



American Retrieval
Medical Record Retrieval

TIPS ON AVOIDING HIDDEN FEES IN MEDICAL RECORD RETRIEVAL SERVICES

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Do you really know what you're paying for your record retrieval?

By Greg Simon, CEO

I've been in the medical record business since 1989. I have the rare experience of working and owning both a Release of Information Company (ROI) and a Record Retrieval Company (RRC). I want to share some insight into this industry. It should help you and your firm save a significant amount of money for both you and your clients.

Back in the late '80s, an ROI company sending out a medical record required a body, some state privacy law knowledge, and a portable copy machine. HIPAA and HITECH didn't exist. Today, most of the information is transferred digitally. Obtaining the records is specific to HIPAA and its regulations. Seems simple, but obtaining records in a timely manner takes kind persistence, follow-up, a great organizational platform and then, even more follow-up. The squeaky wheel scenario. It's the follow up that costs the most time and money. Lawyers and insurance companies gain both time and money when they outsource to a record retrieval company, but not all record retrieval companies charge their clients in the same manner. There are subtle differences that don't seem significant when you look at a price sheet, but I would contend that these subtle differences amount to hundreds of thousands of dollars. I would like to show you the different methods RRCs charge you and maybe shed some light on what you're actually paying and, in most cases, overpaying.

PRICING RECORD RETRIEVAL SOLUTIONS

1) The One Total Fee Fits All

The one fee fits all is a rate commonly used with insurance companies (and their defense counsel) and convincingly accepted because they can charge back to each account an exact fee without much review. For example, for the cost of the records and the RRC retrieval fee combined, they will always charge you \$X regardless how much the records cost to obtain. In some cases, the RRC loses money on a higher cost set of records. However, in the long run, this is in my opinion the worst option. The spread the RRC makes is predicated on percentages. Here's how this works.

The RRC takes a number of requests within a region and then averages the cost over a large number of completed orders so the outliers don't affect the number significantly. Next, they add what seems to be a reasonable charge to do the work. That becomes the number for each request, whether successful or not. If the request is rejected or no records exist, they still charge the total fee for the attempt. Here's why that is not a good option.

- A. They are averaging the cost of records for when a facility actually requires a payment. On average, 35% don't actually require a facility payment.
- B. Roughly 25% will be returned as either no records or patient not found based on many reasons, some of which could be the RRC. Roughly 20% of those will be requested again for another fee.

This method ultimately inflates the price that the RRC receives per each request significantly. Here's the math for 1,000 requests assuming the average cost of the records is \$75 and the RRC wants \$35 per request or a flat fee of \$110.

Actual charges at \$75 per average request with proposed \$35 add on
 $1,000 \times \$110 = \$110,000$

20% of 250 requests re-ordered due to incorrect no records response
is $50 \times \$110 = \$5,500$

Total Charge for 1,000 requests is \$115,500

Real Costs to RRC

Only 65% of 1,000 requests are actually charged a provider fee: $650 \times \$75 = \$48,750$

50 requests of re-orders will be charged: $50 \times \$75 = \$3,750$

Total Costs to RRC = \$52,500

Billed minus expense = $\$115,500 - \$52,500 = \$63,000$

The RRC is making roughly \$63 per request, not the \$35 you think you are paying.

Now, let's compare that to a flat rate charge.

2) Flat Rate Retrieval Charge

A flat rate charge is the rate a RRC will charge you in addition to the actual price of the medical records. This is a more transparent charge and you can also control the threshold of price for the records for the very high outliers giving you more control of the overall cost to your company. However, flat rate doesn't always actually equate to the flat rate retrieval fee listed. The actual price per record can vary significantly if a RRC has added in line item fees.

For example, if company A charges \$35 flat rate and company B charges \$35 flat rate, then company A incorporates a lot of little up charges, they can almost double the actual cost of company B. There are quite a few variables that can play a large role in your costs. The upcharges and additional line item fees weigh significantly when you look at your bottom line.

Some companies will charge additional seemingly minimal fees for what is considered "extra" work outside the scope of the retrieval process while those same things are included in the flat rate retrieval fee for other RRCs.

Some additional charges that are seen frequently are: bates stamping, facility address lookup, scanning costs for over 100 pages, highlighting/annotating, sending requests with additional documents such as death certificates, and more that some RRCs include. The biggest cost difference is always going to be what you get charged for "no records."

Let's do the math using 1,000 requests price for obtaining the records will remain a constant.

COST BREAKDOWN PER 1,000 SETS OF RECORDS

This breakdown includes the following assumptions:

- 25% occurrence of no records returned
- 20% occurrence of no records re-ordered
- 10% occurrence of records over 250 page
- 25% occurrence of facility lookup (low)

	COMPANY A	COMPANY B
Retrieval Fee	\$28.00 750 x \$28 = \$21,000	\$39.95 750 x \$39.95 = \$29,963
No Records	No charge 250 x \$0 = \$0	\$39.95 250 x \$39.95 = \$9,988
Re-ordered	50 x \$28 = \$1,400	50 x 39.95 = \$1,997.50
Over 250 pages	No charge \$0	\$15.00 100 x \$15.00 = \$1,500
Facility Lookup	No charge \$0	\$15.00 250 x \$15.00 = \$3,750
Total Cost	\$22,400	\$47,198.50
Cost Per Record Request	\$22.40	\$47.20

**The above scenarios are provided from real records retrieval company listed price sheets.*

Notice that Company A, who does not charge for “no records,” is actually averaging only \$22.40 per record request instead of their listed \$28 because you aren’t getting charged for the constant no records returned. Even though Company B is roughly \$12 more in stated retrieval fees, they are actually charging an average of \$47.20 per request when you add their “minimal” fees. Someone who is using Company B is paying over twice the amount per thousand record requests because 1) Company B is higher to begin with and 2) Company B nickel and dime you so they can maximize profits. The extra charges rarely if ever equate to receiving a better service, and in most cases, the results are not as good as the lower priced company.

CONCLUSION

I’m still baffled by the number of insurance companies and law firms that use a RRC with such high costs. I think they typically lock into a deal or contract and rarely look again at other options or understand the nature of how they are being billed. But if one was to consider that an insurance company doing 60K requests a year could save \$1,488,000 from the flat rate scenario above or even \$2,436,000 when accepting the “total fee” in example one, there would be some CFOs paying a lot closer attention.

Even a law firm processing 1,000 requests a month would save \$487,200 annually. The message that has been driven home consistently at the legal trade shows I've attended is how the attorney is the advocate for their clients and have only their best interest in mind at all times.

I understand that much of this becomes a pass through expense for plaintiff attorneys when using a RRC, but shouldn't law firms be advocating for their clients' pockets as well? A vendor procurement manager at insurance companies should also be advocating for their company.

ABOUT US

[American Retrieval Company](#) is the leader in medical record retrieval since 1993. It has been our mission to make our clients jobs easier. At American Retrieval, we prioritize excellent customer service, innovation, and efficiency above all.

With years of experience practicing these values, we've become a leading medical record and document retrieval company. We are dedicated to assisting law firms and insurance companies of all sizes across the country in the time-consuming process of obtaining medical records. Please contact American Retrieval Company at INFO@AMERICANRETRIEVALCOMPANY.COM.