or procedures performed and the diagnosis, then typing this information onto whichever form the patient had supplied. Next she had the doctor sign each form, which was then stuffed into a corresponding envelope,

stamped, and consigned to the U.S. mail. Then, of course, came the long wait for the form to reach the insurance company and be processed before the doctor could finally be reimbursed.

Skimming Along With Superbills

That was then. Now, doctors who are electronic billing-savvy fill out a *superbill*, also called a *charge slip*, before the patient leaves the office. The superbill is divided into sections. One portion lists, in dazzling detail, the services and procedures commonly performed by the doctor. Another catalogs the symptoms and diagnoses the doctor usually treats. Each item on the list has a corresponding code number.

The doctor simply checks the box next to the service or procedure he’s performed, makes another little tick next to the diagnosis or symptom, and voilà! There is all the information the medical biller needs. A superbill for a patient suffering from stomach flu, for example, would have a check next to 99212 (Established Problem Focused Straight Forward) for a routine, uncomplicated office visit and a check next to 558.9 (Gastroenteritis) for tummy virus, pizza-with-anchovies-and-clam-sauce-not-recommended. These days, much of this doc-generated activity is done electronically on handheld or tablet-style computers, something that may eventually put transcriptionists out of business (but that’s a story for another day that doesn’t apply to the discussion at hand.)

The medical biller takes this streamlined superbill, enters the procedure and diagnosis codes into a claim form, called an *HCF A 1500*, on his/her computer and then electronically sends it to the insurance company in the same way you might send an e-mail message. The insurer instantly receives the claim. No more delays waiting for mail delivery. No more lost time waiting for the claim to wend its way through knee-deep stacks of other paper claims. And no more painful paper cuts on your tongue from licking envelopes.

This is the Dick-and-Jane version of modern medical billing. There are many

One For All

The medical biller's most basic tool is the CMS 1500 (formerly called the HCFA 1500). This daunting form is a detail-lover's dream, rife with boxes, bars and spaces to be filled in, checked off and tabulated, and is used to file all insurance claims. But a little background is in order here. The Health Care Financing Administration (or HCFA, pronounced *hick-fah*) was the brainchild of the American Medical Association (AMA).

Before 1984, when the HCFA 1500 was born, hundreds of different claim forms floated across the medical biller's desk: the American Medical Association's basic form and various versions of Medicare, Blue Cross, Blue Shield, Medicaid and Civilian Health and Medical Program for the Uniformed Services (CHAMPUS) forms. In addition to these, most insurance companies had their own forms. The horrendous hodgepodge of blanks-to-be-filled-in was not only time-killing but conducive to error.

The AMA decided that enough was enough and created a task force to bring forth order from chaos. The result was the HCFA 1500, a single, standard form accepted by every insurer in the country.

In 1990, the HCFA form went under the knife for further streamlining. The spaces where providers could write in explanations for out-of-the-ordinary fees were eliminated, lending the form the same impatient "I don't want to hear any excuses" tone you used to hear from your parents when you were in trouble.

But as is often the case with government agencies, HCFA wasn't finished. It renamed itself the Centers for Medicare & Medicaid Services in 2001, then in 2007 ditched the HCFA 1500 in favor of a newly revised form called CMS 1500. The major difference between the forms is in the split provider identifier fields (specifically fields 17a, 24l, 32 and 33), a change that was made to enable reporting of the newly required National Provider Identifier (NPI). The bar code also was dropped from all versions of the form.

permutations and there can be many complications, which we will delve into later. (If you just can't wait, check out Chapter 3 now.) Really good medical billers learn all sorts of tips and tricks to make their work easier and to make the doctor's business—and therefore their own—more lucrative.

Counting Your Coconuts

What can you expect to earn as a medical insurance biller? The sky's the limit, depending only on how serious you are and how willing you are to expand. Annual gross revenues for the industry range from \$20,000 to \$100,000, depending on the

Stat Fact

A recent U.S. Census Bureau report reveals that there are more than 73.7 million children under the age of 18 in America, including 20.4 million tots under age 5.



type of physician you serve. Family practice physicians or internists see a lot of patients, but their billings are lower, while specialists see fewer people and have higher billings. “Whenever possible, you want specialists with expensive services so you don’t have to process 600 claims a week to earn what you’d make with a couple of dozen billings for a specialist,” says Wayne Janisch, an MIB (that’s medical

insurance biller, not “Men in Black”) in Burlingame, California.

Some MIBs are happy working part time at home, bringing in enough to supplement the family income. Others have launched thriving, full-time businesses that employ dozens of assistants.

A medical biller in rural Virginia runs her business in conjunction with a full-time career as a high school teacher. “Keep in mind,” she says with a soft twang, “that I’m doing this part time, and with our area here being very small and economically disadvantaged, I had to set my limits.” Still, she says, the part-time one-woman income she’s pulling in is nothing to sneeze at.

Across the country, a San Diego MIB feels that her fledgling full-time business is off to a good start. At the other end of both the spectrum and the state, a Walnut Creek, California, MIB is well into her 17th year in business with a staff of 22 and is quite pleased with her income as well.

However you choose to tailor your business—part time or full time, at home or in an outside office—the income potential is excellent. But almost everyone in this industry is quick to point out that medical billing is not an easy business.

“This is definitely not something that just anybody could do,” explains a pastor-turned-MIB in Illinois. “Between the personal marketing skills and relating to professionals and doctors, and the learning curve on the code side and the computer side, it’s been a challenge. [But] I enjoy a challenge.”

One MIB in Denver has offered classes for people interested in starting a medical billing service. “Basically, [I taught] coding, terminology, how to deal with insurance companies, all of that stuff,” she says. “And it was really an eye-opener to a lot of people. They just had no clue that to do it right and get and maintain clients you have to know what you are talking about.”

Her classes experienced a lot of attrition. “I had probably about 50 percent who felt it was too much work,” she explains. “They really wanted something where they could just pick up superbills, put them in their computer and not worry about it again. And that just doesn’t work.”

Balance that with the words of an MIB in New Jersey who quit a 10-year career

on the other side of the fence—working for a health insurer—to operate her home-based business. “I loved my job,” she says. “I loved being on that side. But I would never go back to working for someone else, either.”

Crank-Up Costs

One of the Catch-22s of being in business for yourself is that you need money to make money—in other words, you need startup funds. These costs are relatively small for a medical billing service. You can start out homebased, which means you don’t need to worry about leasing office space. You don’t need to purchase a lot of inventory, and you probably won’t need employees. Your basic necessities are a computer, a printer, a modem and a specialized software package. If you already have a computer, your biggest expense will be your software.

Many MIB newbies opt for a business opportunity package, purchasing not only the software but also the training to go with it. Different packages, even with-

Prognosis: Success

So now that you have a nodding acquaintance with some of the many facets of this vital business (the formal introduction will come later), you’re probably wondering what your chances of success are. After all, starting a business is a serious proposition, particularly when you have to put your hard-earned money where your CMS 1500 is.

Well, take heart. There’s plenty of life in this business if you’re willing and able. Perhaps even more important, you can make a go out of this profession no matter where you live. Just remember that your own ambition and motivation are just as important as upfront money when it comes to driving your success. As mentioned earlier, attention to detail and persistence are other necessary components for success in this people-driven field. Plus there are numerous outside forces that can influence your success. For instance, if you live near a large metropolitan area, you’ll have a larger pool of prospects to plumb, plus you’ll be able to charge more per claim. Being internet savvy (or being willing to learn) also will help you increase your reach even further.

If you like to eat regularly, you might want to ease into your new profession. Realistically speaking, it could take several months before you land that first client. But whatever you do, you need to invest in all the tools you need to make it work, including business support and instruction. It can be hard to spend money when you’re just starting out, but it’s an investment—and you could end up with a business for the rest of your life.

in the same company, have different costs. Some entrepreneurs go with strictly software because they're already billing-literate; others because the full biz op package doesn't fit into their budget.

The choice of which package to purchase is a personal one, approached by most MIBs with the same dedication and attention to personalities as you would attach to finding a mate. And rightly so. You are going to be wedded to your software package for a long time, and the business opportunity vendor you choose should fit your needs and your temperament like Adam and his rib.

We'll cover this in greater depth later in this book. For now, let's say that you can expect your startup costs to run from about \$5,000 to \$20,000.

Dollar Stretcher

Why not work at home? A medical billing service is a perfect candidate for a homebased business. The necessary equipment fits neatly into a spare room, and, since clients don't need to visit your office, you don't have to spend startup dollars on expensive furnishings, decor or reception areas.



The Rock Of Gibraltar

In addition to profits and startup costs, two other important aspects to consider are risk and stability. You want a business that, like the Rock of Gibraltar, is here to stay. According to MIBs, there aren't any tremors rocking the structure of the industry. The risk factor is relatively low—so long as you are willing to work, and in most cases work hard, for that first client or two. "Doctors aren't just out there ready and waiting for you to walk through the office and save them," says the Illinois MIB. It can take time.

"Getting that first [client] is the toughest," explains the San Diego entrepreneur. "It's really tough, because if you don't have a client, then you have no basis, no credibility for [doctors] to rely on you. This is a big thing that they're giving up. A lot of doctors have a hard time giving up the financial end of things.

"Some people are looking for a get-rich-quick scheme. This is not the type of business to do that. You can be successful and make good money at this, but like any business, I believe, it takes time for the business to build, and it takes time to generate a positive influx of income."

Fred Edwards, an MIB in Oak Park, Michigan, says there's an even bigger obstacle in the way of getting that first client: the doctors themselves. "There was a great deal of scamming of doctors in the past so it's hard to rebuild that trust," he says. "I run into that all the time. Plus gatekeepers like receptionists don't let you get to the doctor—you have to get in another way, usually by proving yourself and getting referrals before a doctor will even talk to you."

The Right Stuff

OK, so you've decided that running a medical billing service is potentially profitable. You're willing to invest not only the money but the time to learn the ropes and become established as a pro. What else should you consider? Personality.

Not everybody is cut out to be an MIB. This is not, for example, a career for the organizationally challenged. If you're one of those carefree folks who take a haphazard, devil-may-care approach to life, you don't want to be a medical biller. If your idea of filing is throwing papers in a stack behind your desk until the stack topples, you might look elsewhere for job inspiration. If you're an A-plus procrastinator who can't seem to return a phone call or pay a bill until it's overdue, think again about medical billing.

If, on the other hand, you're an efficient time manager, you excel at detail-oriented tasks, and your idea of heaven is getting things shipped out, shaped up, signed, sealed and delivered, then this is the career for you.

Move Over, Miss Moneypenny

This doesn't mean that only supersecretary types like James Bonds' Miss Moneypenny need apply. MIBs come from all walks of life. The entrepreneurs interviewed for this book, for instance, come from a variety of careers: high school teacher, pastor who currently doesn't have a ministry, computer customer service engineer, registered nurse, bookkeeper, and even a pilot-turned-banking

executive. Others made less radical career-style changes, having worked in the health-care, insurance and medical billing professions before, but as employees rather than as the self-employed.

The tip here is that the first ones—the set that started from different career paths—have figured out how to make their backgrounds work for them in their new careers. They've taken the skills they've already acquired and applied them to the medical billing service.

For the computer and business course teacher from Virginia, picking

up electronic billing was a snap. So were the small-business aspects of running a medical billing service, which meant the only thing she needed to focus on was the actual medical coding.

"I knew a lot about the business part of it and the computer part of it," she explains, "but the insurance part I didn't know, so I had to learn that. It took me

Stat Fact

According to the Census Bureau, there are nearly 5.3 million Americans aged 85-plus tootling around the country. In total, there are more than 37.2 million folks aged 65 and up—a figure that will continue to climb fast as the baby boomers age.



Quiz: Traits Of The Trade

Hey, kids! Take this fun quiz and find out if you have what it takes to become an ace MIB.

1. My idea of a fun evening is:

- a) watching "Casablanca" on TV for the 50th time
- b) snuggling up with a hot toddy and the latest issue of *Rock Collecting News*
- c) cruising around town singing "Oops, I Did It Again"

2. Here's how I handle my daily mail:

- a) Pick out the Publishers Clearing House and Overdue! Second Notice! envelopes and throw the rest in a drawer.
- b) Sort it by date received, date due and action to be taken.
- c) Use it to start a fire in the barbeque pit for tonight's dinner.

3. I consider myself to be a detail-oriented person.

- a) True

4. There is nothing wrong with Question 3.

- a) True
- b) False
- c) Sorry, I wasn't paying attention.

5. I would best describe my self-motivational abilities as follows:

- a) What is self-motivation?
- b) I'm not happy unless I'm getting things accomplished.
- c) I'm able to get up in the morning.

Answers: If you chose B for each answer (and you noticed that there is no B answer for Question 3), then you passed with flying colors! You have what it takes to become an MIB. You are detail-oriented, self-motivated and eager to learn.

about two months to really grasp the insurance part. I got [the business opportunity package] in January 1996. By May I had signed my first doctor, a psychiatrist. I guess about three months after that I signed a urologist." She now has two more clients to keep her busy along with her full-time teaching career.

Edwards in Michigan adds, "Realistically, it takes about six months to learn how to do this type of work. It will take you that long to learn the procedures and how to process claims. Since 97 percent of doctors have codes right on their superbill, you don't even have to buy the coding books. Instead you can subscribe to Encoder Pro, an online code service, which will give you a list of codes to pick from when you type in the medical condition."

But even though this might sound like it's easy to get into this line of work, Edwards has an important piece of advice for fledgling MIBs. "Unless you have money set aside to start the business, you should continue with your job and get

The Self-Starter

Being a self-employed MIB, like everything else in life, has drawbacks along with the perks. A big one is that you have to be what is commonly referred to in help-wanted ads as a “self-starter.” There’s no one else around to tell you what to do or when to do it. If you want to run a medical billing service, you’d better make sure that your self-motivation gears are well-oiled.

“Even if I have my clients’ billing done,” says one MIB. from her home office, “I’m making contacts or I’m looking at ideas, or if I hear of someone, I’m making that advertising contact.”

You also need to keep in mind that all the responsibility for your business rests on your shoulders, however broad they may or may not be. “At times you wish you could sit back and let somebody else fix the problems,” the former bookkeeper explains. “The good and the bad stop right here.”

But you don’t feel bad about it, she is quick to add. “Even when I was working full time, when I would come to work [in the medical billing home office], it wasn’t work; it was what I was enjoying doing. You have to discipline yourself to make it what you want with those things in mind.”

your first doctor before you go into this business,” he cautions. “Don’t quit your regular job unless you have money to run your home business for at least one year.”

People Skills

The pastor transferred his people skills to his medical billing service, which he began in early 1997. “My personality is such that I can make a fairly good first impression,” he says, describing his marketing approach. He had no background in sales, but he says that as a pastor, he knew how to get along with people. Part of his pastoral training was in working with people. “It’s all personal skills, but, in a sense, it’s selling, too.

“The learning curve [for medical coding and billing] was much greater than I anticipated,” he adds. “It’s not a simple business. I wanted to pick one that looked like it had potential for the future and could make money, but, on the other hand, I didn’t want to pick one that just anybody could do.”

Mary Vandegrift, a former customer service engineer, translated the people skills she’d learned working for IBM—as well as her knowledge of computers—into the medical billing business she started in 1993 in Columbia, Maryland. “Basically, as a customer engineer,” she says in a lively but no-nonsense tone, “all you did was problem-solve. And that’s what this business is—problem-solving.

“Learning to work with people, I couldn’t have gotten any better training,” she

says. “Personally, I think [IBM] is the best service company in the world, and they had the best training when I was there. So that was perfect for going into this. Whether it’s medical billing or anything else, if you’re dealing with a service-oriented company, you’ve got to know how to give service. And that’s what this is.”

The Path Not Taken

One nurse-turned-MIB received her training in England. “When I came over here,” she explains, “I tried to transfer my credits over, but at that point in time it was not possible. I had to go back and do some retraining, and I chose not to do that.”

The career path she chose instead led, not quickly, but very directly, to the exact skills she would need to run her own highly successful medical billing business. She became an audiometrist, then a medical assistant at an ear, nose and throat practice. “And within a year,” she says, “I was administrator of that group.” With more than 11 years of experience at that position, she went into hematology-oncology and was an administrator for a large practice from ’83 to ’89, and then started the billing service.

The other registered nurse spent almost 12 years on the post-op surgical floor. When an on-the-job injury permanently sidelined her career in scrubs, she parlayed her knowledge of the medical field into the medical billing service she started in 1997. The former bookkeeper and Montana MIB took her familiarity with all things billable and segued it into her own medical billing service. “I’ve worked for small businesses,” she says, “and you work hard. You can only make so much per hour. It’s nice to have a little more of what you’re working for be on my end instead of working for someone else.”

And isn’t that one of the main reasons for starting your own business? The freedom to do things your own way, at your own speed, in your own home or office, is a powerful lure.

The Great Debate

As you can see, you don’t have to have a medical background to become a top-notch MIB, but it helps. Among MIBs, however, a debate of sorts rages.

Bright Idea

Ask a billing service to let you sit in on their operations for a few days. You can “audit” the service, observing what they do and how they do it. (You might want to pick a service outside your own area so you don’t look like a competitor.) Or, why not volunteer to work for them for free for a few weeks? You get free experience and on-the-job training; they get free labor and a chance to strut their stuff.



Those with medical billing backgrounds insist that without that background, only fools rush in. Those who came into the business from other venues admit to the challenge of a major learning curve but are proof that with a great deal of preparation and hard work and the added bonus of support from a software or business opportunity vendor, it can be done.

The nurse whose background involves years of medical office administration is of the “no prior experience equals no success” school. “It’s the Johnny-come-latelies who don’t do terribly well,” she says sympathetically but firmly.

The Denver MIB works from her home rather than from offices in a commercial building, as her San Francisco Bay-area counterpart does, but she voices similar sentiments. Like her cross-country compadre, she started her business with an extensive background in medical billing and administration.

“I started probably 12, 13 years ago, working in a physician’s office as a receptionist,” the Denver-based MIB says. “I became office manager, [then] I worked as a personnel trainer in the medical field. So I’ve always been behind the front desk. I never really did the billing until I moved out here to Denver and worked for a large billing service and got familiar with the insurances they use out here. And [then I] decided that I could do it on my own. I really liked that aspect of it.

“Since I had worked for physicians as a receptionist and a transcriptionist, I felt that I knew what went on in the office and could provide a good service rather than some of the billing services—some of the larger ones, anyway—that aren’t real familiar with the inside workings of a physician’s office. I felt that helped me a lot in kind of working up from ground zero.”

She also thinks that this wealth of experience represents the dividing line between the successful medical billing services and those that face a struggle. “I taught some evening classes on how to bill for a time simply because I had a lot of phone calls,” she explains. “People who wanted to [know] ‘how did I get started in this business?’ ‘I’m thinking about doing this from home,’ that kind of thing. One of the questions I always asked was ‘What kind of experience do you have?’ and most of the time what they would say was ‘Well, I know computers.’

“And that’s the big fallacy. I find it comes from software companies who are selling the billing software: ‘We’ll train you; you don’t need any experience; all you have to do is put the data in.’

“That’s just unfair. That’s unfair to people to spend money on software and think that they can just enter data. What I say to them at that point is, ‘How are you going to speak to a physician and convince him that you can handle his money and that you can bring in money for him when you don’t know what he does and you don’t know his medical turf?’”

What exactly do you need to know? Why wouldn’t a person be able to pop a diagnosis of X into the computer, and away they go?

“Well, they can enter it into the computer,” the Denver MIB cheerfully concedes. But there is more. Much more. “It’s not so much the diagnosis—well, it is the diagnosis, just as much as it is the procedure code. Say they have a diagnosis of depression. They put it in with just an office visit and send it out to the health-care company, and the health-care company sends back a denial saying ‘We’re not going to pay this. This is a mental disorder.’

“What then? Does someone who does not have the knowledge know how to handle that? All of a sudden they’re stuck. ‘OK, I’m not going to get paid for this; I don’t know why.’

“It’s the wrong code. It’s only going to get paid at 50 percent; they need to send it someplace else. They need to know what a mental disorder code is and when you can and can’t bill for it, who can bill for it, whether you bill the health insurance or you bill the mental side of it. They need to know also that the doctor does a visit, but then he does a test, too. You put the visit in, and you put the test in for the same date of service. The insurance company isn’t going to pay for the visit unless they have a modifier code on there. Someone who doesn’t have the experience with coding or any experience in medicine [isn’t] going to know to put that code in to get that money for that doctor.

“Let’s put this in another context: The family handyman sends his better half down to the building supply store with instructions to purchase a pound of 1½-inch drywall nails. When she gets there, the nice hardware man says drywall nails only come in 1 inch or 2¾-inch sizes. And the female half of the team—who’s a mean cook but knows zippola about drywall—is left standing in the screw-and-nail aisle with no clue of what to do next.

“You can’t just take the information that the doctor gives you,” she adds emphatically. “You have to be able to analyze it and know what questions to ask and know how to fine-tune the information you get from the doctor.”

The Denver MIB suggests that would-be medical billers with no prior experience take a job for a year with a billing service and learn from that. At least attend some one-day seminars on coding that are held in most cities so you can get a grasp of what kinds of things are going to be expected of you.

Fun Fact

The U.S. Census Bureau has a POPClock Projection you can access through the internet (www.census.gov/main/www/popclock.html).

This site updates the resident population daily by tallying births, deaths, and international immigrant arrivals.



Starting Over

On the other side of the Great Debate fence, Vandegrift—the former customer service engineer—explains how she geared up for her business and what sort of training and research she has in her battle chest.

“My background was with IBM. I’d been in that for close to 20 years and got downsized, like 56,000 others,” she says. “Actually, I started as a customer service engineer working on machines, which was unique in itself because women just didn’t do that when I started. I was the fourth female hired in the Baltimore/Washington area to do that.” By the end of her tenure, her beat was lease billing. “Basically, whenever billing time came around, I was on call, 24 hours a day.”

Then came the downsizing. IBM offered its soon-to-be-ex-employees various classes in job placement and interviewing. One was in entrepreneurship. “A friend of mine and I said, ‘Well, we’ve got to waste three days someplace, so let’s go,’” recalls Vandergrift.

Smart Tip

“If you’re really going to succeed in it,” Mary Vandegrift says of the MIB industry, “you’re going to have to [be learning] almost every day.” Be sure you’re willing to make that commitment.



A couple of programmers in the class had checked into medical billing, Vandergrift remembers. “The more they talked over the three days, I thought, ‘These two are the only ones who have a shot at making anything go.’ And basically, that was it. I tucked that in the back of my mind. Once I left, I never thought about it again until I was told in a job inter-

view that if I wasn’t willing to work six months at a time or a year at a time, that I would never work again. And so I thought, ‘Well, thank you very much, I don’t want to do this again. I’ll try something else.’

“That’s when I started thinking about medical billing again. So that’s how I got into it initially.”

Vandergrift purchased her first medical billing software package in 1993. “Then, as I got deeper and deeper into it, I found I needed to know a heck of a lot of stuff. So I took classes at the community colleges; any seminar that [came] up, I was there. Anywhere that I could get knowledge on this [industry], I would go. And I still go.”

Today, after 14 years, Vandegrift has a client base of seven providers, down from 14 providers a few years ago—and not because she has lost any business. Rather, she no longer processes claims for a chiropractor and other physicians who generate a lot of billings at a lower rate. She now focuses on physicians with higher billings.

My Friends The Doctors

The ministry-less pastor began his business without a medical background as well. “Basically, I was playing with my computer at home, wasting a few hours a week,” he says. “I needed extra income, so I began to research how I could meet the need and work with my computer, which I was having fun doing. So I basically just started looking on the internet for businesses, and I looked at *Entrepreneur* magazine and things like that. I kept boiling it down until finally I arrived at medical billing as the option I wanted to pursue.”

After a great deal of research, he went with a business opportunity vendor in Arizona. After flying out for training, he returned home to get his fledgling operation off the ground. “I just started knocking on doors and visiting and sharing materials and so on and so forth,” he says. “Now, I bill for one dentist and two chiropractors.”

Although he had no medical background, he had friends in the business. “The reason I got into it,” he says, “is a couple of my friends are doctors. One was a dentist, whom I’m billing for. I didn’t want to deal with just the general masses and marketing or retail or anything like that. That’s part of what appealed to me, too; the clientele are business owners, office managers and doctors.”

But he echoes the sentiments of everyone on both sides of the Great Debate. “In my opinion there’s no way you can just buy software and get into this business. I made dozens of phone calls—and still do—back to [the business opportunity],” he says. “I can’t imagine anybody just buying the software and doing this, unless they have a lot of medical background.”

Summing Up

So, like ladies and gentlemen of the jury in a celebrated court case, you’ve heard both sides of the argument. To sum up, one side stands firm that without a medical background, you’re asking for trouble. The other side stands as proof that a background in medicine or medical billing is not a prerequisite for MIB success.

You should note, however, that both sides agree on an important issue: If you don’t have a medical background, you must be willing to work hard in your new field. You must take into account a major learning curve.

You can succeed—brilliantly—but you have to be willing to pay the piper.

The Prognosis

If you’re still reading, we assume you’ve decided to take the MIB challenge and forge ahead with your new career. There is, however, one more thing to take into consideration: the industry prognosis. Will medical billing be around as technical advances unfold in the 21st century?

The future looks good. As we saw at the start of the chapter, there’s a great big beautiful tomorrow for the health-care industry. Unless a meteor from outer space

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crashes into Earth, or unless aliens from the planet Zark land on the White House lawn and show us how to eradicate injury and illness for all time, the industry outlook is healthy.

It is possible that a national health-care plan will finally come to pass and the manner in which health care is billed and paid for could change. Doctors, however, will still have to be paid, and patients will still have to file claims. Somebody will still have to file them, and who better than the MIB.

So, fasten your seat belt, bring your tray table to the upright position and let's start your learning curve. Next chapter: Health Insurance 101!