

# A Dynamic Home-Based Business

*Home Business Magazine*

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Did you know that 10 billion medical claims are processed each year by approximately 1.5 million doctors? And of that number, only about 30 percent are filed electronically, even though statistics show that by doing so, doctors could reduce processing time by about five weeks and rejected claims by an estimated 20 percent. What's more, some institutions, such as Medicare, have already created policies giving electronic filings priority over paper claims.

What does all of this have to do with you? A lot, if you're looking for a profitable, relatively easy business to operate out of your home. Here's how it works. When a doctor sees a patient, insurance claims are generated and submitted, beginning a cycle that can drag on for months. Each claim has to comply with the strict guidelines outlined by insurance companies and government agencies and, in the end, an average of 20-25 percent of all paper claims are rejected because they're improperly filled out. What's worse, it generally takes an average of 77 days for the doctor to receive payment.

But if a claim is filed electronically, the doctor simply transfers the patient information to a medical billing service, which then files the claim electronically, insuring not only a higher acceptance rate (only one percent of electronic claims are rejected), but a turnaround time of only seven to 21 days? The billing company then stays on the case until the claim is resolved, and if necessary, re-files it, or acts as a collection agent for the doctor.

As you can imagine, the demand for such businesses will only increase as the 60 million baby boomers continue to see doctors at a record pace. In fact, the Bureau of Labor and Statistic's 1996-2006 report shows that the top two areas of growth are, computer and data processing services (up 108 percent) and health services (up 68 percent). The medical billing industry combines both of these important areas.

And it's only natural that this type of service is best run as a home-based business. For starters, we all know that the cost of overhead is drastically reduced

when operating out of a home, and those savings can be passed on to the doctors, reducing their per invoice cost. And flexibility isn't a problem: it's possible to process claims at nights or on weekends- whenever it's convenient. Finally, can you imagine why a doctor would use a large, impersonal central processing center when they could receive consistent, one-on-one attention from a smaller, home-based business?

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The potential for income in this business is limited only by how much you decide to put into it. There are two ways to bill clients. The first is to charge on a "per claim" basis. The rates vary from city to city, but range from about \$2 to \$3 per claim. An average doctor processes approximately 440 claims per month, and it's estimated that one full-time person can efficiently service four doctors.

Another option is to charge a percentage of invoices collected- usually anywhere from four to 10 percent. Generally, people who use this method are experienced in health insurance, and can provide doctors with a broader array of management services.

Of course, you have to consider your expenses when figuring your income potential. Perhaps the largest expense is the software system that will enable you to process the claims. In addition to that, you'll need a computer, a phone line and fax machine, and a budget for marketing, the typical stationery-business cards, letterhead and envelopes-postage and clearinghouse fees. (The claims will be routed through a clearinghouse, which generally charges \$.35 to \$.47 per claim).

When deciding which company to align yourself with, it's important to research each one thoroughly, and then talk to other home-based business owners who have worked with them. Make sure that the company offers a software package, preferably with yearly updates, extensive training in both the software and the everyday details of the business and offers comprehensive marketing and customer service support.

A home-based medical billing business, like any other viable business, depends largely upon the commitment and drive of the operator. And with the astonishing rate of growth in this lucrative field, it's hard to imagine a scenario that doesn't end in success.

