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### Find Your Billing Ideal

by **Roberta Domos, RRT**

**Use a needs assessment list to pick the best systems software and billing program for your business.**



With product costs ranging from several thousand to tens of thousands of dollars for the initial purchase, HME systems software is often one of the largest single investments a provider will make. Moreover, the software chosen impacts nearly every aspect of the provider's business.

Given the potential effect a software package can have on your company's bottom line, it makes sense to carefully assess your needs and review your options before purchasing any software package. To decide which systems software is right for your company, you must first determine what you need the software to do. Make a list of the features you want in your systems software. Group needs by areas of operation—billing and collections, inventory management, sales and marketing, patient care, and operations management. This helps ensure that you have covered the needs of each operational area completely and makes comparing products easier since software vendors generally group items in menus by areas of operation.

Seek input and suggestions from employees when creating a needs assessment list. Make sure your list includes the basic functions and features your organization needs in a software system, as well as the tasks that you currently perform manually, but would like to automate.

Once you have identified your needs, prioritize them by assessing your business mix. Is your organization a retail and supply outfit in need of top-notch inventory management and point of sale capabilities, or is the ability to bill managed care providers electronically more important? Consider the types of reports the software can generate. Will the software easily isolate the information you need to run your business as profitably as possible? What data will you need to form a strategy for future business growth?

#### Assessing System Features

Most HME software billing systems cover the basics of billing a claim fairly well, but you must still ensure the software's features will make billing and collections efficient. Look for the ability to electronically bill Medicare and other payors with whom your company contracts. The more claims you can file electronically, the better your cash flow position will be. Also look for the ability to pull electronic remittance notice data into the system so you can automate cash posting and analyze denial trends.

Make sure the system can separate billed and unbilled (held) revenue when generating reports. This can help isolate and address missing certificates of medical necessity (CMNs) and other documentation issues that can hold up reimbursements from third-party payors, such as Medicare. In addition, the ability to print CMNs and track both CMN and prior authorization requests from the system will improve the efficiency of those processes. Look for a system that lets you sort requests by date, by payor, and by physician so your staff can more easily stay on top of the documentation process.

When reviewing a system's accounts receivable reporting capability, evaluate the available data sorts and filters. You want a system that allows collections staff to make the best use of their time no matter how you organize the collections process. At a minimum, look for sorting and filtering by high dollar to low dollar, by product, and by payor.

Improve efficiency by using a system that allows customer service and billing personnel to pull up information on patients without interrupting and completely backing out of other system software tasks they were already working on.

#### Tracking Inventory

Weigh your inventory management needs. Serialized equipment is a huge investment for an HME company, so make sure any system you choose does a good job of tracking equipment maintenance records, the location of the equipment, equipment purchase costs, and equipment depreciation.

You can get out of a system only what you put into it, so it is critical that you assess the data fields available for input. If, for instance, you want to analyze inventory purchase and shipping costs, gross margin, and equipment use data, make sure the system includes entry fields for the data needed to make those calculations, and ask to see samples of the reports generated.

Also evaluate the way the software's inventory management system works. For example, some systems require tying a unique serial number to a specific Health Care Financing Administration Common Procedure Coding System (HCPCS) code when receiving rental equipment into inventory. If you later need to use the product for a similar but different HCPCS code, will the system still maintain accurate inventory and depreciation data and also allow you to prepare a correct claim with the proper coding? In other words,

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never assume that all HME system software vendors understand the finer points of the business as well as you do.

Make sales and marketing reporting an important consideration when evaluating HME systems software. To develop and maintain a successful marketing strategy, you will need accurate and capable sales reporting. Typically, these reports include sales by sales representative, by referral source, by physician, and by product. With this information you can develop a strategy to target referral source and product marketing efforts, as well as assess the success of individual sales representatives and their techniques.

Again, it is important to evaluate the way the software works. Some HME software systems attach the sales representative to each patient order as the order is generated instead of to the referral sources that are within the sales representative's territory. However, in the real world of day-to-day HME operations, it is unlikely that the information your customer service representative receives will include the sales personnel responsible for the referral source account. The alternative then is to expect the customer service representative to memorize or look up the sales representative's referral source territory for every new order. If this is an unrealistic expectation for your customer service staff, you may need a different software system.

When it comes to HME systems software's operational management capabilities, reporting features are key. Summary reports must provide the crucial information needed to assess overall operations and make decisions on a daily basis. Look for reports that reveal cost of goods sold; taxable versus nontaxable revenue; gross margin by product and by payor; current inventory valuation, product, and payor mix; cash receipts; and adjustments and write-offs by category.

#### **HIPAA Compliance**

Finally, evaluate how the system will assist in helping your company meet government and accreditation compliance guidelines. Will it track and report equipment preventative maintenance due dates? What about oxygen lot numbers? Most important, will it comply with the Health Insurance Portability and Accountability Act (HIPAA) regulations that go into effect in April 2002?

There are two core pieces to HIPAA compliance that will constitute system software adherence to the new regulations. The first is the transaction and code sets used by the system for electronic transmission. HIPAA regulations require a standard format and most vendors should have no problem meeting that demand.

The privacy standards required by HIPAA will likely present more of a challenge to systems software vendors. Byron Maynard, owner of Pacware Software and co-owner of the John Davis HME Company in Sacramento, Calif, says compliance with the privacy standards will require a reliable and comprehensive security system. "Most systems can block users from entering into certain screens," he says. "But the systems cannot tell you who accessed individual patient records and when they did it."

If a company releases private information after HIPAA goes into effect, it may be liable for civil monetary or criminal penalties. "Your only defense is to demonstrate compliance with the law, including the documentation of prior notification to the beneficiary on how their information will be used and how they can access their records," Maynard says.

When assessing a software system's HIPAA compliance, ask to look at the logs it generates to track the access of patient information over time, and review the security features that restrict access to approved personnel.

#### **Figuring the final cost**

Once you have completed an exhaustive review of the software products available and narrowed down your choices, it is time to assess the total cost of ownership of the systems you are considering. Find out if the software will work on your present hardware, or if the system will require a substantial hardware upgrade. Also ask if the software is licensed by company, by individual user, or by simultaneous user. This will determine how many licenses you will need to purchase initially and whether you will incur more license fees as your business expands. Factor in the cost of training if it is not included in the purchase price. Finally, ask how the software provider calculates technical support fees and whether the provider includes software updates and revisions as part of the support fee.

Choosing HME systems software may be more complicated than you imagined. However, with a careful assessment of your company's needs and a thorough evaluation of the software systems available, you can find a system that works the way you do business instead of having to change the way you do business to work with the software you use.

*Roberta Domos, RRT, is the owner and president of Domos HME Consulting Group, a national HME consulting firm based in Louisville, Ky, and Redmond, Wash. Contact her at (425) 882-2035, or through her Web site at [www.hmeconsulting.com](http://www.hmeconsulting.com).*

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