

How a Digital Lockbox Saves Money and Prevents Fraud

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Despite the strong push for physician practices to go paperless through the adoption of EMR and EHR, many are still drowning in paper. In the back office, practices are inundated with patient and insurance company payments, EOB's and other mail.

With accounts receivable balances growing due to higher insurance company cost shifting and tepid economic conditions, it's important that office staff reference EOB forms and other records quickly and accurately. Searching through paper records is inefficient and ultimately slows down efforts to

successfully collect balances from patients.

Additionally, many practices have been the victim of fraud and embezzlement due to the easy theft of cash and paper checks. Physicians are frequently reluctant to prosecute because the person that commits the crime is often a long term employee or even a relative. The theft goes unreported, uncollected and ultimately results in total financial loss.

Problems with paper

The typical physician practice suffers in many ways when dealing with paper cash and checks in the office:

- Staff spends multiple hours each day manually preparing deposits
- In many cases, there is no separation of duties. The same staff person who receives payments on customer accounts is making the deposit
- There is no "extra" staff available to review the accuracy of the deposit
- Employees carry large sums of cash and checks in their personal vehicles to the bank

to make the deposit

Additional problems are created when EOB forms are on paper.

- EOB forms are often filed by date in batches in file cabinets or boxes. When a patient calls with a question, staff must locate the EOB form, research it and then call the patient back. Sometimes it takes multiple calls to complete these tasks.
- Paper EOB forms must be manually posted to the billing system. While many payers provide electronic EOB forms, some practices will print them out and file them because they have no other way to organize them.

The "Old School" Lockbox

Banks have offered lockboxes for many years. In general, the process is for a bank to receive checks through a designated PO Box, copy all checks, deposit the funds in the practice's account and then send the practice all the paper that supported the deposit. It's more secure than receiving cash and checks at the practice. However, with the exception of the increased security, the outcome is just an outsourcing of staff to the bank.

All the paper is still there and no efficiencies have been gained.

The Digital Lockbox Solution

What is a Digital Lockbox? It has components of the “Old School” lockbox but returns all paper in digital form to the practice to eliminate many of the problems associated with paper.

Here is an overview of how the service works at my company, *Spectrum Information Services, NW, Inc. (SIS)*:

- All checks, along with EOB documents and patient payment coupons are received by SIS NW, Inc. each morning by 8:30 a.m.
- All documents are scanned and the information is electronically returned to the medical practice on the same day received
- Checks are deposited directly in the practice’s account with all back up documentation necessary to balance deposits and postings

- Checks and paper documents are held for 30 days and then securely destroyed

Obviously, there are many benefits to a Digital Lockbox. Here are a few to note:

- Security and safety. Eliminates transportation of money and checks to the bank
- Provides for separation of duties and reduces the chance of fraud
- Eliminates clerical work, allowing staff to quickly begin the posting process instead of opening envelopes and scanning checks or preparing bank deposits
- Provides fast and easy access to electronic images of all documentation for archival requirements
- Same day deposits for improved cash flow
- Information protection in the event of a disaster

Many of the practices we work

with recover their investment in just a few months through more efficient processes and reduced operating costs. They also tell us their customer service dramatically improves and, as a result, have happier patients.

Moving to the Future

Healthcare reform and reduced governmental reimbursement will continue to force practices to be cost efficient and customer service effective. The Digital Lockbox is one small step in that direction.

Greg Mennegar has over 25 years of experience in the microfilm and document imaging industry. His history includes management of the Imaging Program for the Washington State Archives, operations management of one of the largest Computer Output Microfilm (COM) service bureaus in the US and extensive sales and consulting experience recommending and implementing document imaging and scanning solutions. He can be reached at 360-866-0366 or gmennegar@sisnwinc.com.

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