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Hiring

Medical Billing Company Vetting Guide

How to evaluate RCM vendors, verify certifications, and avoid companies that will cost you money

- AAPC, AHIMA, and HBMA certifications explained
- HIPAA compliance and SOC 2 audit requirements
- 10 red flags that indicate a problematic billing company
- Sample vetting questionnaire you can send to vendors

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Practice managers, clinic owners, hospital CFOs, and medical group administrators

Understanding Medical Billing Certifications

The medical billing industry has two primary certifying organizations — AAPC and AHIMA — plus industry associations like HBMA. Understanding what each certification requires helps you assess whether a billing company employs qualified professionals or is staffed by undertrained operators.

Staff-Level Certifications

Certification	Issuing Body	Requirements	What It Proves
CPC (Certified Professional Coder)	AAPC	Exam (150 questions, 5 hrs 40 min) + membership	Proficiency in CPT, ICD-10, HCPCS coding
CPB (Certified Professional Biller)	AAPC	Exam (200 questions, 4 hrs) + membership	Proficiency in billing, A/R, compliance, payer rules
CCS (Certified Coding Specialist)	AHIMA	Exam + AHIMA membership	Hospital inpatient/ outpatient coding expertise
CCS-P (Certified Coding Specialist — Physician)	AHIMA	Exam + AHIMA membership	Physician office coding expertise
CCA (Certified Coding Associate)	AHIMA	Exam + high school diploma	Entry-level coding competency
CPMA (Certified Professional Medical Auditor)	AAPC	Exam + CPC or equivalent prerequisite	Auditing expertise for compliance reviews
CHC (Certified in Healthcare Compliance)	HCCA	Exam + experience + CE requirements	Healthcare regulatory compliance

Continuing Education Requirements

Organization	CE Requirement	Cycle
AAPC	36 CEUs every 2 years	Biennial
AHIMA	Varies by credential (30-60 CEUs)	Biennial

Organization	CE Requirement	Cycle
HCCA	40 CEUs every 2 years	Biennial

Company-Level Certifications & Compliance

What to Look for at the Company Level

Certification / Standard	What It Means	Why It Matters
HBMA Member (Healthcare Billing & Management Association)	Industry trade association membership	Indicates commitment to industry standards and ethics
SOC 2 Type II Audit	Independent audit of security controls (Trust Services Criteria)	Proves the company protects your data with verified controls
HIPAA Compliance Attestation	Self-attested compliance with HIPAA Privacy and Security Rules	Minimum requirement — but self-attestation ≠ independent verification
HITRUST CSF Certification	Comprehensive security framework certification	Gold standard for healthcare data security; more rigorous than SOC 2
PCI DSS Compliance	Payment Card Industry Data Security Standard	Required if company processes patient credit card payments

HIPAA Compliance Checklist — What the Billing Company Must Have

- [ ] Signed Business Associate Agreement (BAA) with your practice
- [ ] Written HIPAA Privacy and Security policies
- [ ] Annual HIPAA training for all staff with documentation
- [ ] Designated HIPAA Privacy Officer and Security Officer
- [ ] Breach notification procedures (must notify you within 60 days of discovery)
- [ ] Physical, administrative, and technical safeguards documented
- [ ] Regular risk assessments (at least annual)
- [ ] Workforce access controls (role-based, minimum necessary)

- [ ] Data encryption at rest and in transit
- [ ] Business continuity and disaster recovery plan

HIPAA Liability

Under HIPAA, your practice is liable for breaches caused by your business associates (including billing companies) if you failed to execute a proper BAA or didn't exercise reasonable due diligence. A BAA is not optional — it's legally required.

How to Verify a Billing Company

Step-by-step verification

Request a list of all certified staff with their credential numbers, certifying body, and expiration dates. Verify at least 2-3 credentials through AAPC (aapc.com) or AHIMA (ahima.org) member lookup.

Request a copy of the company's most recent SOC 2 Type II audit report. If they don't have one, ask why. Any company handling PHI and financial data for multiple practices should be independently audited.

Request the company's HIPAA compliance documentation — specifically the BAA template, privacy policies, and most recent risk assessment date. Review the BAA with your compliance officer or attorney.

Verify HBMA membership at hbma.org. While not a certification, HBMA members adhere to a code of ethics and have access to industry best practices.

Ask for 3-5 client references in your specialty and practice size. Contact each reference and ask about collections performance, communication quality, and any billing errors or compliance issues.

Request the company's key performance metrics for clients in your specialty: first-pass claim acceptance rate, average days in A/R, denial rate, and collection percentage.

Performance Benchmarks — What "Good" Looks Like

- First-pass claim acceptance rate: ≥95%
- Clean claim rate: ≥98%
- Average days in A/R: <30 days (excellent), <40 days (acceptable)
- Denial rate: <5% (excellent), <8% (acceptable)
- Net collection rate: ≥95% of allowable

Technology & Reporting Requirements

What Technology Should Your Billing Company Use?

Essential Technology Stack

Technology	Purpose	Red Flag If Missing
Practice management (PM) software	Claim submission, payment posting, scheduling	Using outdated or proprietary-only software
Clearinghouse integration	Electronic claim submission and ERA processing	Still submitting paper claims or manual ERA
Automated eligibility verification	Real-time insurance verification before service	Manual verification only (delays, errors)
Claim scrubbing / AI-powered editing	Pre-submission error detection	High denial rates from preventable errors
Denial management workflow	Track, appeal, and resolve denied claims	No systematic denial tracking
Patient portal / online payments	Patient self-service for statements and payments	Paper-only statements in 2026
Analytics dashboard	Real-time visibility into financial performance	Monthly PDF reports only (no self-service access)
Secure communication (encrypted email/portal)	HIPAA-compliant document exchange	Using unencrypted email for PHI

Reporting Requirements — What You Should Receive

Report	Frequency	Key Metrics
Revenue summary	Monthly	Charges, payments, adjustments, net collections
A/R aging report	Monthly	Current, 30, 60, 90, 120+ day buckets
Denial report	Monthly	Denial reasons, appeal status, recovery rate
Payer performance	Monthly	Collections by payer, days to pay, denial rate by payer

Report	Frequency	Key Metrics
Provider productivity	Monthly	Charges and collections per provider
CPT/procedure analysis	Quarterly	Revenue by procedure code, trending
Annual performance review	Annually	Year-over-year trends, benchmarks, recommendations

10 Red Flags of a Problematic Billing Company

1. **No certified coders on staff.**
   If the company cannot name staff with CPC, CCS, or CPB credentials, their coding accuracy is questionable. Coding errors = claim denials = lost revenue.

2. **Refuses to provide a SOC 2 audit report.**
   Any company handling your PHI and financial data should be independently audited. "We're HIPAA compliant" without proof is not sufficient.

3. **No signed BAA before starting work.**
   A Business Associate Agreement is legally required under HIPAA. If a company starts work without executing a BAA, they don't take compliance seriously.

4. **Long-term contract with punitive exit fees.**
   Contracts requiring 2-3 year commitments with $25,000+ early termination fees are designed to trap you. Quality companies earn your business monthly.

5. **Won't share performance metrics.**
   A billing company that can't or won't provide their first-pass rate, days in A/R, and denial rate for existing clients has something to hide.

6. **Charges extra for denial management or appeals.**
   Working denied claims is a core function of medical billing — not an add-on service. If denials cost extra, the company profits from their own mistakes.

7. **Uses percentage of gross charges (not net collections).**
   Gross-charges-based pricing means the company earns its fee whether or not claims actually get paid. This misaligns incentives.

8. **No dedicated account manager.**
   You should have a named point of contact, not a general inbox. If you can't reach a human who knows your practice, service will suffer.

9 **Offshore-only operations with no US presence.**

While offshore teams can be competent, a company with NO US-based staff raises concerns about HIPAA oversight, communication quality, and payer knowledge.

10 **Promises that sound too good.**

"We'll increase your collections by 30%" or "4% rate guaranteed for any specialty" — if it sounds unrealistic, it probably is. Ask for verifiable client references instead.

When to Switch Billing Companies (Decision Matrix)

Two-column layout

CONSIDER SWITCHING IF

- A/R over 60 days is growing month over month
- Denial rate exceeds 10% consistently
- Net collection rate is below 90% of allowable
- You can't get a live human on the phone within 24 hours
- Monthly reports are consistently late or inaccurate
- The company made coding errors that triggered a payer audit
- Hidden fees appeared that weren't in the original contract
- Staff turnover at the billing company causes repeated re-training
- The company hasn't updated their technology in 3+ years

STAY AND WORK ON IT IF

- Issues are recent and the company has a specific remediation plan
- Performance dipped due to a payer policy change (not company error)
- You have a strong account manager who is responsive
- The company's metrics are within acceptable benchmarks overall
- Switching cost (transition disruption + new company ramp-up) outweighs the performance gap

Transition Risk

Switching billing companies typically causes a 2-4 month revenue dip during transition. Budget for this disruption and plan for a 60-90 day overlap period where both companies have access to your system. Never cut over abruptly.

Sample Vetting Questionnaire

Medical Billing Company Vetting Questionnaire — Send This Before Contracting

Copy and send these questions to any billing company you're evaluating. Their answers — and willingness to answer — tell you everything you need to know.

1. Certifications & Compliance

- What percentage of your coding/billing staff hold CPC, CPB, CCS, or equivalent certifications?
- Do you have a current SOC 2 Type II audit report? Can we review it?
- Are you a member of HBMA or other industry associations?
- Who is your designated HIPAA Privacy Officer? When was your last risk assessment?

2. Performance Metrics

- What is your average first-pass claim acceptance rate across all clients?
- What is your average days in A/R for clients in our specialty?
- What is your average denial rate? What percentage of denials do you successfully appeal?
- What is your average net collection rate (% of allowable)?
- Can you provide 3-5 client references in our specialty and practice size?

3. Technology & Reporting

- What practice management and claim scrubbing software do you use?
- Do you provide real-time dashboard access or only monthly PDF reports?
- Do you offer automated eligibility verification?
- Can you integrate with our existing EHR? Which EHR systems have you integrated with?

4. Pricing & Contract Terms

- What is your percentage rate for our specialty and practice size?
- Please provide a complete fee schedule including ALL setup, software, clearinghouse, credentialing, statement, and add-on fees.
- What is the contract term? What is the early termination fee?
- Is your fee based on net collections or gross charges?
- What is your data export policy and cost if we terminate the relationship?

5. Operations & Communication

- Will we have a dedicated account manager? What is their experience?
- What are your office hours? What is your response time for urgent billing issues?
- How do you handle staff turnover? What is your employee retention rate?
- Where are your operations located? Do you use offshore teams?

6. Transition & Onboarding

- What is your typical onboarding timeline from contract signing to go-live?
- Do you charge a setup or implementation fee? What does it cover?
- How do you handle the transition period (overlap with current billing company)?
- What training do you provide to our front-office staff?

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