

# The Complete Guide To Medical Billing For Local Pharmacies

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In this handy guide to medical billing, we'll show you:

**Key trends driving the need for medical billing optimization**

**Common medical billing challenges for local pharmacies**

**Benefits of having a streamlined medical billing process**

**What to expect from a medical billing optimization project**

**Why pharmacy medical billing software is worth the investment**

**What to look for in a medical billing software provider**

## Introduction to the State of Local Pharmacy

**Local pharmacists have earned a reputation for being accessible, reliable, and personable community caregivers. With 90 percent of Americans located within five miles of a community pharmacy, local pharmacists are easily one of the most accessible providers in healthcare.**

In fact, a recent survey revealed visits to a local pharmacy significantly outnumbered encounters with primary care physicians—particularly in more rural areas where the nearest doctor's office or hospital is often located several miles away. That's why it's no surprise that local pharmacists are known for their commitment to forming close connections in the areas they serve.

"They treat me like a real person. They know my name; they know what I need," one patient said about her local pharmacy.

However, in recent years, mounting financial challenges and ever-increasing competition with big-box retailers have made it difficult for independent stores to stay open and continue serving their communities. As such, it has become increasingly important for local pharmacies to expand their service offering to incorporate patient care ranging from flu shots and immunizations to medication therapy management—which is where medical billing comes in.

# Key Trends Driving the Need for Medical Billing Optimization

Accurate, efficient medical billing has become a necessity in the pharmacy industry as it exists today—but what's driving the increasing need for medical billing optimization?

## Evolution of the Pharmacist Role

Pharmacists have been providing clinical care services beyond simply filling and billing for as long as the profession has existed. However, the pharmacist role has evolved significantly in recent years, with an increasing number of local pharmacies embracing the New Era Pharmacy model and expanding their clinical services to care for patients on a greater scale.

Getting medical billing right is essential in order to be compensated for said clinical care. Recognizing this (and the opportunities it presents), more and more software vendors are designing new medical billing solutions for pharmacies.

## Role of Pharmacy During the Pandemic

COVID-19 introduced even more clinical opportunities for local pharmacies, positioning pharmacists to rise to the challenge of offering point-of-care testing and vaccinations as frontline responders. Pharmacists were officially granted provider status at the height of the pandemic, which allows them to test, treat, and immunize for COVID-19 and bill to the medical benefit with fewer reimbursement hurdles to jump through.

Of course, medical billing claims still need to be properly submitted for pharmacists to be reimbursed accordingly, which is what drives the need for optimization and software to support these efforts.

## Market and Financial Challenges

In addition to the ever-evolving pharmacist role, local pharmacies are also forced to compete with big-box retailers who have extensive corporate support and resources. Unfortunately, local pharmacy closures have become commonplace in recent years due to competitive and financial challenges, such as shrinking prescription margins and declining reimbursement.

Local pharmacies need to ensure a steady cash flow beyond the prescription center to gain a competitive edge and sustain their business long term.

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# Common Medical Billing Challenges for Local Pharmacies

While local pharmacies are very much familiar with prescription billing, medical billing is inherently different, presenting unique challenges that can make getting reimburse for clinical care services a real headache. These challenges include:

## Lack of Staff Education and Experience

Local pharmacists and pharmacy technicians are often unfamiliar with medical billing intricacies and the various ways it differs from prescription billing. This is the case because pharmacies are often not as experienced with billing to the medical benefit as doctor's offices and hospitals. Nailing medical billing requires pharmacists to possess a deep understanding of the different coding formats, regulatory requirements, and timing—unless they're using a medical billing solution to do the heavy lifting for them.

## Errors Leading to Frequent Claim Denials

Missing or incorrect information—largely due to human error and lack of staff education—often leads to frequent claim denials, which ultimately damages profitability and introduces additional steps in the process. When this occurs, it forces the pharmacy in question to appeal or resubmit claims and then keep track of them manually, which is both financially detrimental and operationally inefficient.

## Inefficiencies Due to Manual Workflows

Tracking and reconciling claims creates more manual work for staff and introduces process inefficiencies. This not only creates a greater administrative burden for pharmacists and staff, but it also cuts into time that could be spent engaging patients and providing the wide range of clinical care services they need.

## Billing Systems Not Designed for Scale

Most pharmacy billing systems are not designed with scalability and growth in mind. It's not at all uncommon for local pharmacies to outgrow their billing software because it's unable to scale with their business as it evolves.

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# Benefits of Having a Streamlined Medical Billing Process

To address these challenges, local pharmacies need a streamlined medical billing process supported by a scalable solution designed to meet their unique needs. Some of the biggest benefits of optimizing your medical billing processes include:

## ✓ Increasing Growth and Profitability

Streamlined medical billing helps to optimize reimbursements and increase your local pharmacy's cash flow, ultimately improving claims management and reducing the need for claims reconciliation. Done the right way, medical billing optimization can result in increased business growth, expanded service offerings, and greater profitability as a whole.

## ✓ Providing Better Patient Care

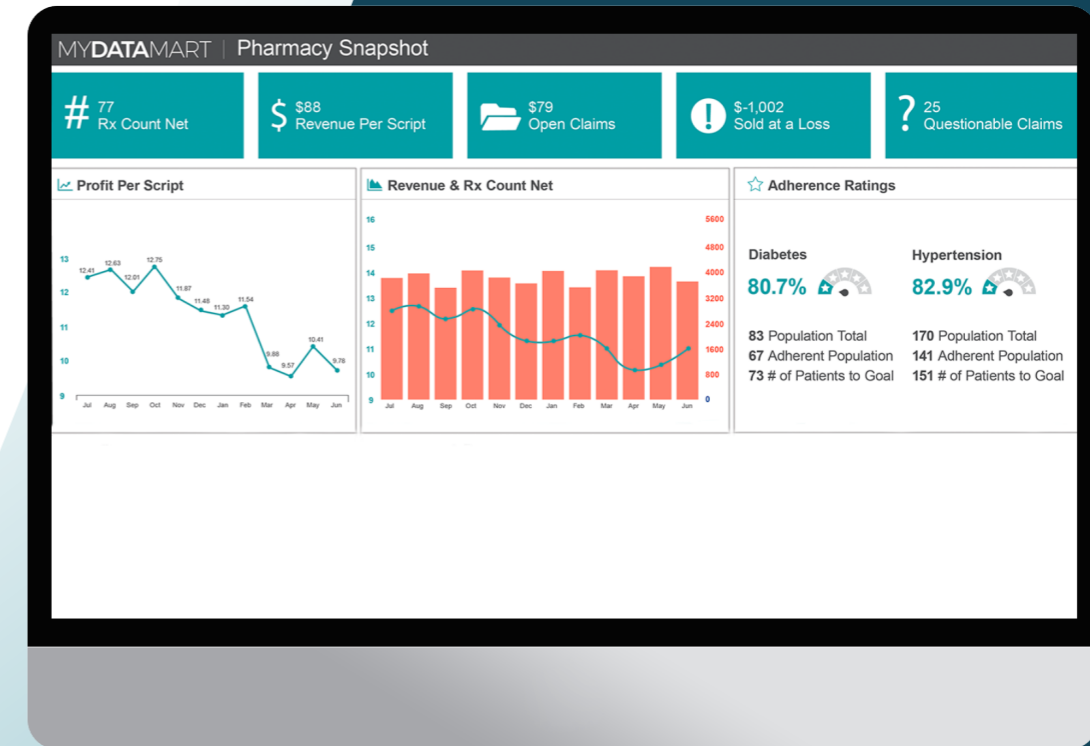
Gaining the ability to submit medical billing claims with confidence enables local pharmacies to offer a range of clinical services, improving care access in rural, underserved communities. Automating medical billing workflows also frees local pharmacists and technicians up so they can spend less time crunching numbers and more time helping patients.

## ✓ Improving Operational Efficiency

Medical billing workflow automation also enables local pharmacies to operate more efficiently, minimizing human errors, reducing overhead costs, and improving profitability—all without needing to add new members to the team. (Hello, operational efficiency!)

## ✓ Ensuring Medical Billing Accuracy

Fewer coding errors equal fewer claim denials and better, more consistent medical reimbursement for your pharmacy. By taking steps to optimize your existing medical billing workflows, you can improve your accuracy and ensure you're paid on time and in full for the clinical services you provide.



# What to Expect from a Medical Billing Optimization Project

Starting a new medical billing optimization project for your pharmacy? Here's what you can expect before, during, and after:

## Before the Project

Before you jump into your medical billing optimization project, plan to conduct an audit to determine your existing pain points, redundancies, challenges, and opportunities for improvement. Also, make it a point to audit the current state of all your open medical billing claims to identify potential money being left on the table before you get started.

*This is also the time to begin evaluating different medical billing software vendors to choose the best solution for your pharmacy. Once you've selected a medical billing software vendor to partner with, you can develop a strategy for the implementation process as well as how your pharmacy staff will be trained to use the new system.*

## During the Project

With a rock-solid medical billing solution and strategy in place, you can begin conducting implementation and training with the vendor's support. You should also use this time to adjust your current workflows so they align with your new medical billing software as well as appeal any existing held or denied claims to reconcile missing funds.

## After the Project

To reap the greatest rewards and return on investment (ROI), you need to commit to making continuous efforts to optimize your pharmacy's medical billing over time. You can do so by making smart use of the data and reports built into your medical billing solution, which can help you identify potential process gaps and low-hanging fruit opportunities for improvement.



# Is Pharmacy Medical Billing Software Worth the Investment?

The benefits of pharmacy medical billing software by far outweigh the cost. Medical billing solutions can cost anywhere from \$35 per month to more than \$300 per month, depending on the solution you pick and the features you use.

With that said, medical billing software has the potential to drive significant profits for each clinical service offered as a result—and there are countless services you can provide.

## Vaccinations:

$$\frac{\$15}{\text{profit per vaccine}} \times \frac{\text{number of vaccines administered per month}}{\text{number of vaccines administered per month}} = \frac{\text{Monthly vaccine profits billed}}{\text{Monthly vaccine profits billed}}$$

(e.g., \$15 x 300 vaccines = \$4,500/month)

## Total:

$$\frac{\text{Monthly vaccine profits billed}}{\text{Monthly vaccine profits billed}} \times \frac{\text{Solution cost}}{\text{Solution cost}} = \frac{\text{Total monthly benefit}}{\text{Total monthly benefit}}$$

(e.g., \$4,500 - \$234 = \$4,266 earned)

For example, each of these services could result in thousands of dollars in profits each month for your pharmacy, far exceeding the minimal cost:



Flu shots and other immunizations



Medication therapy management



Supplies and medical equipment



Diagnostic and biometric testing



Diabetes prevention programs



Diabetes management training



Transitional care management



Smoking cessation programs



Curious about the cost benefits to your pharmacy in particular?

Our [free ROI worksheet](#) allows you to easily plug in different numbers to determine your potential return based on the services it empowers you to offer your patients.

# What to Look for in a Medical Billing Software Provider

The benefits of pharmacy medical billing software by far outweigh the cost. Medical billing solutions can cost anywhere from \$35 per month to more than \$300 per month, depending on the solution you pick and the features you use.

## **Automated medical billing and edit guidance:**

Automate manual claims submission workflows to improve your pharmacy's profitability, work more efficiently, and spend more time with patients.

## **Integration with existing tech and payer systems:**

Seamless integration with your pharmacy management system and third-party payer systems is essential for true medical billing optimization, introducing several workflow efficiencies and equipping you to manage billing and eligibility for all payer types.

## **Optimization for clinical care services:**

Gain the ability to bill for any medical service, supplies, or equipment along with point-of-care education and training programs to support your local pharmacy's evolution.

## **Simplified claims status and management queues:**

Easily track and stay on top of current and historical claims status, including held and secondary claims, so you're never leaving missing money sitting on the shelf.

## **Comprehensive reporting with exportable data:**

Gain insights into your pharmacy's medical billing with exportable reports on existing claims and status updates, enabling staff to make quick and easy adjustments.

## **Scalability to support your pharmacy's growth:**

Your medical billing solution needs to be flexible, customizable, and scalable to continue supporting your pharmacy business as it grows and evolves.

Looking for more information on choosing the right technology for a medical billing optimization project at your local pharmacy?

Check out our [medical billing resource center](#) and download our free checklist, "Key Features to Look for in Pharmacy Technology Add-Ons," to learn more.

Download the Check List

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### **About EnlivenHealth<sup>®</sup>**

EnlivenHealth<sup>®</sup> builds advanced patient engagement, financial management and population health technology solutions that enable retail pharmacies and health plans to measurably improve the health of their patients and members, while ensuring the long-term health of their business. With the recent acquisitions of FDS Amplicare and MarkeTouch Media, EnlivenHealth<sup>®</sup> now offers the industry's most comprehensive suite of SaaS technology solutions that help retail pharmacies and health plans to transform and thrive in this new era of digital-driven healthcare. Currently, more than 50,000 retail pharmacies nationwide deploy EnlivenHealth<sup>®</sup>/FDS Amplicare/MarkeTouch Media technology solutions.

EnlivenHealth<sup>®</sup> is a division of Omnicell, Inc. (Nasdaq: OMCL), a leading provider of medication management solutions and adherence tools for healthcare systems and pharmacies. To learn more, visit [EnlivenHealth.co](https://enlivenhealth.co).

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