

# Free Information About The Business Side of Private Practice.

Bruce L. Wilson, Ph.D.

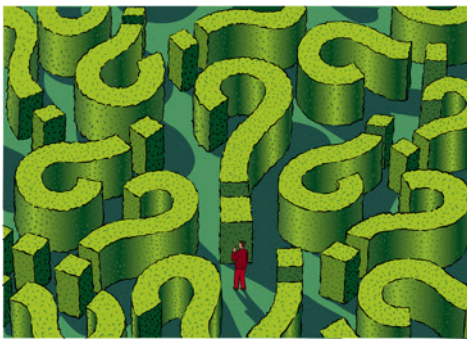
## Practice Guide # 1

DrBruceWilson@gmail.com  
www.Therapy-Practice-Solutions.com

# How to Buy the Best Psychotherapy Billing Software for Your Practice

**Five Easy Steps**  
**Three Simple Rules**  
**Key Factors to Consider**  
**Avoiding Buyer's Remorse**

**Includes -The Seven Deadly  
Mistakes In Buying Software**



## Problem

## Solution

The task of billing for psychotherapy is a major source of frustration for new and seasoned practitioners alike. The process is complex and seems to grow more so as time goes on. It is easy to lose out on reimbursement if we are slow or inaccurate in our billing. We are faced with a confusing array of alternatives, each with its own set of benefits and inherent limitations.

**This paper presents a five-step process for evaluating the needs of your solo or small group practice and matching those with the best available software.**

There are three basic options for psychotherapy billing: 1) manually fill out paper or electronic forms; 2) hire a service to bill on your behalf; or 3) purchase practice management software. The first two generally do not address the additional practice management tasks of: tracking benefit limits and authorizations, or providing ongoing metrics about the financial health of your practice and instant access to patient and insurance balances.

Any provider seeking to identify the best solution is faced with an abundance of choices and a vast array of features. There are few available reviews of practice management software and most are dated. If you only accept private pay patients you can probably be happy with almost any software solution available, or just track balances with a simple spreadsheet. Private pay patients require only a simple "**balance forward**" accounting system in which any payment is assigned to the oldest outstanding charge. Many inexpensive packages operate using this principle.

If you elect to accept insurance the situation becomes more complicated. While the patient's co-payments can be assigned to the oldest balance first, each payment from their carrier is applied to a specific charge and date of service. Fortunately there is a solution in the form of "**open-item accounting**" in which all payments are allocated to a specific charge so that patient balances and insurance balances are tracked and corrections are easily made.

### Rule # 1

**Don't Buy Based On  
Features Alone.**

### Rule # 2

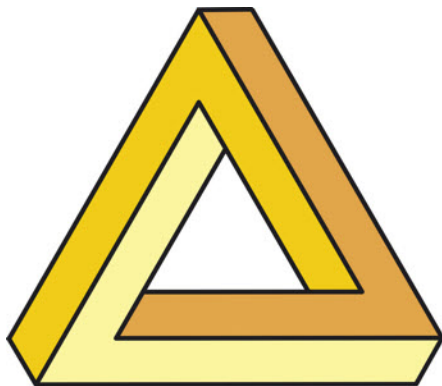
**Don't Buy Based On  
Popularity.**

### Rule # 3

**If You Can't Try It,  
Don't Buy It.**

## Contents

Problem	1
Solution	1
How Do You Make Sense of All the Possible Choices?	2
Step 1 - Define Billing Workflow/Desired Improvements	2
Step 2 - Initial Selection Based on Features	3
<b>Key Factors to Consider in Selecting Software</b>	4
Step 3 - Evaluate Software Demos and the Vendors	4
<b>Patient Scenarios</b>	4
Step 4 - Final Selection Based on Function	5
<b>The Seven Deadly Mistakes of Software Selection</b>	5
Step 5 - Implementation and Cut-Over	5
What is Cut-Over?	6
About the Author	7
Financial Disclosure	7
Appendix - Software Packages Considered	8



***Tired  
of Unmet  
Expectations?***

**You have every reason to expect  
business software to function  
as advertised, be easy to use,  
and come with courteous  
and prompt support.**

## How Do You Make Sense of All the Choices?

This critical and daunting job can be made manageable by breaking it down into a small number of specific tasks. This method is derived from standard business IT practices. Psychologists and other therapists receive little training in the business side of private practice. Many of us shy away from the notion of being "in business." We entered our chosen field with great intentions of helping other people. The challenges of billing and collecting payment may be somewhat distasteful. But a practice is a small business. I have broken the job of selecting the best billing software for your practice into three simple rules and five easy steps.

### • Three Simple Rules

### • Five Easy Steps

**My goal is to help you manage this task with as little risk as possible.** You may have already looked at the ads for some of the popular billing or practice management software packages. Most are pretty impressive. You may be unhappy with software you are already using and are anxious to find something better. If that is the case you have probably noticed that the ads tend to convey an illusion of being the perfect answer to your billing problems. If this were true there wouldn't be so many providers dissatisfied with their existing software.

I am convinced that the steps outlined here will help you pierce the illusion and find the one package which is best suited to your practice. The three key factors to keep in mind while selecting software are: Functionality, Usability, and Support. **Rule # 1 -Don't buy based on the list of features alone.** Your billing is a critical component of your practice's foundation. Think it through and invest the time to try before you buy.

**Don't Buy Based  
on Features Alone.**

### **Step 1 - Define Your Billing Workflow and Desired Improvements**

Start by taking a little time to define your specific billing workflow, from initial phone contact to payment. If you need help with this step, check out Holly Hunt's excellent book: *Essentials of Private Practice: Streamlining Costs, Procedures, and Policies for Less Stress*. Take time to list the problems you have encountered in the past with your billing. Then list the improvements you would like to implement. Here is a diagram of the workflow for my solo practice as an example:



## Step 2 - Make Your Initial Selection Based on Features

There seem to be a few big players and lots of smaller alternatives. Costs range widely, as do feature sets. Some charge a hefty maintenance fee. Some only allow you to buy a yearly license to use the software. If you can't buy it, don't bother. This is a long-term decision and you don't want to be paying year after year. Nor do you want to be left in a lurch if the vendor doesn't survive. I have used two popular software systems designed for medical billing. Though rich in features, they are often not well suited for psychotherapy billing. Talk with colleagues and see how they bill and what software or service they are using and how happy they are with their solution. Ask what they still struggle with and where they are disappointed.

**Rule # 2 - Don't buy based on popularity.** A great many providers are not that happy with their billing software. Why? Many are particularly unhappy with the poor support after the sale. You can't tell that from the demo. **Ask professional billers what software they are happy with.**

**Don't Buy Based On Popularity.**

The return on investment for good billing software is very impressive and grows with your practice. Even more importantly it can free you of time to devote to seeing patients and developing your referral network. **It is one of the most important practice decisions you can make, and it should be good for many years.** It is not a good place to cut corners. Think long-term, if you can't afford a decent package now, cut costs and save until you can. Here are some factors you should consider:

## Key Factors to Consider in Selecting Billing Software

1. How big is the installed base - how many others are using the program?
2. How long has the company been in business?
3. How much does the annual maintenance cost?
4. How is support delivered - phone, email, remote access to your system?
5. Is support available on weekends and evenings?
6. Do you have to pay for upgrades when the program is improved?
7. Will it run on your existing hardware and operating system?

I started with a list of twenty possible choices. Here are my initial selections after searching the Internet and speaking with colleagues and professional billers: **Office Therapy; TheraManager; Quick Practice; The Therapist; Delphi PBS; SumTime; Practice Magic; Shrink Rapt; and Medisoft.** Prices at the time ranged from \$179 to \$1,454. I compared the features of each and ranked them by apparent best fit to my practice. **By the time I was done testing there was a clear leader.** It was mid-priced and it was not one of my first four choices.

**If You Can't Try It,  
Don't Buy It.**



### Step 3 - Evaluate Software Demos and the Vendors

**This is the fun part.** You've analyzed your needs, created a list of programs that seem to fit, and now you get to try them on for size. Most programs offer a free demo version. Select the first one to try and play with it. See if it is intuitive. What kind of error-checking is built in? Can you make corrections easily? You should not have to refer to a manual for every step. It may come with a sample patient or two already entered. Enter new charges, payments, and adjustments.

**Rule #3 - If you can't try it, don't buy it.** I suggest you create test patient scenarios that represent the range of situations you face in your own practice. Pay particular attention to those situations that have caused headaches in the past. These are the scenarios I selected:

#### Patient Scenarios

1. Private pay patient.
2. Patient with primary insurance and copayment.
3. Patient with primary and secondary insurance and copayment.
4. Patient with Medicare and a secondary with copayment requiring adjustments.

These four scenarios allowed me to evaluate many features of the software including error correction and adjustments. After testing one package I would download a second and uninstall the program that seemed least suitable. Sometimes I would have to call the vendor with a question and was very disappointed with the quality of support. Maybe they would be friendlier or better informed after the sale, but why take the chance? Their motivation should be highest during the sales cycle.

## Step 4 - Final Selection Based on Function

By now you should have a clear winner, or at least narrowed it down to two or three choices. I picked a mid-priced program and bought a Dell business desktop and the system still paid for itself within a few months. How? By eliminating the need for a billing subcontractor, saving over \$200 per month, and by reducing my accounts receivable. When making your selection avoid the following common mistakes that have cost other providers time and money:

**I think you will be very happy with your choice and will have avoided most of the pitfalls in billing software selection.**

## The Seven Deadly Mistakes of Software Selection

1. **Buying popular software without evaluating it yourself.**
2. **Basing your purchase solely on listed features.**
3. **Buying without evaluating the stability of the software company.**
4. **Buy based on initial cost, without considering ongoing maintenance costs.**
5. **Buying software without defining your own requirements.**
6. **Buying software at the start of its lifecycle**
7. **Buying without evaluating the support offered.**

**At the conclusion of this testing I selected Delphi Psychotherapy Billing Software ([delhipbs.com](http://delhipbs.com)).** It had been around for many years. It wasn't as glitzy as some of the other packages. But the support was excellent and the list of features was impressive and has continued to grow. Upgrades are included with the small annual maintenance fee. I found it intuitive to navigate and very easy to use. It was better than the expensive medical billing system I had used previously, and cost less than one tenth of that package. Most importantly it uses open-item accounting methodology. You may have made a different selection for your practice. In any event, I think you will be very happy with your choice and will have avoided most of the pitfalls in billing software selection.

## Step 5 - Implementation and Cut-Over

**You have carefully selected the best software package to suit the needs of your practice.** Now you are ready to install the software, review your security procedures, and start producing claims, statements, and reports. Installing the software may simply be a matter of entering the license number provided when you purchased it. You may be asked to enter your NPI number, tax ID, and any provider ID's for specific insurance carriers. You will probably be asked to pick a security password. The usual recommendations about selecting a proper password apply. For more information on [passwords](#) see *Smart Computing* article.

**This is a good time to review your security and backup system.** At the very least you should back up your data regularly and keep a recent copy off-site. Flash drives are very useful and some offer additional security features such as password protection and data encryption. IronKey offers an excellent line of such drives ([www.ironkey.com](http://www.ironkey.com)). Another good choice is Seagate's Black Armor encrypted external hard drive. For more information on [backups](#) see *Smart Computing* article.



## What is Cut-Over?

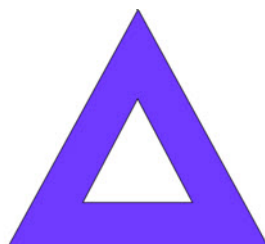
**It is common practice with accounting systems to run the old system and new system in parallel for a time.** You can then compare the claims and patient statements from the two systems and minimize cash flow disruption when you activate the new system. Data entry errors, missing data, data in the wrong box on the claim form, and misalignment on the printed form are the most common problems. If you accept Medicare this can be extremely frustrating. They seem to screen for many things that other carriers don't notice, like slight differences in the spelling of patient names, use of non-alphanumeric characters, or the dreaded "NONE" problem. In New York we must enter "NONE" in box 11 for group number - when the patient has secondary coverage. It took a while to figure that one out. This is where good software support and a large installed base is important. **You will have a team working with you to solve any problem.**

**Within a few weeks you should have everyone entered and begin to receive accurate payments as a final confirmation of your success.**

**Congratulations!** You have assessed your system requirements, evaluated the software available, and chosen the best software solution for your practice. You now have it faithfully producing claims, statements, and management reports.

## Hallmarks of Software Quality

**Functionality**



**Usability**

**Support**

**You can enter your patients as you see them. Within a few weeks you should have everyone entered and will begin to receive accurate payments as confirmation of your success.** Once the system is running properly you will be reducing your costs and no longer have to spend so much time on this critical task of getting paid for your good work. Once you are satisfied with the quality of your data set you can discontinue your previous billing method. Yes this is a lot of work, but it is worth it in the end.

In my case I had over \$70,000 in accounts receivable when I decided to take over from my billing service. I took the time to re-enter the previous year's data. This is way more than you will want to or need to tackle. But in short order I found the errors, resubmitted corrective claims, and accelerated my return on investment. I also knew my software inside and out and was completely confident in its capabilities.

Soon you and your patients will be more satisfied with your billing process, you will have functional metrics describing the health of your practice, your liability for erroneous claims will be reduced (Medicare again), and you will have more time to focus on your clinical work and practice development.





## About the Author

I have been in private practice since 1978 and have used everything from pegboard accounting systems to Internet claim entry. I have employed billing clerks and relied on outside billing services. In 1991 I purchased a \$10,000 open-item medical billing system in partnership with another provider. We created a multi-speciality group practice with as many as 13 other providers at any given time. If credentials are important you can view my CV on my practice web site -**DrBruceWilson.com**.

I went into solo practice in 2003 and began to evaluate billing software. **I put off this decision far too long because it seemed overwhelming and I did not want to make a regrettable selection.** The final selection was made in 2006 and the software has continued to serve me well for several years. In 2008 I was diagnosed with stage-three lymphoma and spent the next year on chemotherapy and in recovery. To its credit the software allowed me to continue to see a reduced patient load and do my own billing throughout this period.

## Therapy-Practice-Solutions.com

As I recovered, I decided to assist other therapists by developing a series of papers regarding the business side of private practice. **This paper is the first of a series which will address: psychotherapy billing, web site creation, electronic medical records for the mental health practice, and other topics.** Therapy-Practice-Solutions.com is the web site I created to distribute these free Practice Guides.

## Financial Disclosure

As one of their users I am eligible to receive a commission if you chose to employ Delphi Psychotherapy Billing Software for your practice. My decision to use the software for my practice was made four years prior to the creation of this paper and was based entirely on its merits. You are free to chose any software you wish, of course, and I hope this paper will be of value in matching your needs with the available choices. **If you find this paper to have been helpful, and you select Delphi PBS, please mention me at the time of your purchase. It will help fund the development of future practice guides.**

## Appendix

### These Software Packages Were Considered For My Practice:

EZ2Bill   EazyCMS   **TheraManager**  
**DelphiPBS**   InstaClaim   **Practice Magic**  
MedGoal   **Medisoft**   MPMSoft  
Office Manager   **ShrinkRapt**   PM/2  
**Office Therapy**   TherapySoft   **SumTime**  
Lytec   **QuickPractice**   Shrink  
**The Therapist**   Therapist Helper

**Bold** type identifies the packages selected during step two of my assessment.

The most recent list of available billing software can be found at Assessment Psychology Online - [www.assessmentpsychology.com](http://www.assessmentpsychology.com)