

The state of the U.S. medical billing industry

An inside look at 250+ medical billing companies serving independent medical practices in the United States.



Introduction

In the fall of 2022, Kareo, a Tebra company, surveyed more than 250 medical billing companies in the United States about their pricing and services, industry trends, threats and opportunities for them, and the key drivers of their success.

We aim to provide information to medical billing companies serving independent medical practices in the United States. After reading this report, you'll understand the state of the medical billing industry, what a best-in-class billing company looks like, and the biggest opportunities and threats they face.

We also included insights from industry experts to help you align your business and understand strategies to achieve success. You'll discover what drives positive business results and uncover best practices other billing companies use to increase revenue and customer acquisition.

This material is for informational purposes only and is not intended to be comprehensive or to be used as business, legal, or tax advice.



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About the study

In September and October 2022, Kareo, a [Tebra](#) company, surveyed 277 medical billing company owners, leaders, and team members serving independent practices and clinics in the United States. We wanted to understand the state of the industry, key business drivers, characteristics of a best-in-class billing company, and the most significant challenges they face.

We began by asking about their company, service model, customer profile, revenue streams, and priorities for 2023. We probed into how the most successful companies operate:

- + What considerations do they make when taking on new customers?
- + What technology do they use?
- + What do their offerings look like?
- + How do they market their services?

Finally, we asked industry experts to share their insights on how medical billing companies can thrive in 2023.

For more details about the survey methodology, refer to [page 61](#).

Key themes



Industry trends

Specialization, outsourcing, and growth since Covid-19



Pricing and services

Charges for setup, billing practices, and core services



Threats

Outsourcing, consolidation, and inflation

Learn about our respondent pool



OWNER



MANAGER



TEAM MEMBER



EXECUTIVE

277 Respondents

Of the 277 people we surveyed, nearly half are company owners. 6 out of 10 respondents work for a medical billing company that employs less than 10 employees, and the majority of respondents (93%) work at a company that employs less than 50 people.

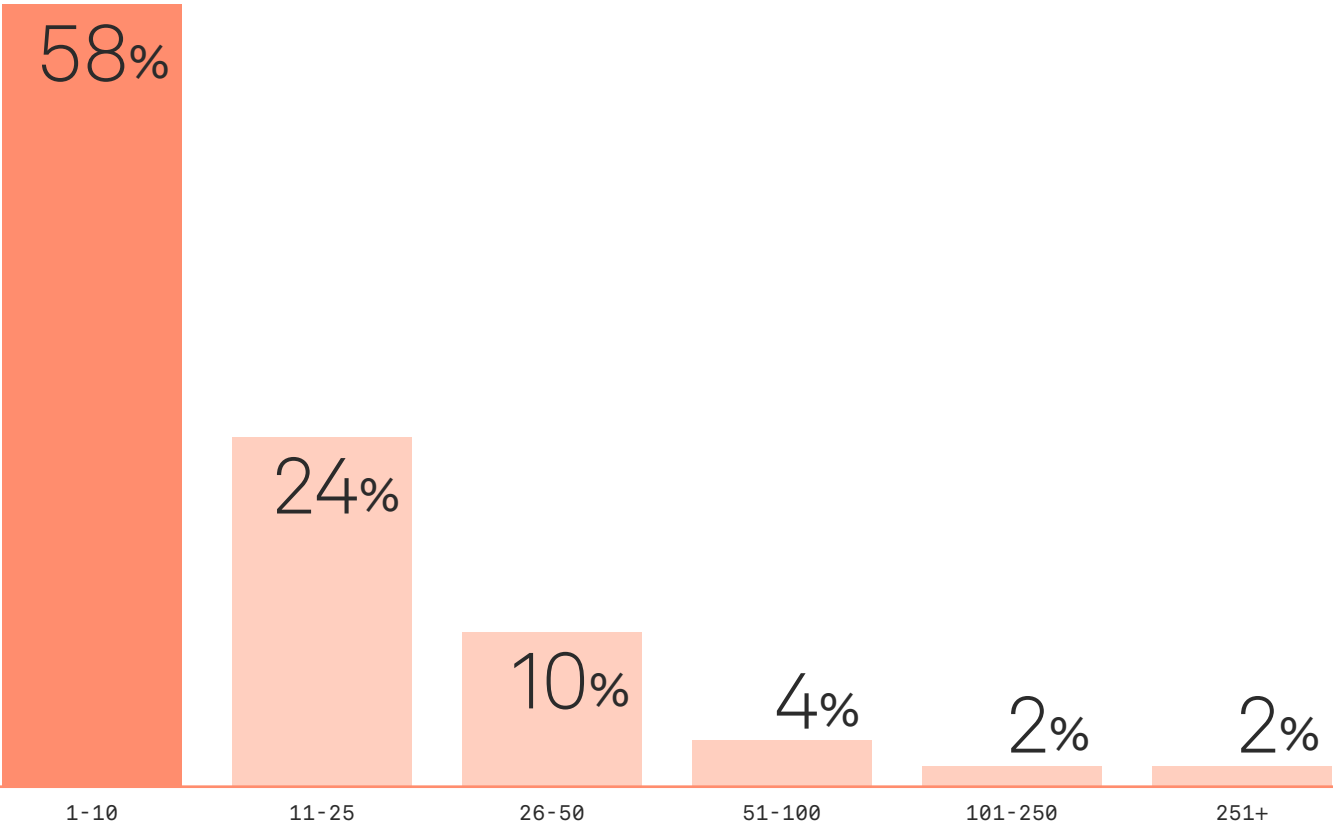
Employee count of medical billing companies

How many employees does your medical billing company employ?

6 out of 10

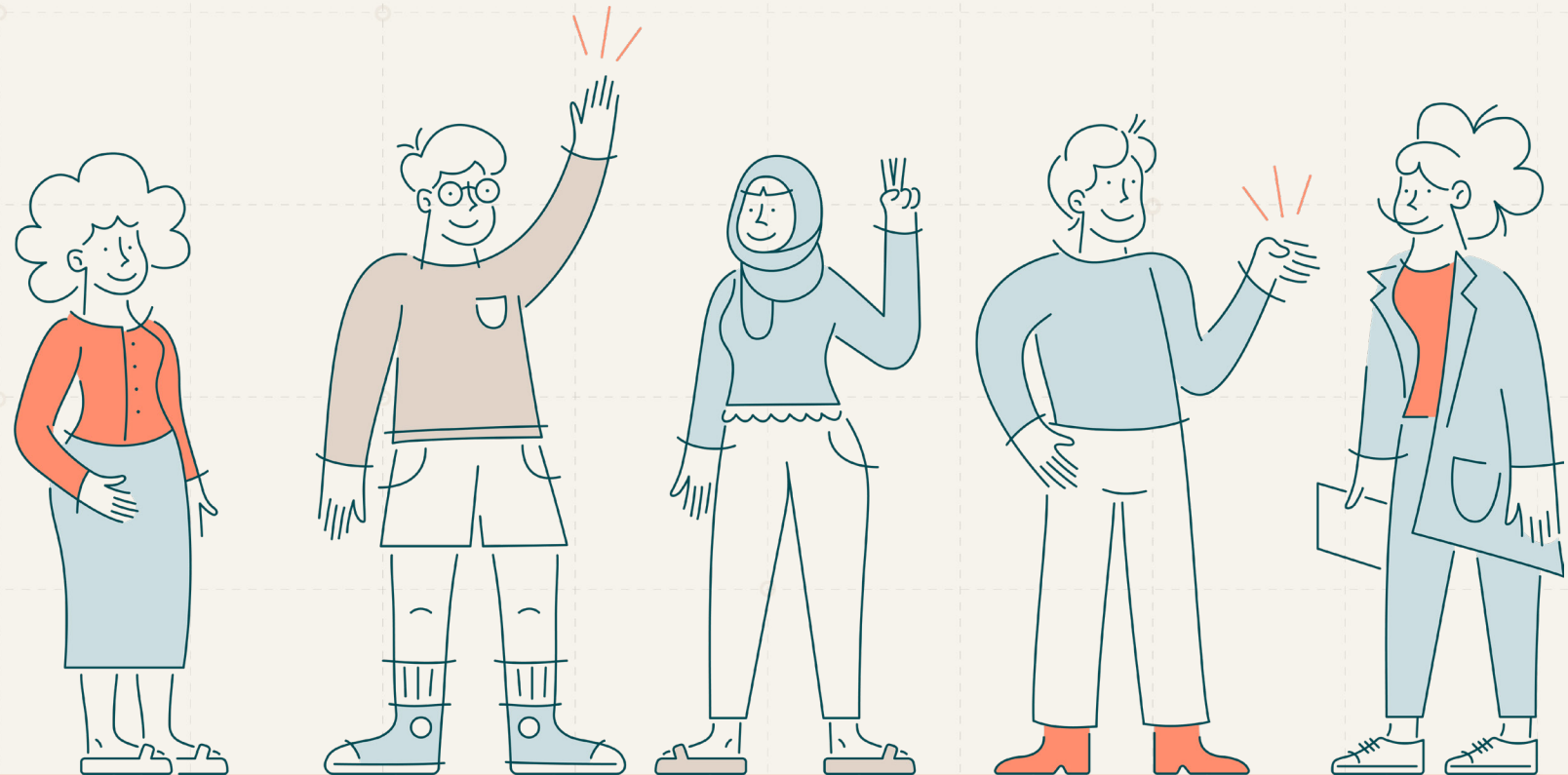
respondent medical
billing companies
employ 1-10 employees

KEY FINDING



Nearly half of the respondents are company owners

What is your role at your medical billing company?



46%

Owner

24%

Team member

15%

Manager

7%

Executive

8%

Other

Years in business

Almost half (47%) of respondent medical billing companies have been in business for 10 years or more, and 22% have been in business for 6-10 years. Only 7% of respondents have started their business this year.

Their customer base

The medical companies we surveyed specialize in serving small practices: 4 out of 10 respondents say they serve 1-10 providers at 1-5 practices or clinics.

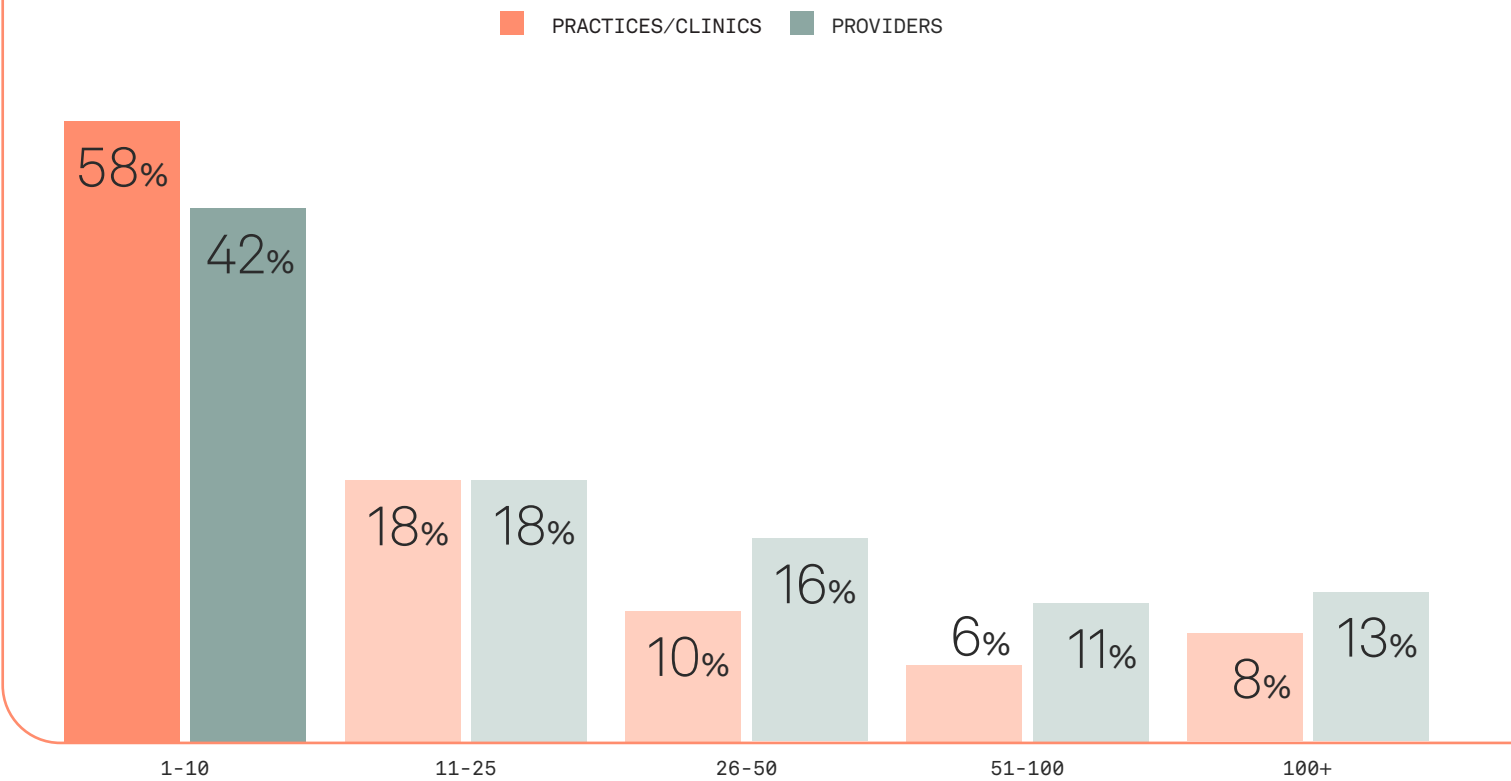
39%

surveyed billing companies serve 1-5 practices

KEY FINDING

The majority of surveyed medical billing companies serve less than 10 practices and clinics.

How many practices/clinics and providers does your medical billing company serve?



Meet our subject matter experts

We shared some of our findings with experienced leaders in the industry and asked them to respond. Throughout the report, you'll see insights from the following subject matter experts.



Brian Cafferty
VP, RPA Development
Kareo, a Tebra company



d'Artagnan Osborn
GM & VP of Payment Solutions
Kareo, a Tebra company



Jamie Howard
Channel Sales Manager
Kareo, a Tebra company



Kevin Clinton
Director of Marketing, Payment Solutions
Kareo, a Tebra company

SECTION 01

Role of specialization

One way medical billing companies can differentiate themselves is to focus on specialty providers



Specialization is a key driver when it comes to differentiation

Half of large medical billing companies (defined as companies that serve more than 100 providers), are highly focused on specific medical specialties, compared to 36% of medium-sized companies (those that serve 26 to 100 providers).

When we dug further into the data, we observed that 28% of companies who are focused on specific medical specialties are high-growth companies, projected to increase gross revenue by more than 11% year over year.

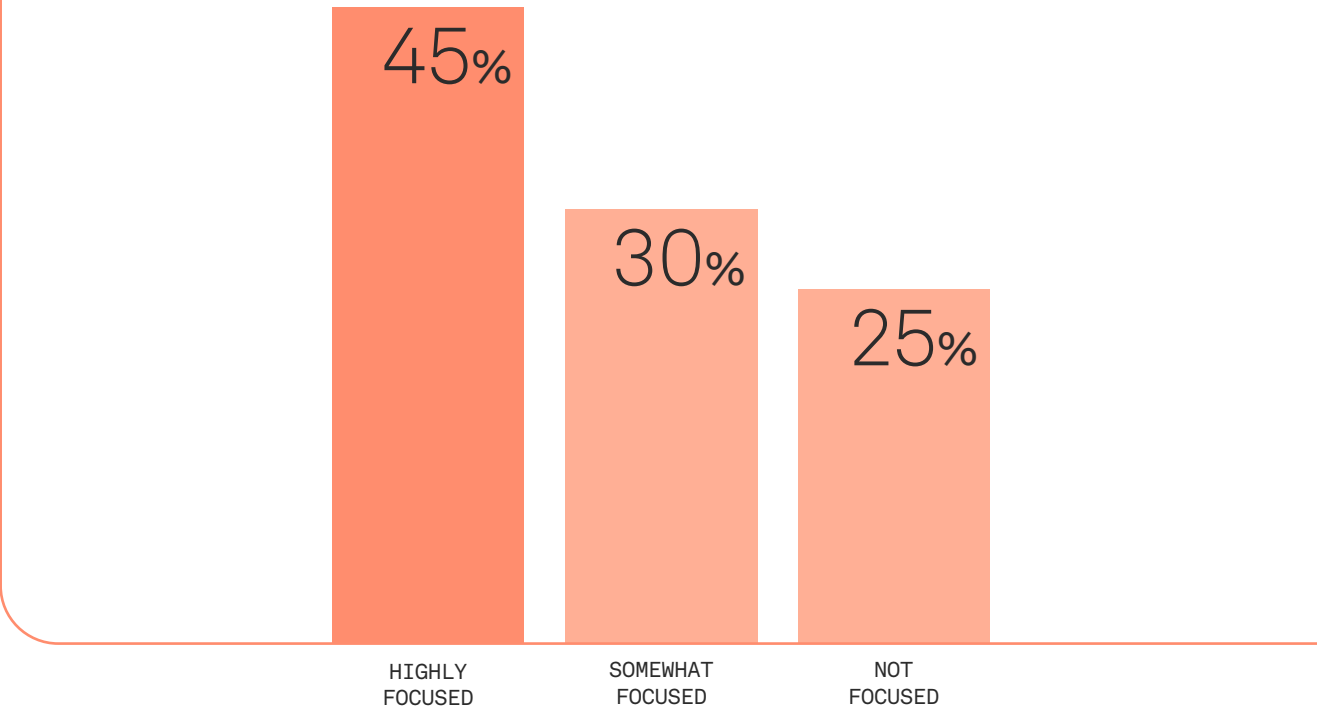
Due to their large employment numbers and growing market share, multi-specialty practices provide a significant revenue growth opportunity for billing companies.

75%

of medical billing companies are highly or somewhat focused on specific medical specialties

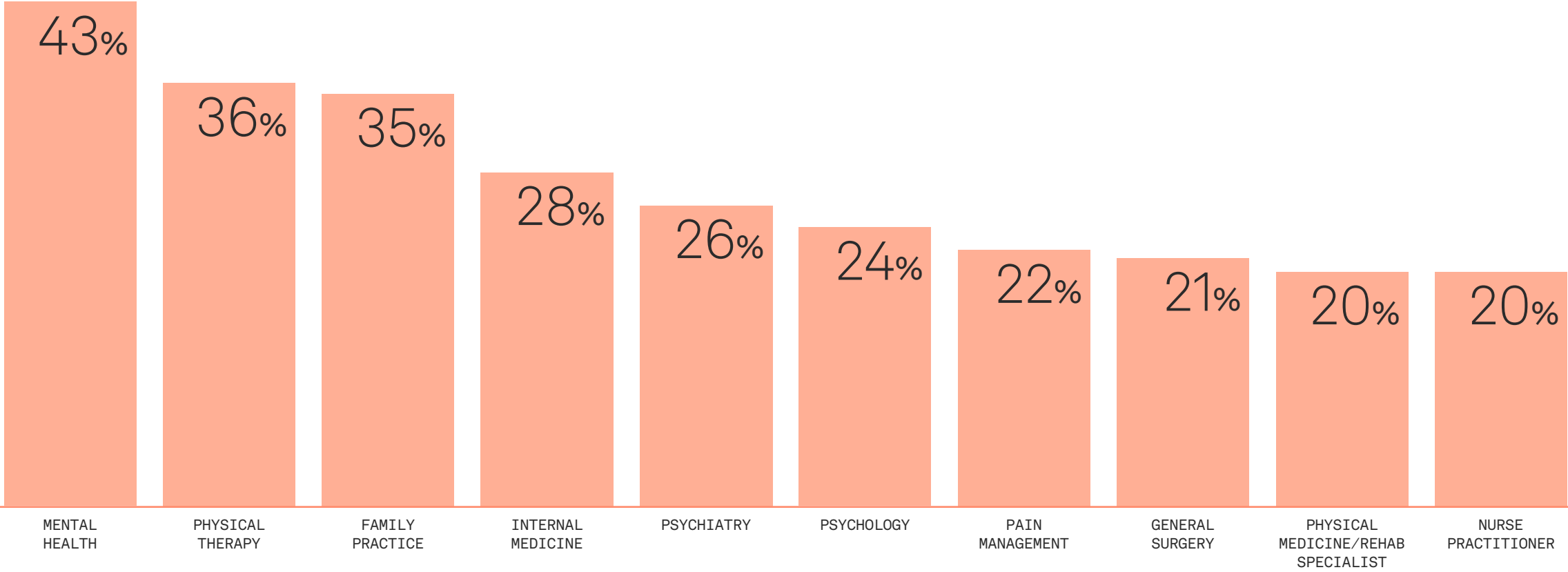
KEY FINDING

The majority of medical billing companies are specialty specific
To what extent does your medical billing company focus on specific medical specialties?



The top 3 specialties respondent medical companies focus on are
mental health, physical therapy, and the family practice

What specialties does your business focus on?



Medical billing companies serve independent practices and clinics located across the United States, even with differing rules and regulations in each state

Despite complex rules and regulations that differ from state to state, the majority of respondents will process claims for practices, clinics, and/or providers who operate anywhere in the United States. One out of 10

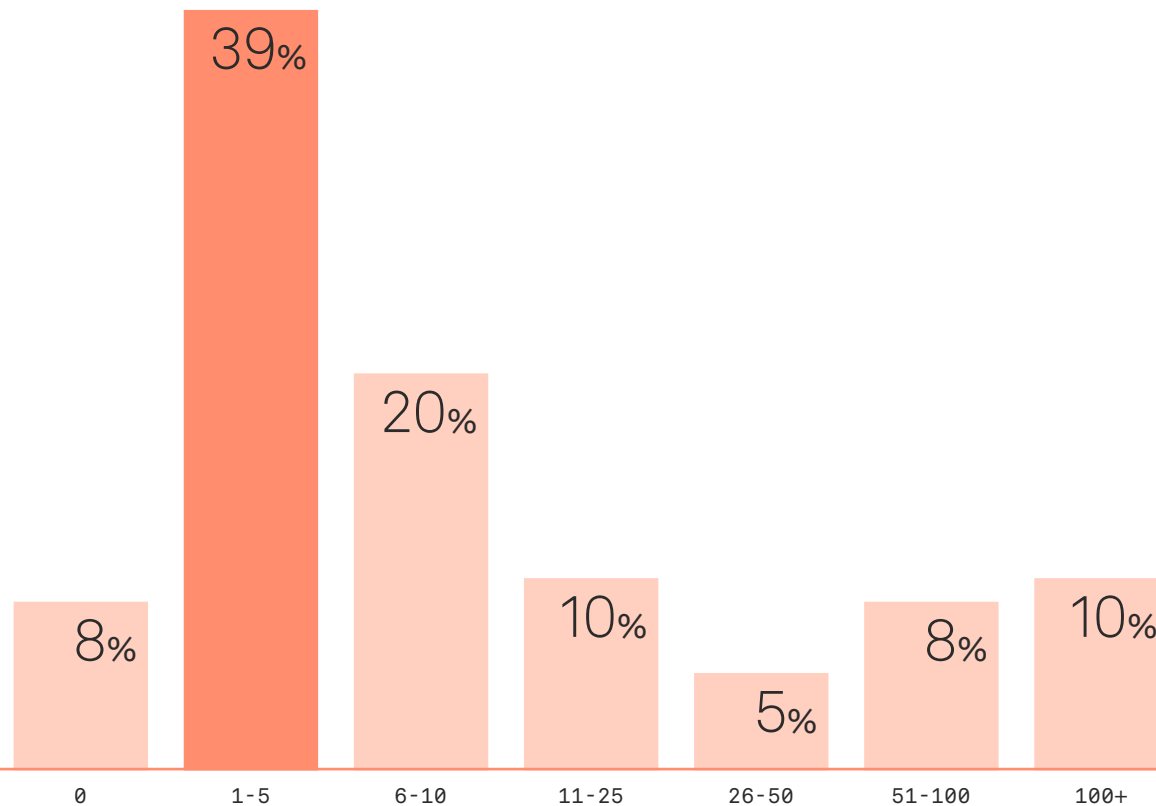
- billing companies wouldn't process claims for customers located in California or Texas.



80%

of medical billing companies will process claims for practices, clinics, and/or providers located in any state

New customer acquisition since 2020
How many new customers have you taken on since 2020?



Small, US-based medical billing companies did not see the same spike in demand as their offshore counterparts due to Covid-19

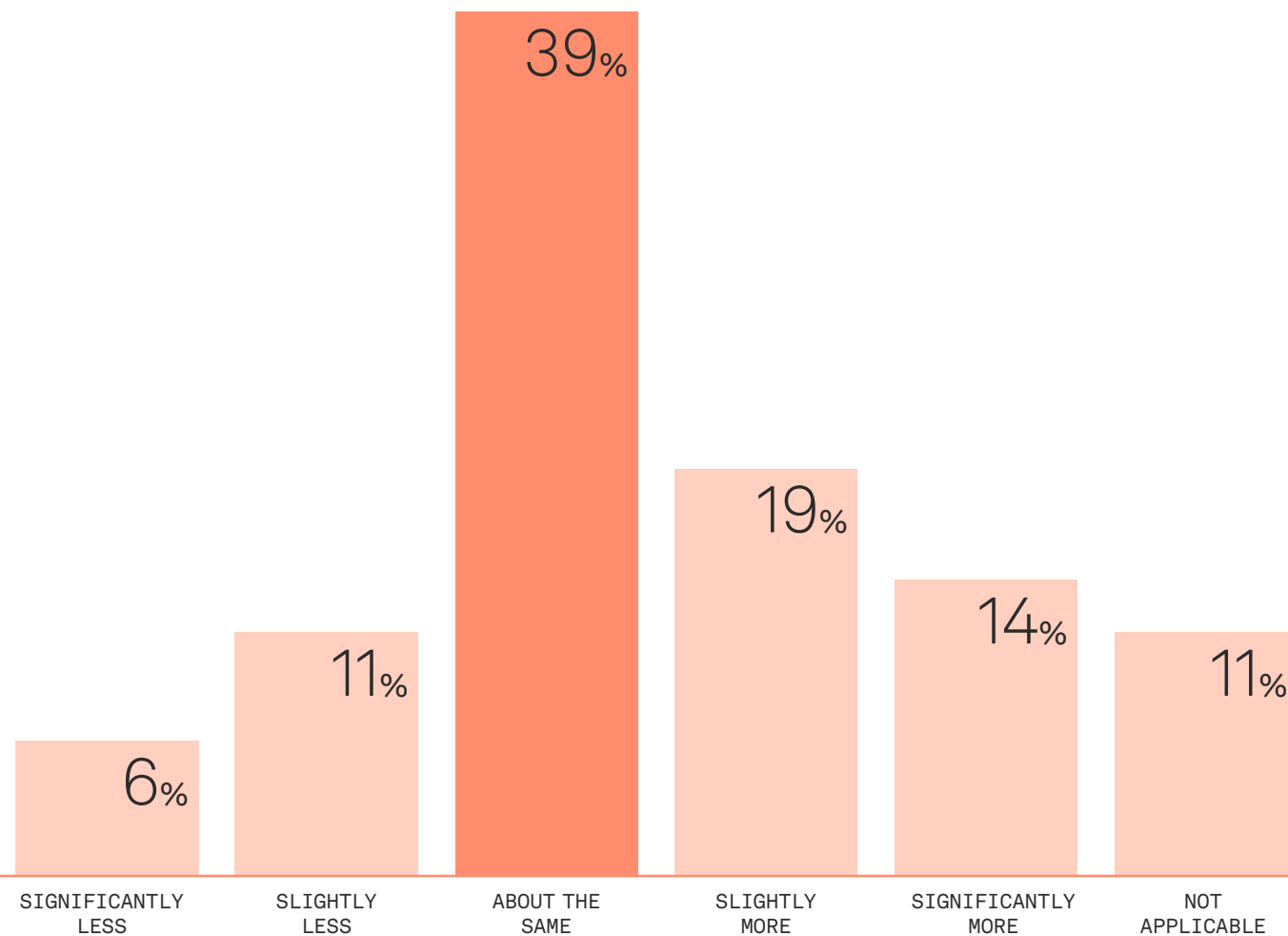
Covid-19 caused an overall spike in demand for digital medical billing services, but the small medical billing companies we surveyed didn't see a demand that matches.

This could result from the number of independent practices that have closed since 2020, combined with the popularity of offshore outsourced medical billing.



Customer acquisition rates of medical billing companies have been the same since Covid-19

Is this growth more or less than pre-Covid customer acquisition rates?



4 out of 10

respondent medical billing companies state that growth is about the same as pre-Covid acquisition rates

KEY FINDING

SECTION 02

How medical billing companies charge customers

Exploring rates, fees, and services



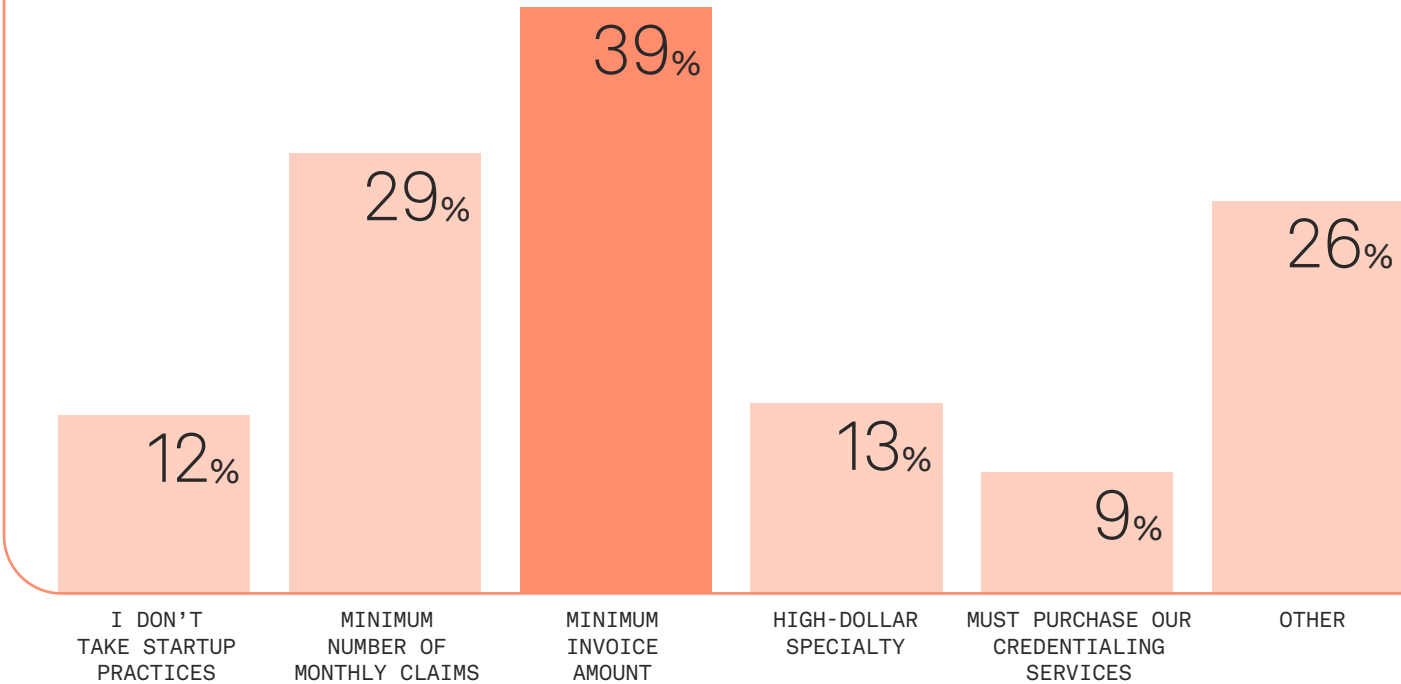
023

Medical billing companies weigh revenue models before taking on a new client

Having a diversified customer base, rather than a few clients, is important to growing top-line revenue and increasing the value of your medical billing company, but medical billing companies should require minimum billing amounts to ensure profitability.

Billing companies should also consider the future growth of start-up practices. They might be small now, but you can benefit greatly from their future growth and have the opportunity to set them up for success from the start.

Billing companies consider a number of factors before accepting a new practice or clinic
What factors do you consider in order to accept a start-up practice/clinic?



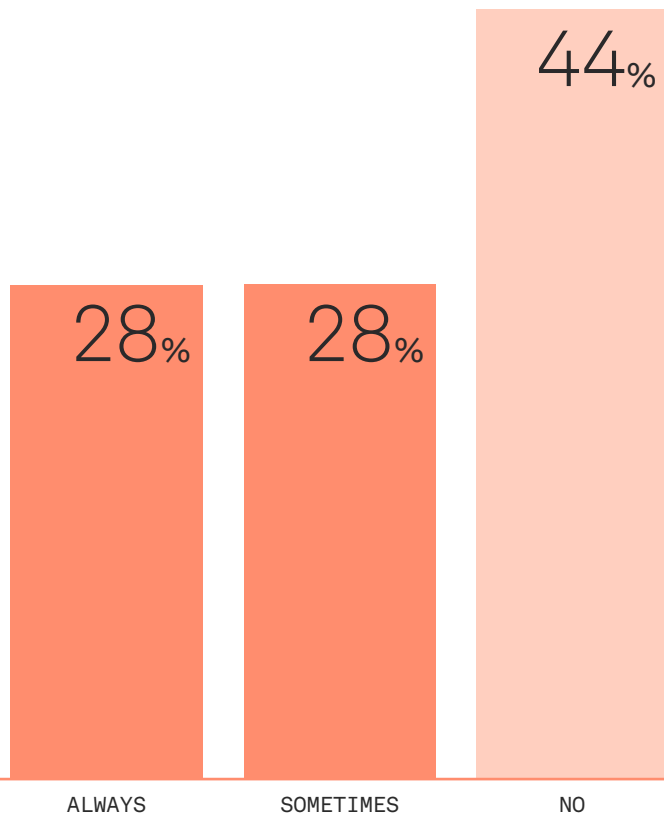
4 out of 10 consider minimum invoice amount

3 out of 10 consider the minimum number of monthly claims

<1% of respondents indicated they have no factors to consider when accepting a start-up practice or clinic

KEY FINDINGS

Set-up fees for new customers
Does your medical billing company typically charge a set-up fee for new customers?



Nearly half of medical billing companies leave money on the table when they onboard new clients

When you run a medical billing company, you have to be proactive from the start. Most medical billing companies use a combination of one-time set-up fees to cover upfront expenses and ongoing fees.

Typically, billing companies will charge a flat fee per physician or a fixed fee for a medical practice with only a handful of physicians.

Over half of respondent medical billing companies typically charge a set-up fee for new customers

KEY FINDING

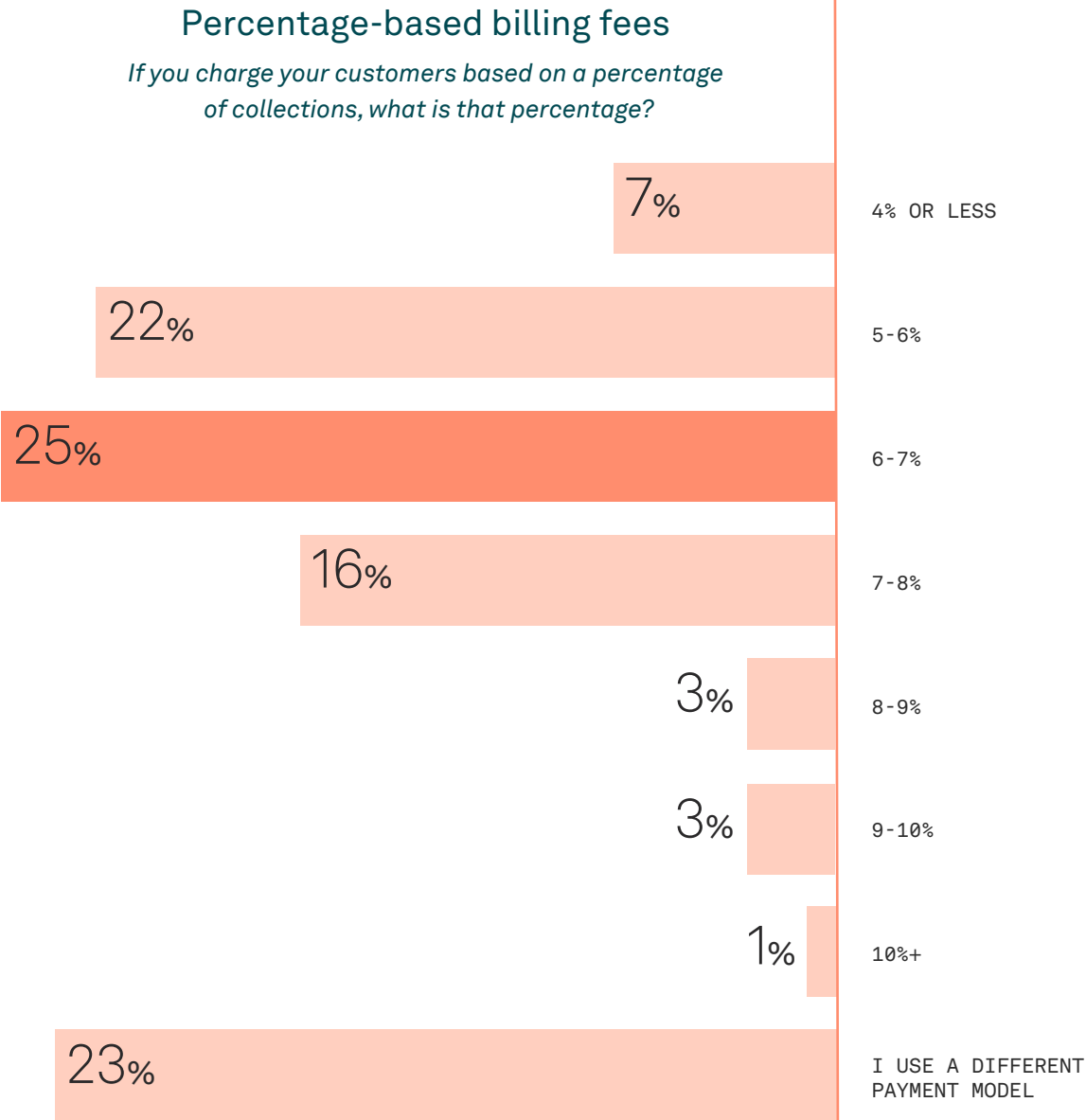
Percentage-based billing models are the most popular

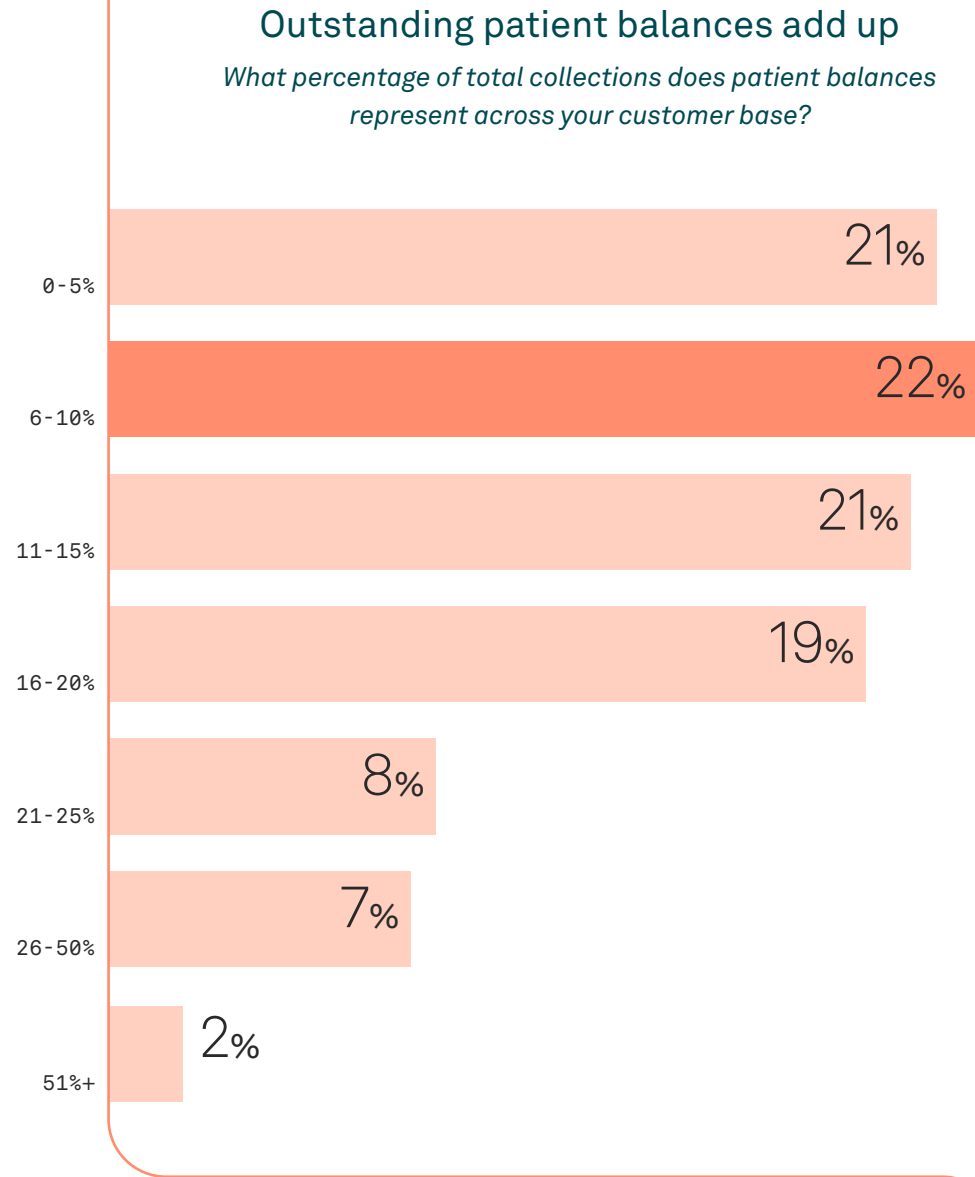
In percentage-based billing models, the billing company charges based on the provider’s monthly revenue. Companies that charge less than 4% could be offering stripped-down services, while companies that charge a higher percentage offer specialized services that command higher prices.

Other payment models respondents noted include claim-based and hourly fees.

Nearly half of medical billing companies that charge clients a percentage of collections charge between 5% and 7%

KEY FINDINGS





Outstanding patient balances add up

As deductibles continue to climb, patients are taking on more financial responsibility for their medical care. With record-high inflation, rising consumer prices have made many people rethink their financial state, which includes their medical care. [One study found](#) that 25% of adults are skipping care or medicine due to rising costs. This translates into how well medical billing performs — [a 2022 MGMA poll](#) shows 56% of practices have said their time in A/R increased in 2022.

8 out of 10

medical billing companies state patient balances can represent up to 20% of past due balances across their customer base

57%

of large billing companies have patient collection rates of 11% to 20%, higher than medium- or small-sized respondent companies

KEY FINDINGS

What a payment expert says about electronic payments ...



Kevin Clinton

Director of Marketing, Payment Solutions

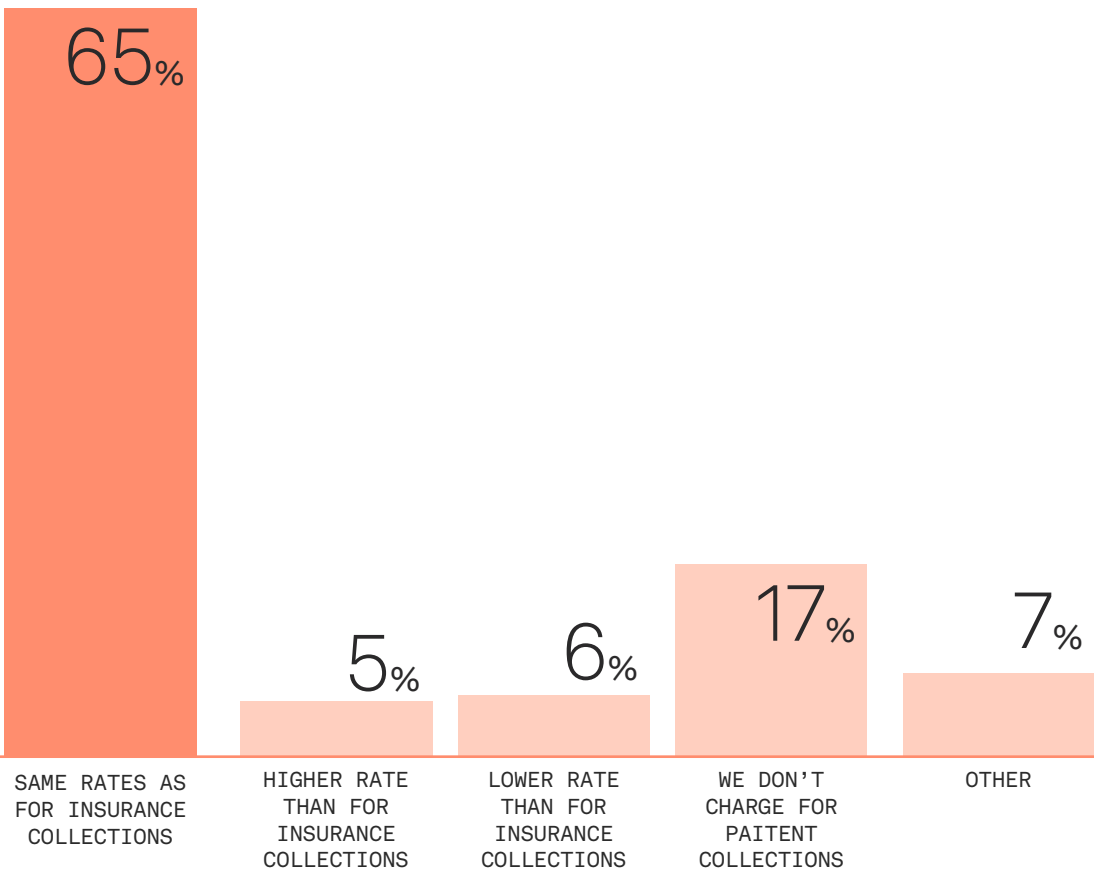


Billing companies should consider e-billing and e-payment solutions, as they are quickly becoming the preferred method for collecting medical bills. But this process is still new to many in the profession.

Many members of Generation X or Millennials rarely open snail mail. They do everything online. So it makes sense to deliver invoices electronically. Practices who adopt text billing report that the vast majority of patients pay their balance the same day. They appreciate a timely invoice.

Patient collection rates compared to insurance collections

How does your medical billing company charge for patient collections?



The rate for patient collections

Before, medical billing companies would not charge for patient collections or would accept a reduced amount. We’re seeing a shift that medical billing companies view the effort to collect patient balances as equal to what it takes to collect from an insurance company. Of the companies we surveyed, 17% do not charge for patient collections, indicating an opportunity to adjust their revenue stream to better align with where billing companies are focusing their efforts.

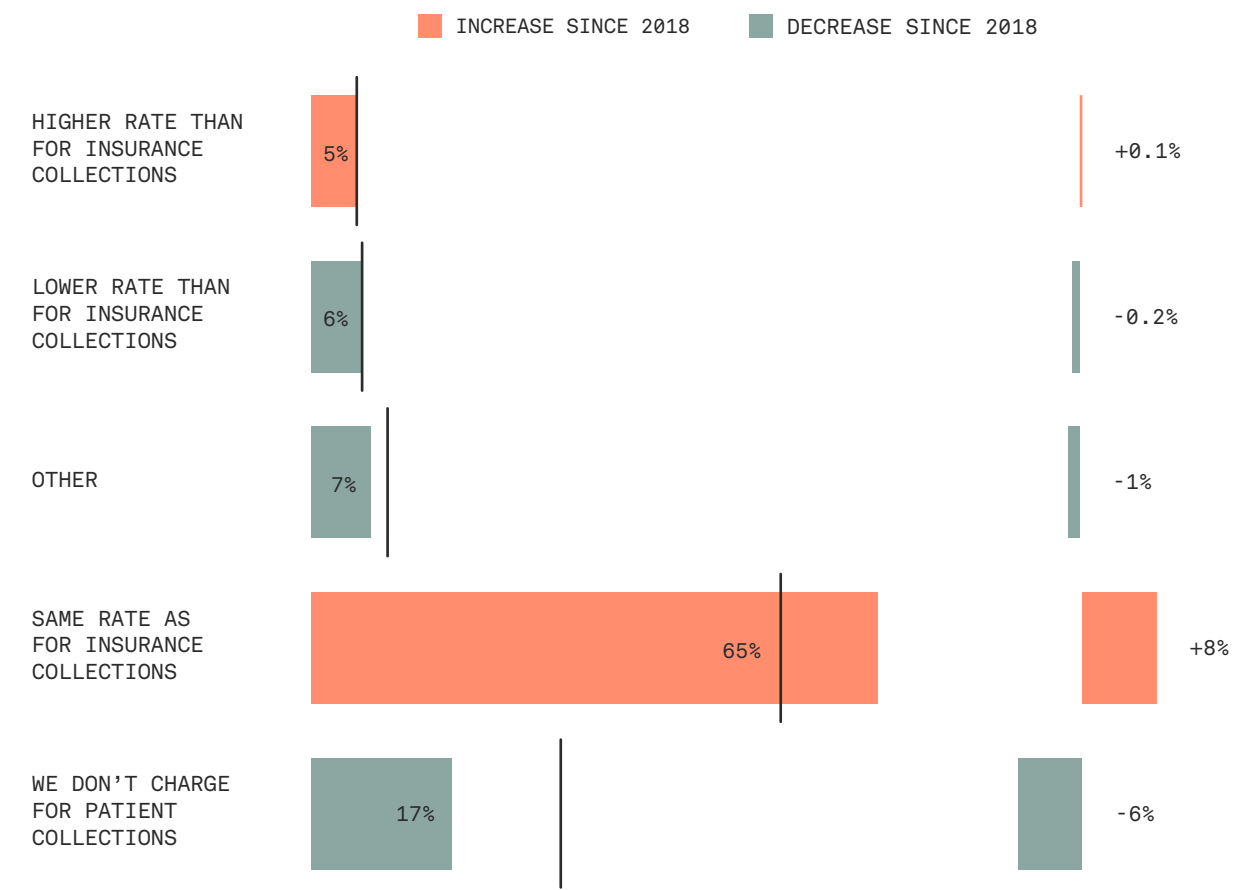
7 out of 10 medical billing companies charge the same rate or higher for patient collections as for insurance collections

8% of respondents increased the rate they charge for patient collections as compared to 2018

KEY FINDINGS

Compared to 2018, medical billing companies are more likely to charge the same rate as insurance collections

How does your medical billing company charge for patient collections?



What services do medical billing companies provide?



Most medical billing companies' core services include:

- + Appeals
- + Claims submissions
- + Claims follow-up



Typical services include:

- + Patient support
- + Medical coding
- + Working old A/R
- + Verification of benefits



Add-on services include:

- + Chart audits
- + Practice technology support
- + Credentialing
- + Payer contract negotiations
- + Compliance consulting
- + Practice marketing consulting

Nearly all medical billing companies include claim submissions, claims follow-up, and appeals as part of their core services

KEY FINDING

What sets high-growth companies apart

We compared core service offerings of high-growth companies (those in business at least 2 years with a year-over-year revenue growth of 11% or higher), and found they are more likely to offer add-on services as part of their core package.

Services high-growth companies include:

- + Appeals services (91%)
- + Patient support (84%)
- + Practice technology consulting or support (38%)
- + Credentialing (31%)
- + Compliance consulting (31%)
- + Marketing consulting (22%)

Breakdown of services offered by medical billing companies

How do you manage each of these potential services for your customers?

	INCLUDED IN CORE SERVICE	AVAILABLE AS ADD-ON SERVICE	NOT OFFERED	PLAN TO OFFER IN NEXT 12 MONTHS
CLAIMS SUBMISSION	96%	2%	1%	1%
CLAIMS FOLLOW-UP	95%	2%	3%	
CREDENTIALING	25%	63%	9%	1%
PAYER CONTRACT NEGOTIATIONS	24%	51%	23%	2%
MEDICAL CODING	62%	19%	17%	1%
VERIFICATION OF BENEFITS	50%	30%	19%	1%
APPEALS	86%	8%	6%	
WORKING OLD A/R	54%	39%	6%	1%
CHART AUDITS	32%	31%	34%	1%
PRACTICE MARKETING CONSULTING	17%	27%	54%	1%
COMPLIANCE CONSULTING	24%	36%	37%	2%
PRACTICE TECHNOLOGY CONSULTING OR SUPPORT	32%	35%	30%	2%
PATIENT SUPPORT	74%	12%	13%	1%

Expanding into new service areas — such as consulting and payer contract negotiations — will open new revenue paths for your billing company.

SECTION 03

How medical billing companies operate

Automation, outsourcing, and workflow processes are changing the industry, but are medical billing companies keeping up?

COLLECTION AUTOMATION



Despite advancements in automation, medical billing companies are still manually handling repetitive, time-consuming tasks

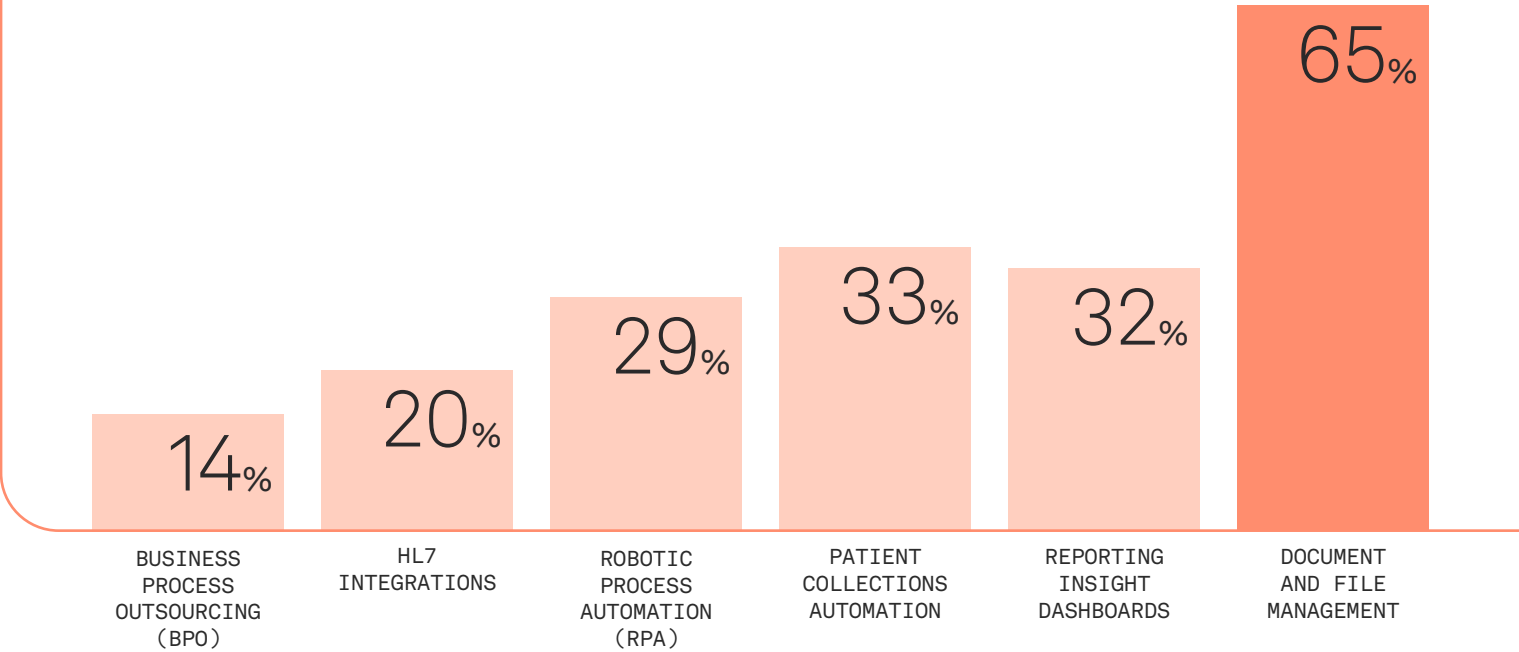
What sets high-growth companies apart:
More than half (52%) of high-growth companies use Robotic Process Automation (RPA), and 39% use Patient Collections Automation.

<1/3

of medical billing companies use automation solutions, RPA, HL7 integrations, and outsourcing to manage workflows.

KEY FINDING

Workflow optimization used by medical billing companies
What workflow optimization vendors does your company use?



What an automation expert says about automation ...



Brian Cafferty

Vice President, RPA Development



“

Many things have changed over the last four years, and Covid played a major role in pushing them out so quickly. Employees working remotely has become acceptable, and this has been a boon to employees as they can and have taken jobs in different states from where they live, allowing them to explore higher-paying offers around the country.

This has driven up medical billing company expenses and significantly impacted employee retention. There is a shortage of billers for a whole variety of reasons — early retirement, career change, higher pay. For these reasons, automation through RPA is no longer a luxury — it is quickly becoming a requirement for survival and a path to growth.

With limited resources, having a fully integrated RPA solution becomes a way to quickly provide a significant productivity boost for a fraction of the cost of a biller — even offshore personnel.

Even a small billing company can see hundreds of hours of effort avoided through the implementation of multiple RPA workflow streams. While RPA will not replace your staff, it can eliminate hours and hours of tedious work, freeing your team to tackle more complex analytical tasks or take on more clients.

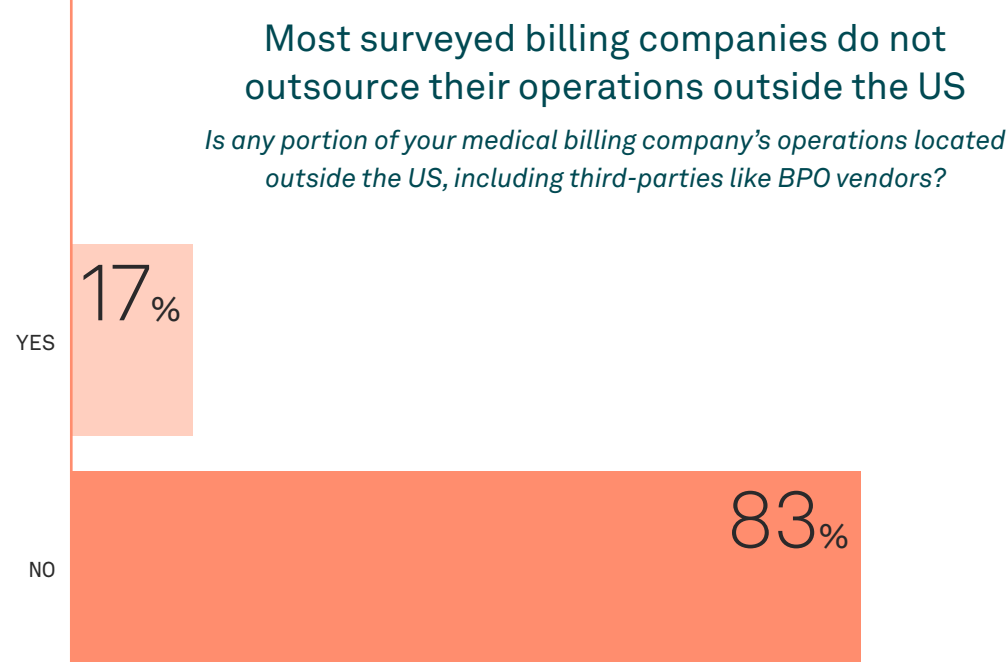
And with a fully integrated solution that is packaged and ready to go, you can be up and running within a month or two, depending on your specific needs. Your investment to get started — no more than a few days of your time. The best part, you will begin to recoup that investment in the first month you go live!

Most medical billing companies serving independent practices do not offshore their operations

8 out of 10

medical billing companies we surveyed do not locate a portion of their operations outside the United States

KEY FINDING



What an expert has to say about the advantages of “local” operations ...



Jamie Howard
Channel Sales Manager



“

Data has consistently shown that medical practices strongly prefer a billing company with all operations within the United States. More often than not, it’s due to the practice previously working with a medical billing company that offshored its operations, and they experienced poor communication or performance.

Medical practices assume if a company outsources or performs its operations offshore, that there will be less quality or oversight in the revenue cycle management (RCM) workflow.

I’ve seen medical practices who prefer a “local” billing company: The idea that a billing company specializes in state regulations, guidelines, and has experience with state-specific payers, which translates into more experience and expertise to generate reimbursements. This is often requested by the same customer who wants a designated point of contact to speak directly with, and not get lost in a national footprint of clients.

I think it’s more important for billing companies to focus on clear expectations, communication cadence, and what the customer can expect in working together as partners. The more you drive that dialogue, the less the prospect will be concerned with how you handle internal operations.

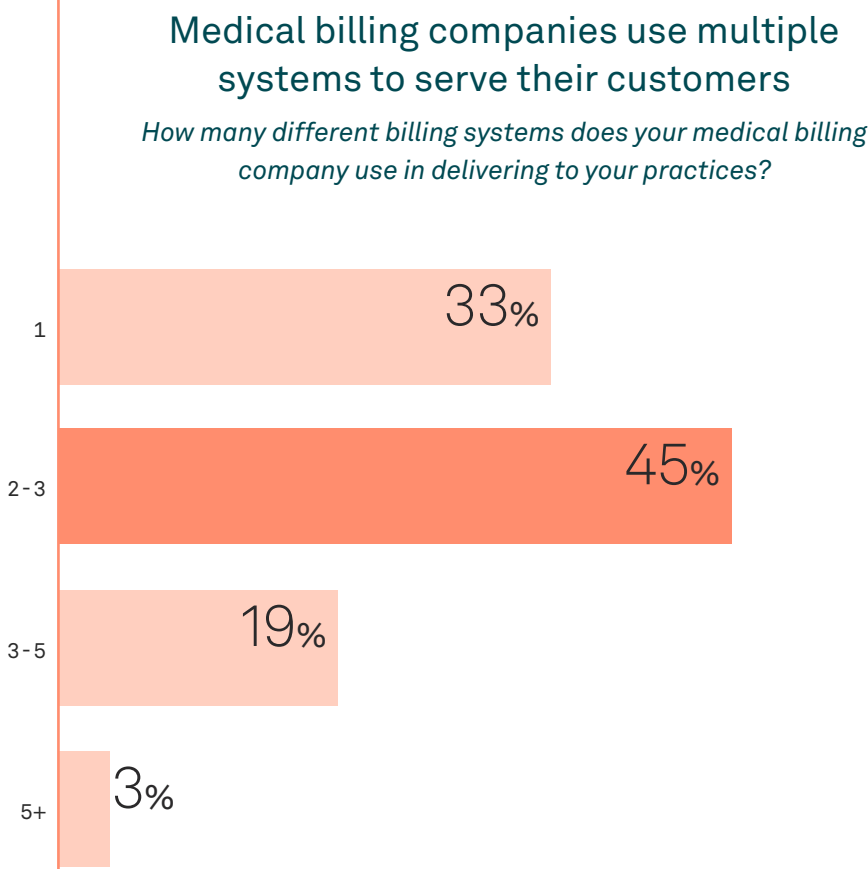
Different billing systems

In 2018, 39% of medical billing companies reported they used one billing system. In 2022, that number dropped to 33%, indicating that medical billing companies are using multiple systems to operate their business.

45%

of respondent medical billing companies use 2 to 3 different billing systems to deliver to their practices

KEY FINDING

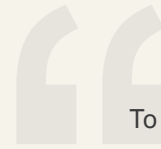


What an expert has to say about using different billing systems ...



Brian Cafferty

Vice President, RPA Development



To take on new practices, you are often forced to make one of 3 decisions:

- 01 . Only take on practices that currently utilize the electronic health record (EHR) and billing product you currently use.
- 02 . Take on practices with different systems and then train your existing staff or hire new staff to support those new systems.
- 03 . Allow the practice to continue in their EHR but somehow get that data out of that system and into your system, and the most common and costly way is through the old swivel chair approach. This is where RPA can have a huge impact on your business.

Having the ability to take in electronic records from all types of systems via HL7, flat files, or spreadsheets allows you the freedom to continue to use your preferred system and yet allow the practice to continue to utilize their preferred EHR. And RPA replaces the swivel chair approach.

By utilizing the rules engine capability of RPA, you no longer simply capture the data being passed over from the EHR, now you can proactively ensure data sanitation between systems through data validation and substitution rule sets — for example, the name of the insurance company in EHR is different than in your system. And all of this for far less than any possible manual process or multiple system support costs.

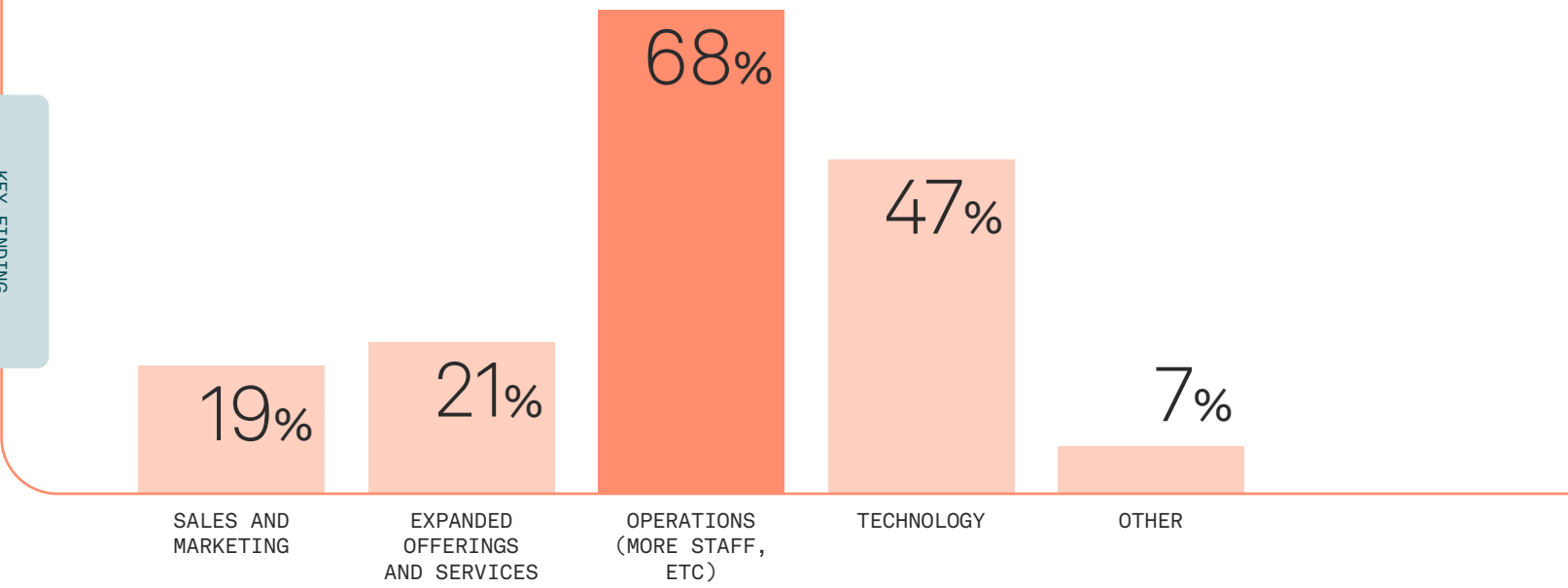
Operations remain the biggest expense over the past 2 years

7 out of 10

respondents have increased spending on operations in the last 2 years

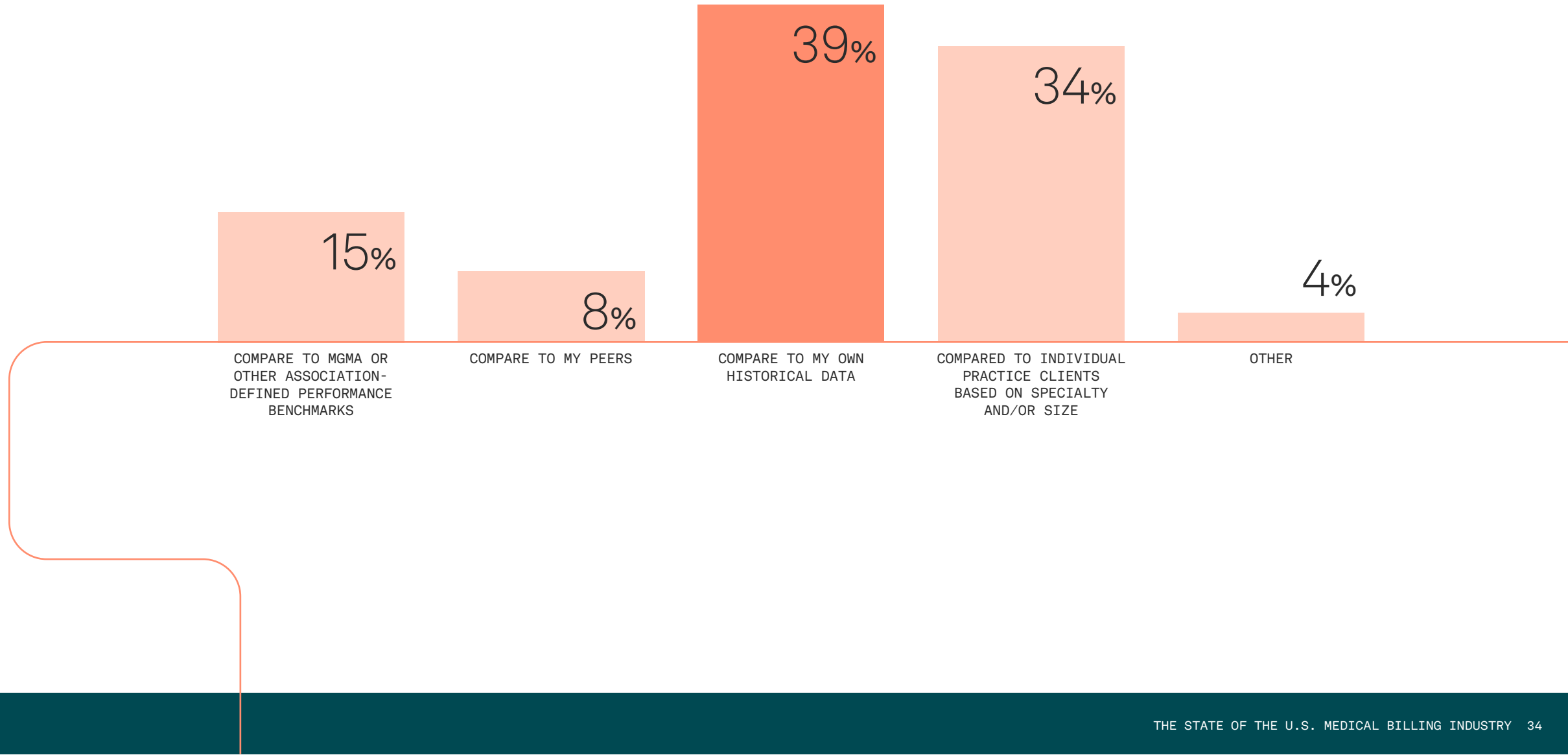
KEY FINDING

Spending trends since Covid
Where have you increased spending in the last 2 years?



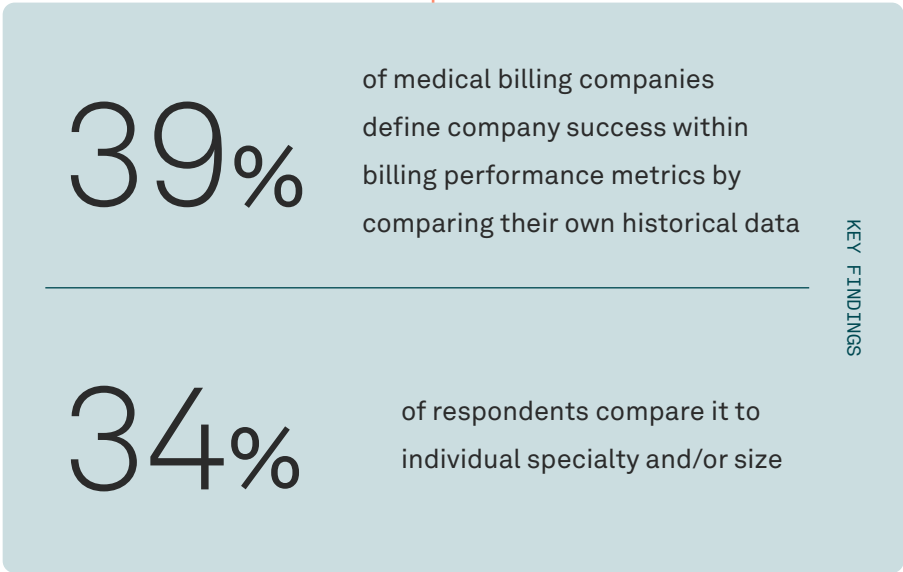
Success metrics for medical billing companies

How does your company define success within billing performance metrics?

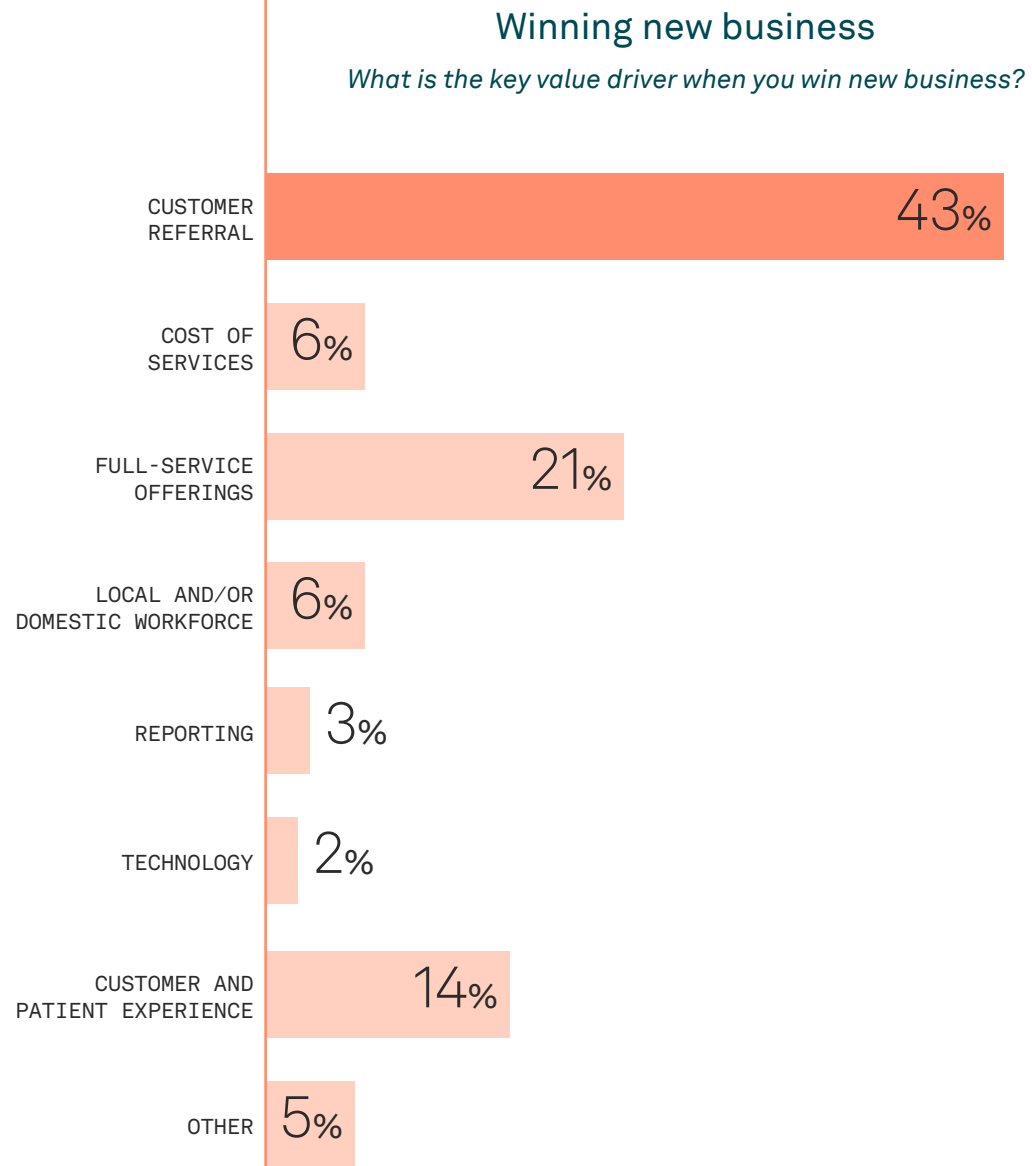


Medical billing companies look at their own historical data to benchmark success

While benchmarks can be a valuable reference, there are dangers when relying solely on external industry benchmarks. For example, you don't know if they provide the same services as you, how the data was gathered, what validation methods were used, or the standard deviation within the data. Rather, rely on a combination of external benchmarks and internal data to help you create key performance indicators to determine your current performance and strategize ways to move forward.



KEY FINDINGS



Medical billing companies rely on customer referrals and word of mouth to win new business

The medical billing companies we surveyed view referral programs as one of the most effective ways to increase brand awareness and win new sales opportunities. Referrals are one of the most credible forms of marketing, as people trust what their peers have to say.

43%

of medical billing companies say customer referrals are the key value driver when they win new business

82%

say word-of-mouth is their marketing priority for the next year

KEY FINDINGS

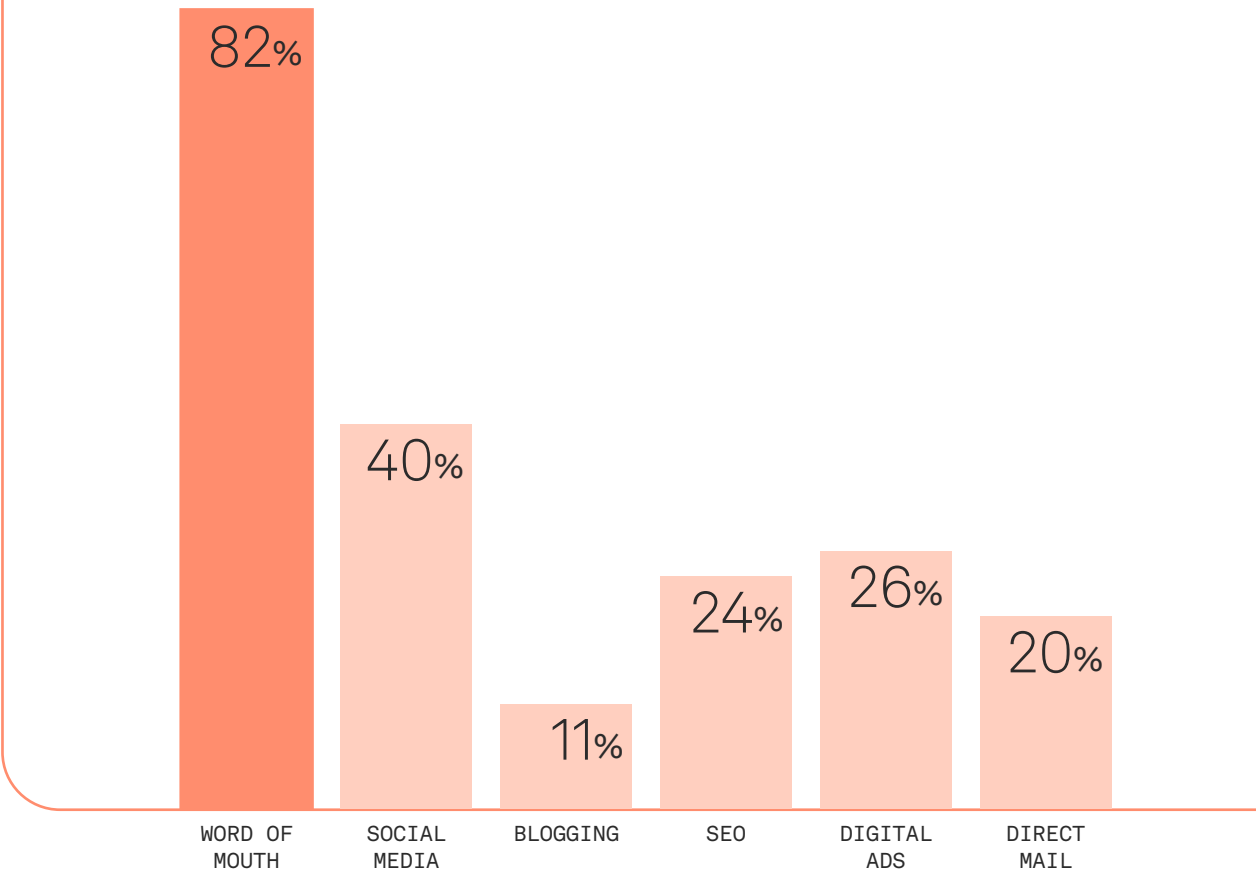
Tapping into your existing customer base to spread word of mouth doesn't happen overnight

It's a conscious effort that leverages many marketing channels. A few avenues you can tap are:

- + Prioritizing the customer experience — people only praise or recommend services they like, so keeping them satisfied is the best way to show you care, pay attention to them, and are invested in their practice's success.
- + Engage existing customers by offering helpful and informative content and semi-frequent check-ins to answer questions.
- + Ask for feedback, and highlight positive customer experiences on your website, social media channels, and in email newsletters.

Word of mouth is the #1 marketing tactic for billing companies

What are your marketing priorities for 2023?

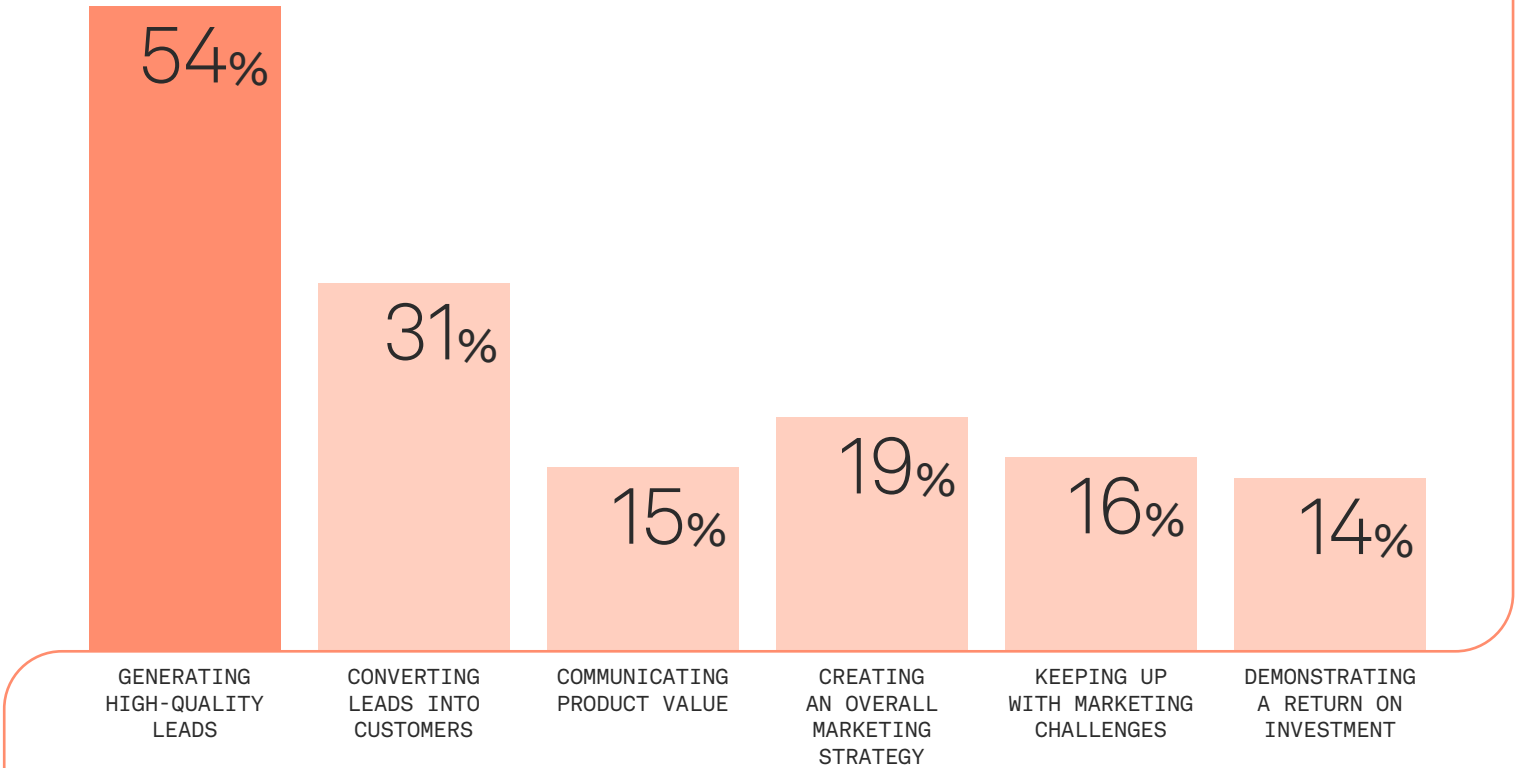


Marketing challenges for medical billing companies

Over half of respondent medical billing companies state that generating high-quality leads is their biggest sales and marketing challenge

KEY FINDING

Top marketing challenges for 2023
What are your biggest sales and marketing challenges?



What an expert has to say about attracting new customers ...



Jamie Howard

Channel Sales Manager



I can't emphasize this enough: Take time to understand your prospect and audience! This is not an easy task and takes a tremendous amount of time, effort, and skill, plus a solid understanding of the industry and competitive landscape.

From there, focus on what segment you want to focus on and funnel your efforts there. What is your expected result, and how can you work backward with those numbers to create a sales and marketing plan? Half of the time, billing companies are unsuccessful because there is no plan in place.

I recommend establishing an internal sales process: Consider how you prepare for a sales call, conduct discovery, follow up, negotiate, and close a deal. Who are your key internal partners? Build this process so it's focused on the customer problem, and how you provide the solution.

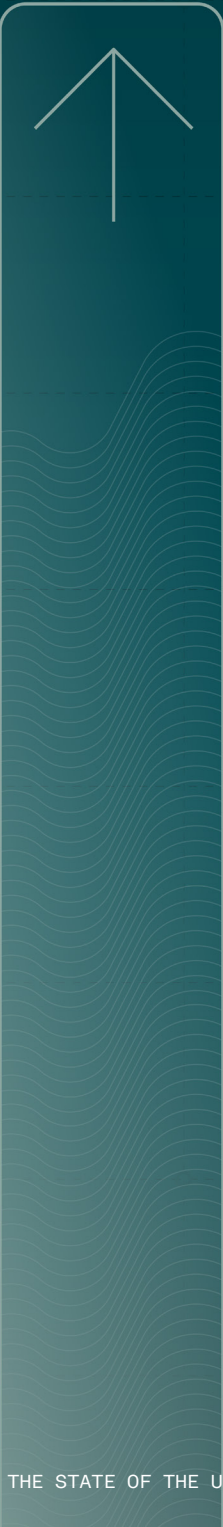
Finally, build an ideal customer profile to understand what type of customers generate the most revenue and what practices you retain most successfully. Casting a wide net doesn't yield the most return — understanding your strengths, experiences, and expertise will favorably guide your lead funnel.

SECTION 04

The financial health of medical billing companies

Monitoring financial performance remains vital to your business' success

GROSS REVENUE



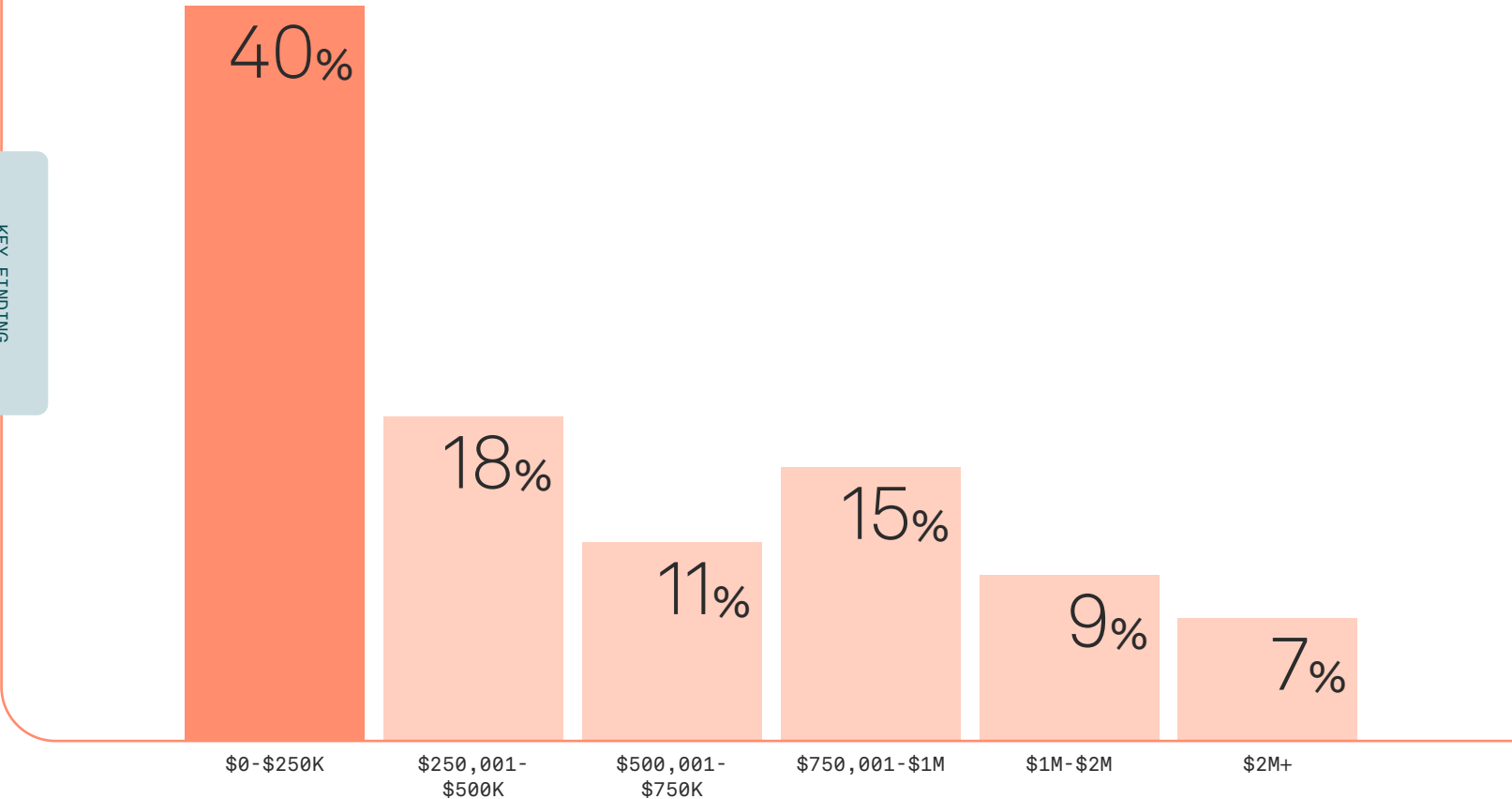
How much are billing companies growing?

4 out of 10

medical billing companies had annual gross revenue of \$0 to \$250,000 in 2021

KEY FINDING

Annual gross revenue for 2021
What was your annual gross revenue for 2021?



Medical billing companies expect steady growth over the next year

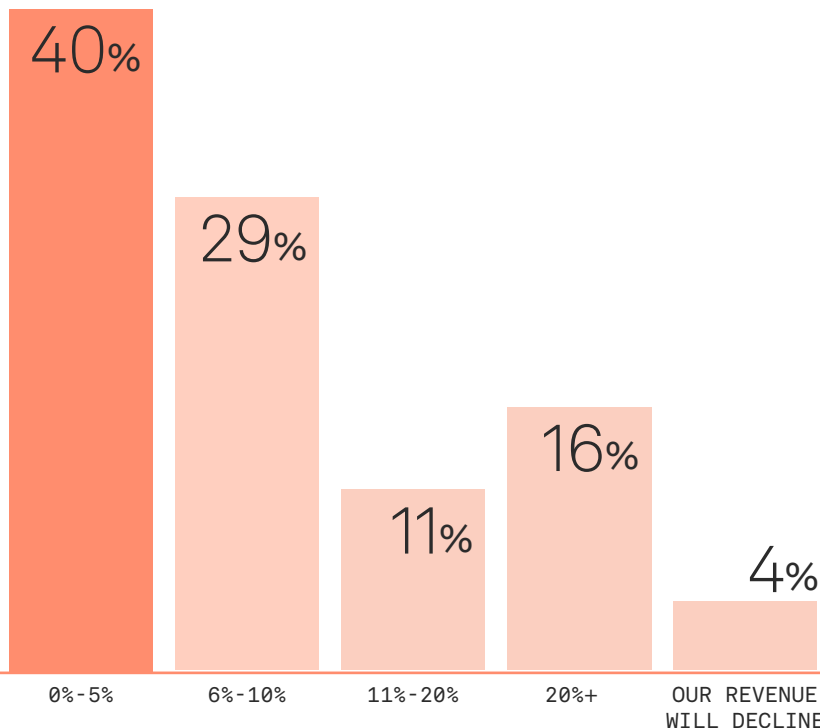
70%

of respondents expected to close out 2022 by growing their gross revenue up to 10%

KEY FINDING

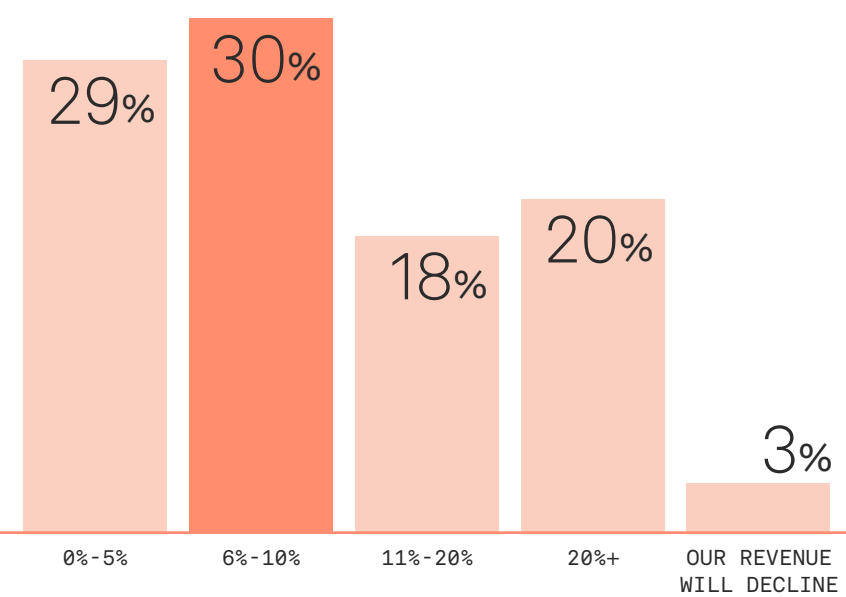
Annual gross revenue for 2022

How much do you expect your medical billing company's gross revenue to be in 2022?



Projected revenue growth for 2023

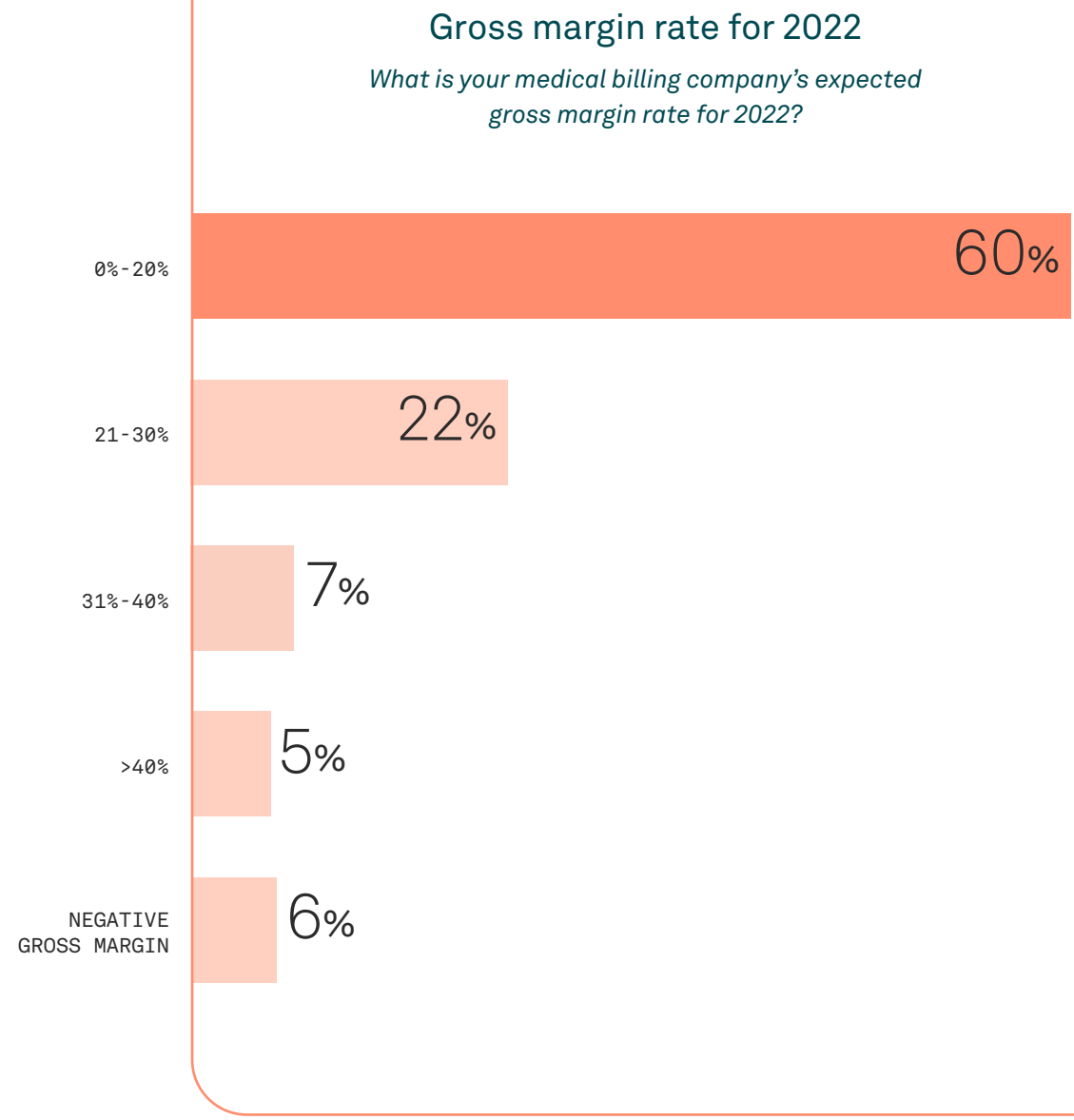
How much do you expect your medical billing company's gross revenue to be in 2023?



80%

projected the same growth for 2023

KEY FINDING



Gross margin rate

60%

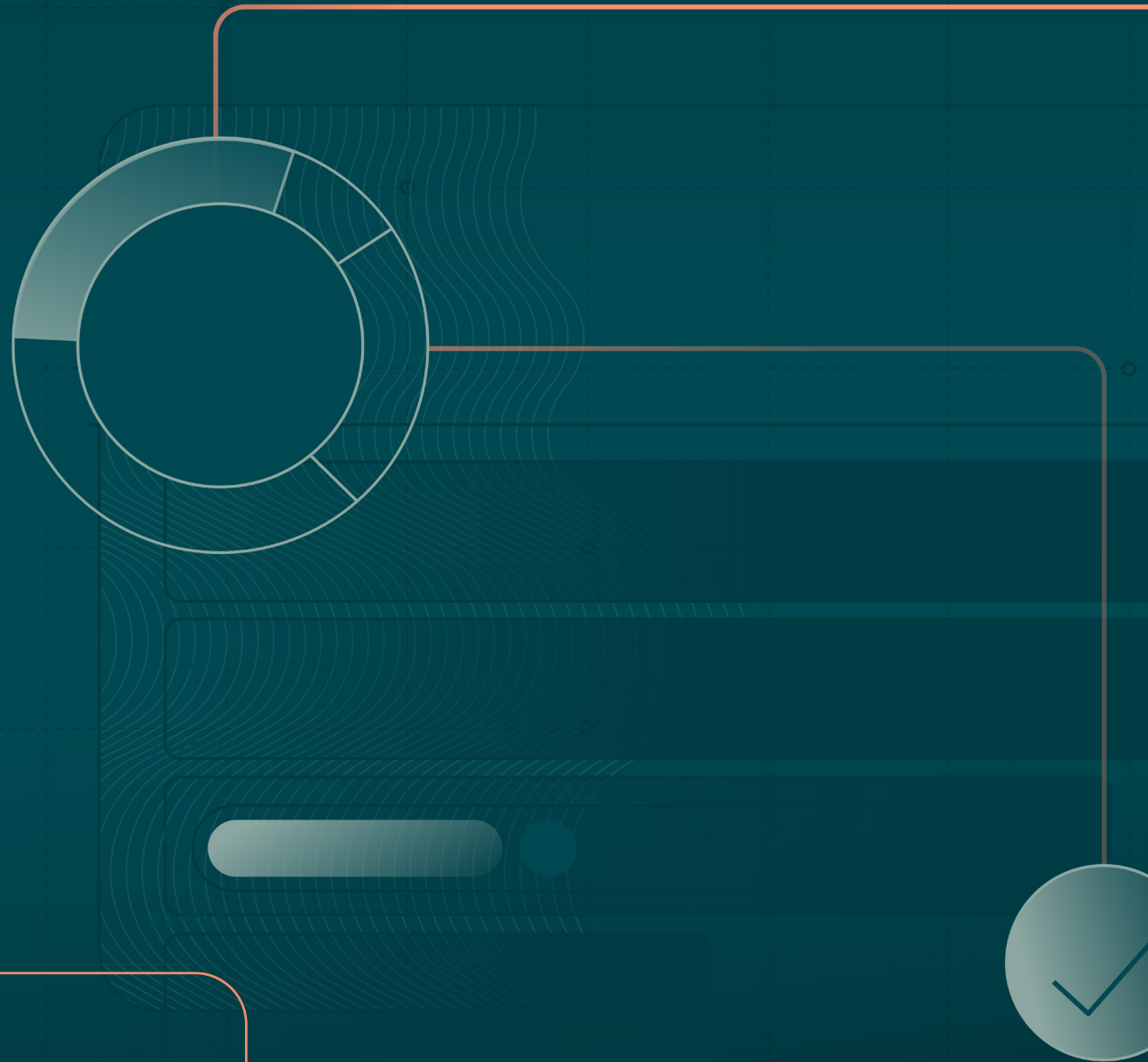
of medical billing companies expect their gross margin rate to be between 0% and 20% in 2022

KEY FINDING

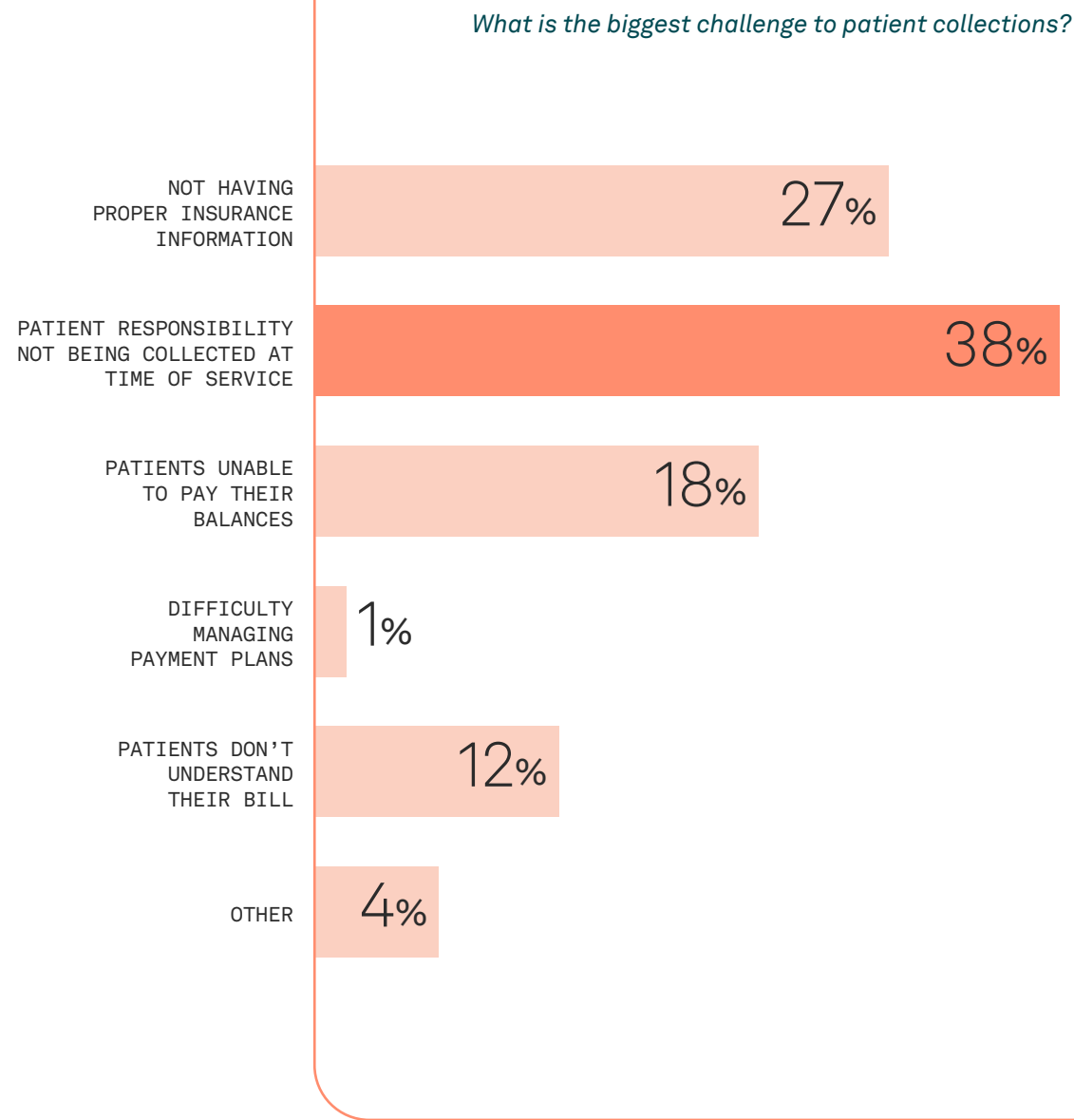
SECTION 05

Payments and billing

Exploring the latest trends with patient payments



Patient payments not being collected at the time of service is the biggest challenge to patient collections



What an expert has to say about collecting patient payments ...



d'Artagnan Osborn

GM and VP of Payment Solutions



With these tips, get ahead of the game and ensure a smooth billing process.

Before each appointment, verify insurance eligibility and double-check payment information.

Attention to detail is critical; any errors — such as incorrect names or addresses — could lead to denied claims and delayed reimbursements.

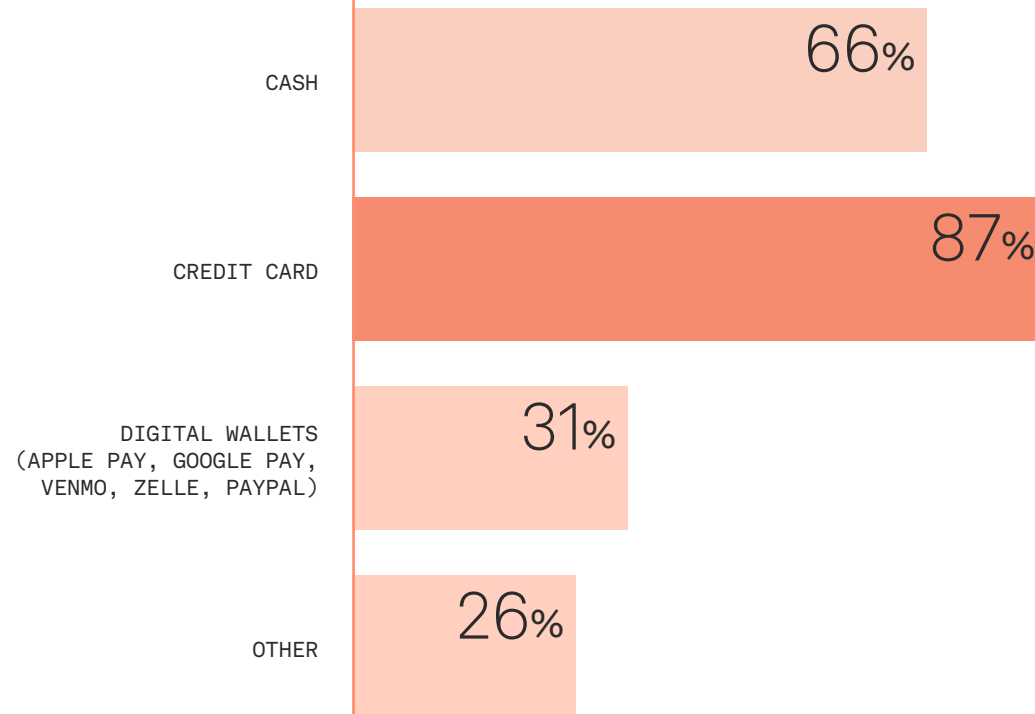
To get more organized, have patients fill in all forms on your portal before their visit — this will reduce discrepancies with patient demographics that create denials. Finally, don't forget paper documents: scan or photocopy them for extra assurance against potential financial obligations due at the time of services like deductibles, coinsurance, or copays.

Here are more tips on how to maximize patient collections.

- + Collect payment via the patient portal
- + Make sure to have a signed (by the patient) financial policy on file
- + Have a credit card on file (auto payments)
- + Provide patient statements
- + Offer payment plans
- + Ask for payment at the time of service
- + Give patients more payment options (Google Pay, Apple Pay, etc.)
- + Communicate directly to patients about balances (explain why they have bills and what it is for)

Forms of payment accepted by surveyed medical billing companies

What mode of payments do you accept?



Despite the popularity of digital wallets, less than a third of medical billing companies accept them as a form of payment

Credit cards and cash remain the top forms of payment accepted by medical billing companies.

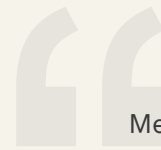
KEY FINDING

What an expert has to say about digital payments ...



Kevin Clinton

Director of Marketing, Payment Solutions



Medical billing companies should take note that the demand for online payment options is quickly increasing. Research from [U.S. Bank](#) indicates that people prefer digital options for paying bills, including via portal, mobile app, contactless debit or credit card, or apps such as PayPal, Zelle or Venmo.

Patients want the freedom, flexibility and convenience of making a mobile healthcare payment in the same way that they pay any other bill. A [recent survey](#) found patients would use more digital or mobile wallets to pay their providers if these options were available.

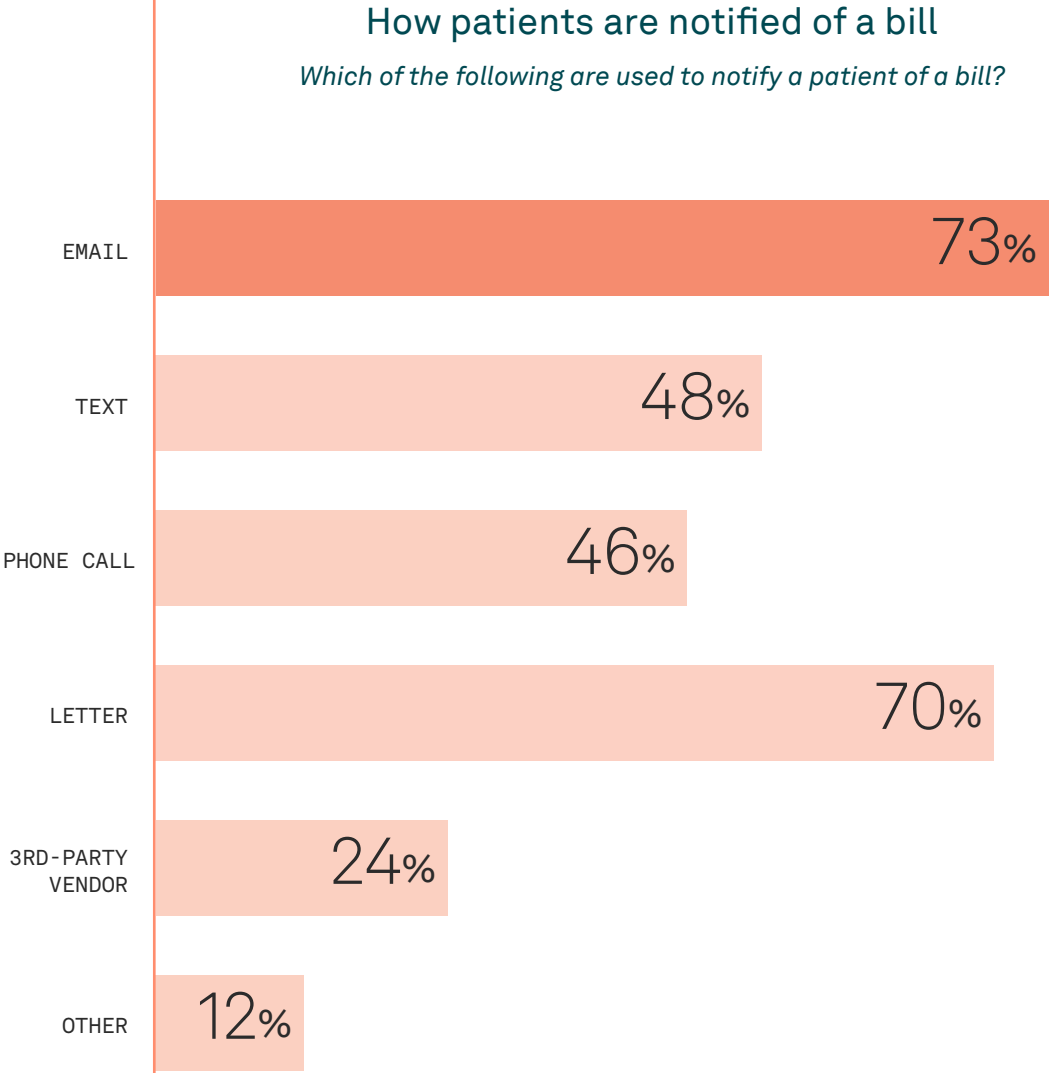
An [integrated EHR](#), billing and communications platform lets patients store a credit card securely in its system, and then pay bills with a single click. They can do this directly from their smartphone, tablet or computer. Patients benefit by the convenience of taking care of obligations any time, wherever they may be, without having to find their checkbook and a stamp.

Email and letters are commonly used to notify patients of a bill

7 out of 10

medical billing companies use email or letters to notify patients of a bill

KEY FINDING



What an expert has to say about notifying patients of a bill ...



Kevin Clinton

Director of Marketing, Payment Solutions



“

Most patients would like to communicate and make payments either online or through a mobile device. Most practices, however, are still communicating and offering payment solutions the old-fashioned way — over the phone or by expecting patients to mail a check. This manual process is not only cumbersome, but it moves payments along at a snail’s pace.

In contrast, 95% of text messages are opened within the first few minutes of being received. Combine this with Apple Pay and Google Pay and online payments, and you’ve just leveled up. By reducing the friction and time it takes for a patient to make a payment, you will see your patient collections skyrocket.

SECTION 06

The medical billing industry in 2023

Optimistic outlook for revenue cycle management, despite uncertain economic conditions

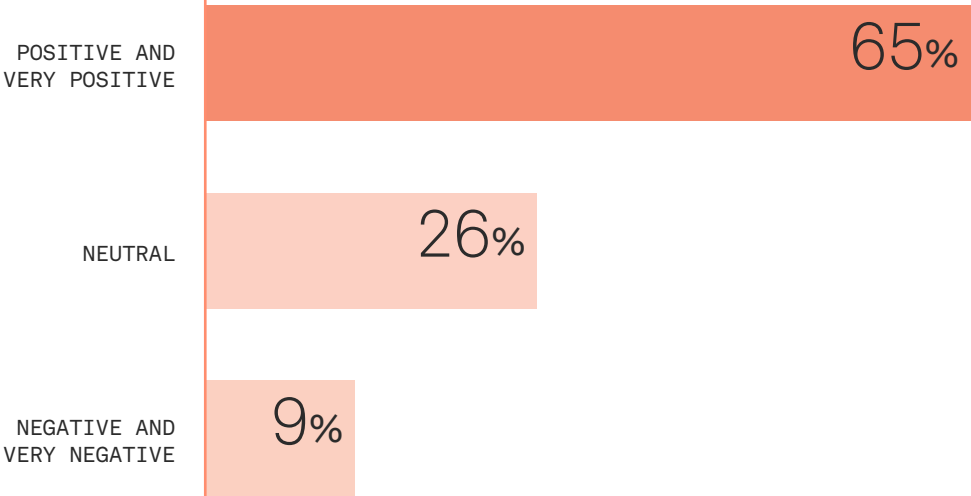


Medical billing companies have a rising positive outlook about the current state of the outsourced medical billing industry

The medical billing industry has been growing at a rapid rate in recent years as health practitioners struggle with rising patient load and record-keeping. Hospitals are encouraging this growth by outsourcing their clinical billing processes as they navigate the current regulatory guidelines and find it difficult to be reimbursed.

How medical billing companies feel about outsourcing

Which best describes your feelings about the current state of the outsourced medical billing industry?



7 out of 10

medical billing companies feel positive or very positive about the current state of the outsourced medical billing industry

6 out of 10

respondents felt positive or very positive when asked this same question in 2018

KEY FINDINGS

Opportunities for medical billing companies

What is the extent you see these items as opportunities for medical billing companies over the next 1-3 years?

	SIGNIFICANT OPPORTUNITY	MODEST OPPORTUNITY	MINOR OPPORTUNITY	NOT AN OPPORTUNITY
TREND TOWARD OUTSOURCING	43%	34%	13%	10%
OPTIONS FOR MEDICAL BILLING COMPANIES TO EXPAND SERVICES	42%	48%	8%	2%
IMPROVED ECONOMY	24%	43%	25%	8%
GROWTH IN NUMBER OF MEDICAL PRACTICES/CLINICS	36%	45%	17%	2%
MORE STABLE REGULATORY/ COMPLIANCE ENVIRONMENT	24%	42%	24%	10%
ABILITY FOR MEDICAL BILLING COMPANIES TO DIFFERENTIATE THEMSELVES	39%	36%	22%	3%

With a positive outlook, it's no surprise medical billing companies identify outsourcing as a significant opportunity

43%

of medical billing companies see outsourcing as a significant opportunity

42%

see significant opportunities to expand services

KEY FINDINGS

Risks for medical billing companies in the next 1-3 years

What is the extent you see these items as risks for medical billing companies over the next 1-3 years?

	SIGNIFICANT RISK	MODEST RISK	MINOR RISK	NOT A RISK
PURCHASE OF PRACTICES/CLINICS BY LARGER ENTITIES	43%	39%	13%	5%
GROWTH IN COMPETITION	25%	52%	21%	2%
PRACTICES/CLINICS INSOURCING BILLING	20%	38%	36%	6%
NEW REGULATIONS THAT HURT PRACTICES/CLINICS	24%	37%	33%	6%
WEAK ECONOMY	29%	41%	25%	5%
DOWNWARD PRESSURE ON BILLING RATES	31%	45%	21%	3%
PROVIDERS LEAVING PRACTICES FOR RETIREMENT OR LARGER HEALTH SYSTEMS	30%	38%	26%	6%
MEDICAL BILLING REPLACED BY AUTOMATION	30%	33%	32%	5%

On the flip side, medical billing companies see consolidation as a significant risk.

43%

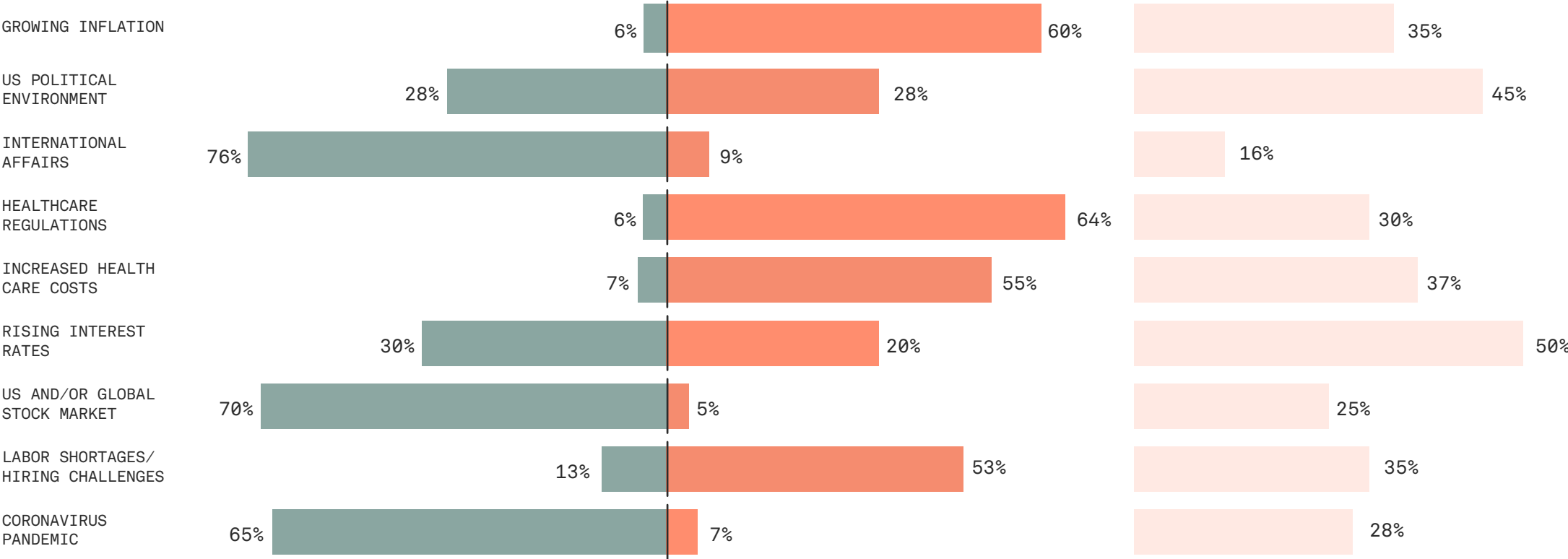
of medical billing companies identify the purchase of practices/clinics by larger entities as a significant risk

KEY FINDING

Top economic concerns medical billing companies face in 2023

What are your top economic concerns for the next 12 months?

% RANKS MOST IMPORTANT
% RANKS LEAST IMPORTANT
% RANKS NEUTRAL



6 out of 10

medical billing companies state growing inflation and healthcare regulations as their top concern for the next year

KEY FINDING

The trends in the healthcare industry

Nearly half of the respondents think high-deductible plans will become increasingly popular

KEY FINDING

The growth of different healthcare models in the next 1-3 years

To what extent do you see the following models growing in utilization over the next 1-3 years?

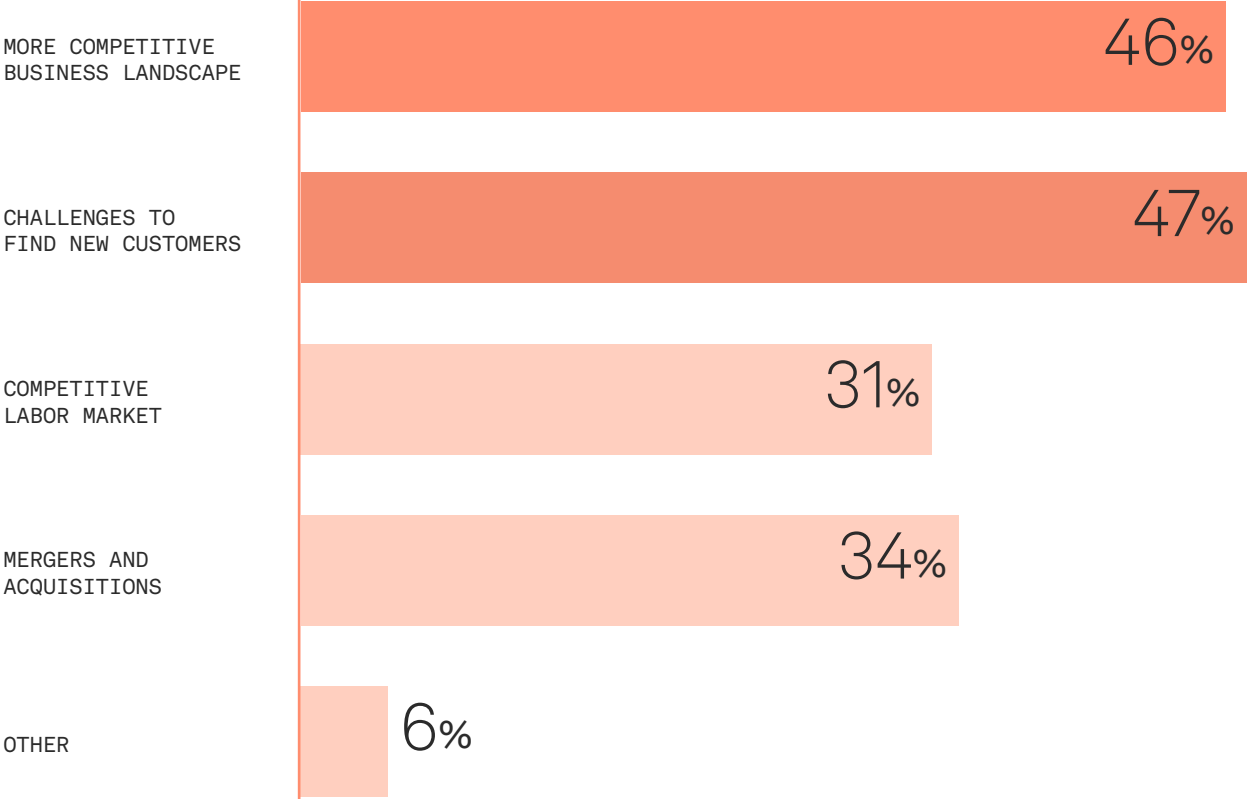
	HIGH GROWTH	MODEST GROWTH	MINOR GROWTH	NEGATIVE GROWTH	NO GROWTH
HIGH-DEDUCTIBLE INSURANCE PLANS	47%	41%	10%		2%
PATIENT CENTERED MEDICAL HOMES	21%	33%	40%	1%	5%
ACCOUNTABLE CARE ORGANIZATIONS	19%	44%	34%		3%
BUNDLED PAYMENT PROGRAMS	30%	37%	27%	1%	5%
CAPITATION PROGRAMS	21%	32%	41%		6%
MERIT-BASED INCENTIVE PAYMENT SYSTEMS	23%	39%	28%	1%	9%

Competitive landscape

Nearly half of respondent medical billing companies state that the medical billing industry has either a more competitive business landscape or presents challenges to find new customers over the past 3 years

KEY FINDING

How has the medical billing industry changed over the past 3 years?





Conclusion

Even amidst the recent tumult of Covid-19, physician burnout, and consolidation in the medical industry, one sector has continued to grow: medical billing companies. And overall, people's outlook is positive, and they feel the industry has a good trajectory in front of them.

One of the biggest areas of opportunities billing companies can leverage is automation. Patient collections can be made more efficient with technological advances from pre-programmed messaging to electronic payment options. With Robotic Process Automation (RPA), even small billing companies can gain back a substantial amount of hours, enabling their team to focus on more complex tasks.

Successful billing companies are stepping it up by offering a comprehensive, customer-focused package that is setting them apart from the competition. By combining referrals and practice experience with fully rounded services — including practice management and patient experience consulting — these businesses are developing solutions to meet all of their customers' needs.

Tebra simplifies the financial journey for everyone. Built on the strength of Kareo and PatientPop, Tebra equips over 1,600 billing companies across the U.S. with comprehensive tools to run an efficient and profitable business while helping practices deliver outstanding patient care — all from one complete operating system.

[Request a demo](#)

About Kareo, a Tebra company

In 2021, with a combined mission to unlock better healthcare, Kareo and PatientPop joined forces to form Tebra — the operating system for the connected practice of the future. With an all-in-one, purpose-built platform to drive practice success and modernize every step of the patient journey, Tebra provides digital tools and support to attract new patients, deliver modern care, get paid quickly, and operate efficiently. To learn more how Tebra is committed to improving the success and well-being of both patients and providers, visit tebra.com.

Study methodology

The State of the U.S. Medical Billing Industry online survey was designed in Alchemer and distributed to medical billing companies across the United States. It was intended to capture medical billing company data on company profiles, service models, operations, industry opportunities, and technology.

This was an update to the original 2018 report for 2022, and understand the state of the medical billing industry (general firmographics, outlook, use of technology), business trends (revenue, collection rates), and the state of independent practice growth. A 50-question survey targeted owners, operators, and managers of medical billing companies across the United States.

The survey was active between September 9, 2022, and October 10, 2022. The survey was distributed to the current Kareo customer and industry association databases. There was a response from 277 companies. 121 companies completed the majority of the survey, and 89 completed all of it.

Cross-tabulations were run on a selection of 2022 survey results. The following segmentation was undertaken:

Company size segmentation

- + Small companies = 1-25 providers
- + Medium-sized companies = 26-100 providers
- + Large companies = over 100 providers

High-growth companies

- + 11% or more revenue growth

Cross tabulations were undertaken to show insights across the following topics:

- + Trends of high-growth companies
- + Role of specialization
- + Leveraging vendors to help scale
- + Patient collections

Trends of high-growth companies removed responses from newer companies which had been in business 0 to 2 years to avoid bias in terms of accelerated high growth from a start-up.



[Kareo.com](https://kareo.com)



COLLECTIONS

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