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Issue: **October 2002**

### Smart Start

by Roberta Domos, RRT

**Implement new system software the right way in seven steps.**



The purchase of HME systems software is a critical decision for any HME supplier. It represents a substantial investment in cash and in the time required to evaluate the various choices available and then to effectively implement the chosen software.

Well-seasoned HME company owners understand that the systems software selected and the manner in which that software is implemented will have a major impact on almost every aspect of their business for years to come.

Ideally, the software evaluation process begins with an objective needs assessment that encompasses all aspects of the business—customer service, documentation, billing, inventory management, sales, and operations management. Needs are then prioritized, and the search for software that best meets the company's specifications gets under way. As the process continues, software programs that at first glance seem to be a good fit are more thoroughly evaluated. Software systems that make the final specification and evaluation cut are compared as to hardware requirements, pricing, and service and support terms. When the due diligence process is complete, a final decision is made that can serve the company well. However, the real work has yet to begin. A well-organized and meticulous implementation of your new software is what will bring the true return on investment over the long term.

#### Step 1: Train

The first order of business when putting a new software system in place is training. Most of the software currently available carries with it a huge potential to automate time-consuming tasks such as reordering, documentation creation and tracking, and inventory management. Providing your staff with a comprehensive training program is the surest way to enable them to tap into the efficiency potential of the system you are implementing.

Typically, HME systems software vendors provide a variety of training options ranging from training at your site, to classes at their own facilities, to computer-based training modules. However, what matters more than the training method you choose is the time commitment you make to learn how to use your new software system. This is not an area where you want to skimp.

#### Step 2: Transfer Data

If your organization is moving from a previous software system to another, you may wish to consider converting some of the data from the old system to the new. It is often possible to import the demographic data from customers, referral sources, physicians, vendors, and insurance payors. However, remember that this will pull over the good data with the bad including duplicate entries, out-of-date addresses, incorrect phone numbers, and other inaccurate items that you may not want cluttering up your brand-new database. To get a fresh start, print this data from your old system one category at a time, make the necessary corrections and deletions on paper, and then reenter them into the new database. If you are starting from scratch with your first software system, you will build these tables as your customer base increases. Most software vendors do not recommend attempting to convert the accounts receivable (A/R) detail of monies previously billed and owed. Instead, you can enter a current total debit or credit for each account and reference account details out of the previous system during the collections process until the old A/R is worked off.

Naturally, you will want to pick up where you left off in the old system when it comes to billing recurring rentals and supply reorders. You can accomplish this by printing lists of current customers with recurring rentals and reorders from the old system and then entering the order detail into the new system. Typically, in order to make the transition work, you will need to input details regarding the item provided, the original date of service, the last bill date, and the prior authorization, Certificate of Medical Necessity (CMN), or prescription data.

#### Step 3: Enter Prices

Next, turn your attention to the pricing functions of your software. Gather together the various fee schedules from the insurance payors with whom you contract, your retail pricing, and any other special pricing contracts you might have. Then get ready to enter them into the system.

Regardless of how pricing functions in your software, you should have the option to bill one price and drop another to A/R. Normally, you will want to submit a retail price on the bill in order to show the discount to the insurance payor. However, to manage your business effectively, you will need to see actual anticipated revenue in A/R.

Most payors will pay the lesser of either the submitted fee or the contracted allowable, so you will want to avoid a pricing structure where the submitted and the allowable are equal, unless you can also make pricing

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changes in the system immediately when allowable fees increase. If you make it a practice to submit the higher retail fee on your bill, you will enjoy the benefit of immediate revenue increases as soon as new fee schedules go into effect, instead of waiting until someone in your organization can get around to changing the pricing in the system.

#### Step 4: Set Up Electronic Billing

Once you have the system set up with current data, work with your software vendor to enable the electronic billing features of your software. If you have not previously used a clearinghouse to electronically bill private insurance payors, explore the feasibility of that now. Maximizing the potential of your system for electronic filing accompanied by daily billing runs can greatly decrease your days sales outstanding (DSO) and improve cash flow.

Most software systems allow you to attach "reason" codes to billing that is held or suspended, and to adjustments that are made to receivables. To complete the implementation of the billing portion of your new software system, you will want to build tables of predefined reason codes for use with suspended or adjusted accounts. Held or suspended billing reason codes should be specific enough to assist staff in obtaining the information necessary to process a bill (ie, needs CMN, needs test data, missing diagnosis, etc), without being redundant. Adjustment codes should be specific enough to indicate both where processes failed (ie, prior authorization expired, timely filing) and to differentiate those adjustments that are not related to processes (ie, contractual adjustment, hardship). Management can then assess held revenue and adjustment reports by reason code to find and address problematic trends.

#### Step 5: Focus on Inventory Management

Once you have billing under control, get the inventory management portion of the system up and running. A capable software package allows you to track equipment and supplies through the system, most on a product by product basis.

While it may be tempting to forego inventory tracking because of the commitment in time that is required for data entry, remember that you can get out of a system only what you put into it. For instance, if you enter inventory into the system as it is received, you can set minimum and maximum inventory levels and then generate reports that tell you what needs to be ordered when. This will assist you in maintaining a "just in time" inventory with neither too many nor too few of a single item in stock compared to that which is typically needed.

In addition, with the proper inventory information entered, your system may be able to generate valuable reports regarding rental equipment utilization, depreciation, cost of goods sold, current equipment location, and even profit margin by product. So, at the very least, you will want to enter your serialized equipment and hard DME sale items—such as commodes, walkers, and canes—into the system so you can tap into the wealth of information the product reporting features can generate.

#### Step 6: Prepare for Sales Analysis

Next, focus on getting your system prepared to give you the sales analysis you need to assess your marketing efforts and develop effective strategies for the future. To accomplish this, you will need to link the referral source to the salesperson or marketing method responsible for the order. Typically, when you enter demographic data for a new referral source into the system, you will also find a data field for a salesperson code. These codes should correspond to the individual salesperson who is responsible for marketing to the specific referral source or, in the case of patient self-referrals, the marketing method that prompted them to place an order, such as a yellow pages ad or word of mouth. Once you are armed with reports based on this information, you can target your marketing strategies based on objective data.

#### Step 7: Lock Up

Last but not least, set up the security features in your system that will prevent unauthorized entry and provide control over which staff members can enter what data into the system. A system where everyone has entry privileges into all aspects of the system instead of just the areas that they actually require can result in duplicate and/or inaccurate data being entered. As they say, "garbage in, garbage out," so put processes in place to keep your data entry as clean as possible. As a final method of securing your data, put a reliable backup system in place and make it a rule to back up the system every day at the close of business.

No doubt you will find even more features in your billing system to implement, but if you make sure to cover these basics, you will be well on your way to helping your software help you manage your business efficiently, effectively, and, most of all, profitably.

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