PITON Global

EXECUTIVE WHITE PAPER · WP-22

MEDICAL BILLING OUTSOURCING · PHILIPPINES

The first-pass-yield standard: the executive economics of medical billing outsourcing to the Philippines.

An analysis of why claims submitted is a volume vanity metric, how first-pass paid yield and clean-claim rate — never billing throughput — decide the true cost of a revenue-cycle operation once denials, rework, and aged AR are counted, and the vendor-selection discipline that gets the claim paid the first time.

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ABOUT THIS SERIES — VOLUME 22

Every medical-billing proposal is priced per claim submitted, because volume is easy to count. This volume is about the only outcome a practice's revenue actually depends on: the claim paid in full on the first submission, without a denial, an appeal, or a month in aged AR. The gap between submitting a claim and collecting on it first pass is where denials, rework, and write-offs live. The full series lives at piton-global.com.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

John Maczynski

Chief Executive Officer

John has bought revenue-cycle capacity for three decades, and learned that the cheap biller who submits fast and gets denied is the most expensive one a practice can hire — because every denial is a claim reworked, an appeal filed, and a dollar sitting in aged AR instead of the bank. His standing question ignores the submission report: of the claims you sent, how many were paid in full on the first pass? Applied at PITON-Global, that question is what clients get on every billing sourcing decision — personally, with no account layer in between.

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Ralf has spent twenty-five years running Philippine revenue-cycle floors, and he judges a billing team by its first-pass yield and denial rate, not its claims-per-day: what the scrub gate catches before submission, and what comes back as a denial after. The billing contract in Section 3 codifies what he learned rebuilding teams that submitted fast and let denials pile up. He now reads billing providers the way he once ran them — from the denial and aged-AR logs backward.

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PITON Global

ABOUT PITON-GLOBAL

PITON-Global is a buyer-side advisory practice, Manila-based since 2001, that has never operated a delivery floor or taken a placement commission. Its stock-in-trade is knowing the Philippine provider market at the operating level — 1,000+ mapped operations, re-verified continuously, including each billing team's real first-pass yield and denial performance rather than its claims-per-day headline — and converting that knowledge into a shortlist of six to ten genuinely qualified partners per engagement. Buyers from Tripadvisor, Garmin, TSYS, HealthPartners, Yetipay, Workrise, and Norman Disney & Young have run their searches through the practice.

SECTION 01

Executive summary

-59%	98%+	-63%	6.2×
Fully-loaded cost per collected dollar vs. US onshore	Clean-claim rate on vetted teams, up from 75–85%	Reduction in first-pass denial rate on vetted teams	First-year ROI, reconstructed case (Section 6)

A medical-billing engagement is bought on the price per claim and paid for on the claims it gets denied. The vendor reports fifty thousand claims submitted at a fraction of the onshore cost; the practice finds the denials for missing modifiers, the rejections for eligibility never checked, the appeals nobody worked, and the revenue aging past ninety days into write-off. The operation hit its submission number and the practice inherited a denial backlog and a cash-flow hole. The gap between submitting a claim and collecting on it first pass is where the real cost of cheap billing hides, because a denied claim is not revenue delayed — much of it is revenue lost.

The Philippines is where medical billing is delivered with the most revenue-cycle discipline, because a deep, coding-literate, payer-trained talent pool can run the claim scrub and denial management that first-pass yield demands. Five findings:

1. **Claims submitted is the industry's most flattering number.** Any team can drop claims into a clearinghouse. Vetted teams are measured on yield: clean-claim rate, first-pass paid, denials worked to resolution. Weak providers quote a low per-claim price the practice repays in denials and aged AR. Section 2 shows the gap.

2. **The scrub gate is the product.** A claim paid first pass comes from scrubbing eligibility, coding, modifiers, and payer rules before submission — not from resubmitting after a denial. Teams that gate every claim get paid the first time; teams that gate nothing generate a denial queue that costs more to work than the claim is worth.

3. **A denied claim is often revenue lost, not delayed.** A percentage of denials are never successfully appealed, and every one that is costs staff time and calendar days of aged AR. Vetted teams hold clean-claim rates above 98% precisely because the tail — the denial that ages into write-off — is where the money leaks.

4 **The denial and the aged AR, not the keystroke, are what cost.** A claim denied costs the rework, the appeal, the days in AR, and the fraction never recovered — many times the per-claim saving. Teams that hold first-pass yield drive denials down and collect faster, and that recovered revenue — not the offshore rate alone — is where the case study's return is built.

5 **Contract on the collected dollar, not the submitted claim.** The contracting failure of billing is paying per claim and hoping it gets paid. Vetted deals price against clean-claim floors, first-pass-yield targets, and denial ceilings, making collection the team's problem, which is where it belongs.

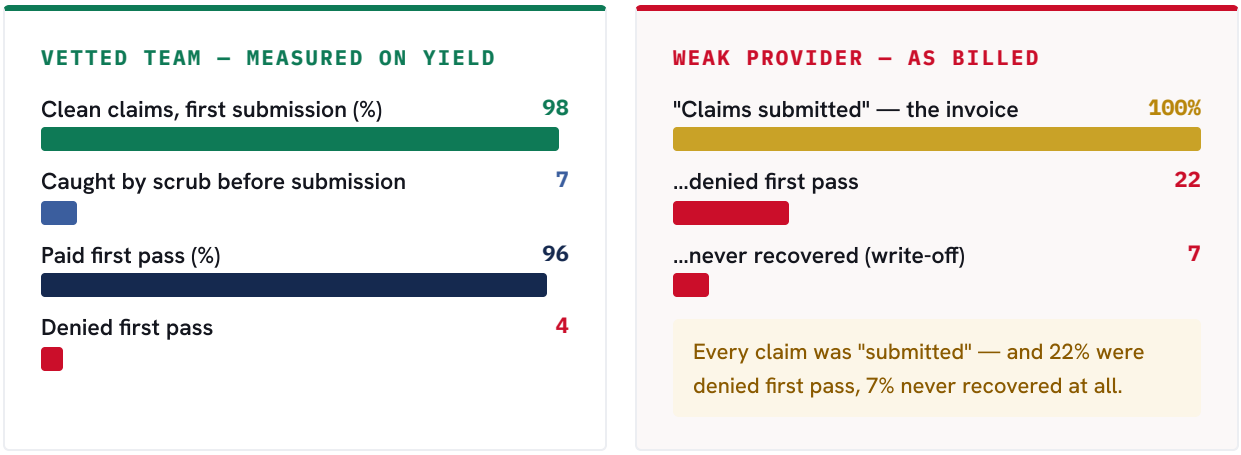
The intended reader is a practice administrator, revenue-cycle director, or CFO buying medical billing per claim and paying for it in denials and aged AR. Sections 2–4 separate the teams that collect first pass from the teams that submit volume; Sections 5–7, the method and the proof.

SECTION 02

The volume mirage: claims submitted versus first-pass paid yield

Figure 1 shows one month of a practice's claims two ways: as the submission report a weak provider bills, and as the first-pass-yield reality the practice's bank account experiences. The claims-submitted number is identical in spirit to a chatbot's containment rate — a figure engineered to look like productivity while denials pile up and cash ages.

FIG. 1 — ONE MONTH OF CLAIMS: FIRST-PASS-YIELD QUALITY VS. REPORTED SUBMISSIONS



Left: PITON-Global engagement instrumentation, 2025–26, yield audited. Right: composite of pre-engagement vendor reporting reviewed in diligence.

The economics follow the first-pass yield, not the submission count. On the left, ninety-eight percent of claims are clean and ninety-six percent paid first pass, so cash arrives fast and staff work exceptions, not queues; on the right, a cheap per-claim price denies twenty-two percent first pass and writes off seven, paying in rework and lost revenue at once. A low per-claim price that generates denials is not a saving; it is revenue leakage, delayed and partly permanent. The first-pass-yield audit — clean-claim rate, first-pass paid, denials, aged AR — is the cheapest due-diligence instrument in this paper.

SECTION 03

The billing contract: the scrub gate, first-pass yield, and the clean-collect close

Figure 2 lays out the three clauses of a working billing contract — the machinery a floor read verifies before any per-claim price is believed.

FIG. 2 — THE BILLING CONTRACT, AS OPERATED ON VETTED TEAMS

SCRUB BEFORE SUBMIT

Every claim clears an eligibility, coding, modifier, and payer-rule scrub before it leaves — anything that would draw a denial is fixed first. The claim is made clean at the source, so it is paid on the first pass instead of bouncing back into a denial queue.

WORK EVERY DENIAL

The denials that do occur are triaged, root-caused, and appealed on a clock — not left to age — with the root cause fed back into the scrub so the same denial does not recur. A denial is treated as a defect to eliminate, not a cost of doing business.

COLLECT IT CLEAN

Payments are posted, underpayments flagged against the contract, and AR kept inside its aging targets — with a yield report the practice can read. A clean collect is one where the full contracted amount arrives fast, which is the only outcome the revenue actually feels.

↓ yields ↓

THE COLLECTED REVENUE — 98%+ CLEAN-CLAIM RATE · 96%+ PAID FIRST PASS · AR IN TARGET

Claims are paid the first time, denials fall and get worked when they occur, and cash arrives inside its aging targets — so the practice's revenue stops leaking and starts flowing. The operation gets cheaper per collected dollar and more reliable at the same time, which is the entire promise of outsourcing billing to people who measure yield, not submissions.

Operating parameters from PITON-Global revenue-cycle engagements, 2025–26.

In diligence, the contract is tested from the ledger's side: pull a month of submitted claims and measure the true first-pass paid rate; check the denial log for root-cause and appeal discipline; verify AR aging against targets. Perhaps one team in ten survives it cleanly. Steps 3 and 5 of the framework exist to find that one before the contract does — because everything in Table 3 of Section 6 depends on first-pass yield, not claims submitted.

SECTION 04

Cost and performance: cost-per-collected-

dollar economics and benchmarks

TABLE 1 — COST TO COLLECT (% OF NET COLLECTIONS): THREE OPERATING MODELS (2026)

OPERATING MODEL	COST TO COLLECT	VS. US BASELINE
US onshore in-house billing team	7.2%	baseline
Low-cost offshore billing mill (per-claim)	5.1%	−29%
Vetted Manila team — scrub-gated, first-pass	2.9%	−59%

Basis: PITON-Global engagement pricing 2025–26; cost to collect = fully-loaded operating cost as a percentage of net collections; the billing mill looks cheap per claim but denials and write-offs lift its true cost to collect; US comparator fully-loaded in-house cost.

TABLE 2 — MEDICAL-BILLING BENCHMARKS, VETTED VS. BASELINE (2025–26)

METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
Clean-claim rate	98%+	75–85%	The only billing number cash follows
First-pass paid rate	96%+	72–82%	Paid now, or worked twice
Denial rate vs. baseline	−63%	baseline	"Scrub before submit" — held or not
AR > 90 days	<8%	18–28%	Cash in the bank, or aging out
Net collection rate	98%+	88–93%	The revenue actually captured

Source: PITON-Global revenue-cycle engagement data 2025–26; baseline = typical pre-engagement operations billed on claims submitted.

The strategic read: the billing mill's −29% per claim is a false economy — denials, appeals, and write-offs lift its true cost to collect far above the per-claim gap, and a percentage of denied revenue never returns. The vetted Manila team's −59% is real because it is measured where the value is: the collected dollar, arrived fast and in full. Buy on claims submitted and you buy the right column of Figure 1; buy on cost-per-collected-dollar and you buy yield — the same discipline every volume in this series keeps arriving at from a different door.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to medical billing

Billing diligence adds one hard requirement to every step: a per-claim price is real only when the first-pass yield behind it survives a claims-ledger audit. The funnel below is representative of a 25–55-seat revenue-cycle search.

FIG. 3 — THE 7-STEP FRAMEWORK AS A MEDICAL-BILLING FUNNEL

	STEP	WHAT IT ELIMINATES IN A BILLING SEARCH	FIELD REMAINING
1	**Requirements definition**	Submission-first scoping: fixes the clean-claim floor, the first-pass-yield target, the denial ceiling, and the AR-aging standard the revenue cycle must meet	1,000+
2	**Market mapping**	Billing mills: operations that bill submission volume and treat denials as the client's problem, and generalist floors with no payer-rules or coding depth	~44
3	**Capability screening**	Teams without the machinery: audited first-pass-yield history, a claim-scrub gate, denial root-cause loop, and payer-specific rule libraries	~12
4	**Compliance & security audit**	Weak data governance: HIPAA and PHI protection, access controls on the billing system, HITECH breach discipline, SOC 2 scope covering the revenue-cycle stack	~8
5	**Operational diligence**	The ledger read: pull submitted claims and measure true first-pass paid; review the denial log for root-cause and appeal discipline; interview on how they scrub a payer-specific rule	4–6
6	**Competitive RFP & negotiation**	Per-claim pricing: finalists bid against clean-claim floors, first-pass-yield targets, and denial ceilings — all carrying credits for claims that come back denied	2–3
7	**Transition & launch governance**	Cold cutover: the team calibrates the scrub against your payer mix on a sample before it owns submission, with the first-pass floor certified before steady state, PITON-Global embedded buyer-side	1

Field-remaining counts represent a 25–55-seat revenue-cycle search, PITON-Global engagements 2024–26.

The standing guarantees hold: **vendor neutrality** — PITON-Global operates no billing floors, submits no claims, and takes no placement economics, so the shortlist reflects audited first-pass-yield performance, not inventory; **right-sizing** — teams for whom your practice is a flagship account. Six to ten genuinely qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Re-basing the operation on first-pass yield: a 38-seat revenue-cycle rebuild, reconstructed

Engagement MB-039 is a US multi-specialty physician group — billing roughly 720,000 claims a year across a dozen payers — that had offshored medical billing to a per-claim vendor. The claim price was excellent; the yield was not: the clean-claim rate sat near 80%, first-pass denials ran above 20%, and AR over 90 days had ballooned as denials went unworked. The revenue-cycle director wanted the arbitrage and the cash the practice was leaving on the table. Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–8, LEDGER READS)

Requirements fixed a 98% clean-claim floor, a 96% first-pass-paid target, and an AR-over-90 ceiling under 8%, with a mandatory scrub gate. Mapping produced 43 claimants; the machinery screen — audited first-pass-yield history, scrub gate, denial loop — left 12; the HIPAA-and-compliance audit left 8. Claims-ledger reads on each finalist's live submissions shortlisted 5. A Manila team won priced against first-pass yield and net collections, with a yield audit written into the reporting spec.

TRANSITION (MONTHS 2–7, SCRUB CALIBRATED FIRST)

The team calibrated the scrub against the group's payer mix and worked down the aged-AR backlog before owning steady-state submission; the first-pass floor was certified in month 3. The denial root-cause loop fed the scrub from day one. By month 7 the clean-claim rate reached 98.4%, first-pass paid hit 96%, denials fell 63%, and AR over 90 days dropped below 8%. PITON-Global chaired the yield review board to steady state.

TABLE 3 — MB-039 FIRST-YEAR VALUE BUILD-UP (US$)

VALUE COMPONENT	YEAR 1	BASIS
Labor arbitrage on the 38-seat billing operation	**$1.02M**	71.3k productive hrs × ($24.80 − $10.50)
Recovered revenue (denials 20%+ → <8%)	**$1.46M**	Additional net collections from higher first-pass yield
Aged-AR backlog cleared (write-off avoided)	**$0.44M**	Recovered AR that would have aged into write-off
Rework & appeal-handling reduction	**$0.21M**	Lower denial-rework and appeal load vs. baseline
Gross value created	**$3.13M**	
Less: engagement & transition costs	**($0.50M)**	Scrub calibration, backlog work-down, EHR/PM integration; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	**6.2×**	$3.13M ÷ $0.50M

Figures rounded; yield, denial, and AR effects audit-verified. Method in Methodology & notes.

Thirty-three percent arbitrage, sixty-seven percent from recovered revenue, cleared AR, and reduced rework — a value-heavy split for the series, earned because the operation was re-based on first-pass yield rather than submission volume. Every line traces to a diligence step: the clean-claim floor to Step 1, the yield-based pricing to Step 6, the scrub gate to Step 3's contract. The revenue-cycle director's line at the year-one review: "The claim price barely moved. What moved is that we're collecting the money we used to write off."

SECTION 07

The executive playbook: governance for the first 180 days

A billing transition succeeds when the team is measured and paid on first-pass yield and net collections — client in command throughout.

DAYS 0–30	**Define yield, contract on it**	Set the clean-claim floor, the first-pass-yield target, and the denial and AR ceilings with revenue-cycle leadership before launch, and document the payer-rule scrub. Contract against first-pass yield and net collections — never per claim alone — with floors and ceilings carrying credits. Stand up the yield audit as the program's arbiter of truth.
DAYS 30–90	**Calibrate the scrub, clear the backlog**	Calibrate the scrub against your payer mix and work down the aged-AR backlog before the team owns steady-state submission; certify the first-pass floor and denial loop. Switch on the root-cause loop feeding the scrub from day one. Publish the revenue dashboard: clean-claim rate, first-pass paid, denial rate, AR aging, net collections.
DAYS 90–180	**Own submission, certify steady state**	Hand steady-state submission to the team only after it holds the first-pass floor and AR ceiling. Review the yield board monthly with the denial log on the table. Certify steady state on two months at floor including a payer-update cycle; hand over on documented criteria; keep the quarterly ledger audit standing.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Paying per claim while denials pile up · submitting without a scrub gate · leaving denials to age instead of working them on a clock · AR aging past 90 days no one manages · owning steady-state submission before first-pass yield is proven. All five are settled at selection and contract.

The medical-billing argument, in one sentence: a submitted claim is activity and a collected dollar is revenue, and a vetted Philippine team delivers −59% cost to collect with a 98%+ clean-claim rate and denials cut by nearly two-thirds — for buyers who audit the first-pass yield instead of counting claims submitted, and compete the finalists through a fully transparent, fair, comprehensive, and highly competitive RFP. Anyone can submit a claim. We make sure you buy the team that gets it paid.

METHODOLOGY & NOTES

How the numbers were built

Yield and denial figures (Fig. 1, Table 2) derive from engagement instrumentation in PITON-Global revenue-cycle engagements, 2025–26. Clean-claim rate and first-pass paid are measured against clearinghouse and remittance data; denial rate and AR aging are measured against the client's pre-engagement baseline. The weak-provider column is a composite of pre-engagement vendor reporting reviewed in diligence, shown for contrast.

Cost-to-collect figures (Table 1) are fully loaded — wages, benefits and statutory charges, facilities, technology and billing-platform tooling, management and QA overhead including scrub and denial specialists, attrition-driven recruiting — expressed as a percentage of net collections; US comparators reflect fully-loaded in-house cost on the same basis. A collected dollar is contracted revenue actually received.

The case study (MB-039) is anonymized under NDA; volumes and dates are generalized, figures rounded. Yield, denial, and AR effects are audit-verified; the recovered-revenue line reflects additional net collections, and the aged-AR line is a conservative estimate. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; billing first-pass-yield performance re-verified May 2026). Estimates and projections are PITON-Global analysis and should be cited as such. The full series is available at piton-global.com.

Would your provider's claim price survive a first-pass-yield audit?

Forty-five minutes with John will tell you. Free to buyers, strictly vendor-neutral — a yield-verified shortlist within two to three business days.

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