RCMIntel

Pricing

Medical Billing Rate Guide 2026

Real pricing data — percentage rates, per-claim fees, hidden costs, and how to avoid overpaying for RCM services

- Percentage-of-collections rates by specialty and practice size
- Per-claim and flat-fee pricing models compared
- Hidden fees that inflate your true billing cost by 20-40%
- How to negotiate better rates and contract terms

How Medical Billing Pricing Works

Medical billing companies use several pricing models, and the advertised rate is rarely the total cost. Understanding the pricing structure — and the fees that don't appear in the headline number — is essential to evaluating proposals and protecting your practice's revenue.

Pricing Model Overview

Model	How It Works	Typical Range	Best For
Percentage of collections	Company takes a % of what they collect	4–10% of net collections	Most practices; aligns incentives
Percentage of charges (gross)	% based on billed charges, not collections	2–5% of gross charges	Less common; misaligns incentives
Per-claim fee	Flat fee per claim submitted	$3–$10 per claim	High-volume, low-complexity practices
Flat monthly fee	Fixed monthly retainer	$1,500–$10,000/month	Predictable budgeting; large practices
Hourly rate	Billed per hour of work	$20–$50/hour	Consulting, cleanup projects, audits
Hybrid	Base monthly fee + percentage of collections	Varies	Customized arrangements

Quick Budget Reference — Percentage of Collections Model

- Solo practice (1 provider, ~$500K collections): $25,000–$50,000/year (5–10%)
- Small group (3-5 providers, ~$2M collections): $100,000–$160,000/year (5–8%)
- Mid-size group (10-20 providers, ~$8M collections): $360,000–$560,000/year (4.5–7%)
- Large group/hospital (50+ providers, ~$40M collections): $1.6M–$2.4M/year (4–6%)

Rates by Specialty

Percentage-of-Collections Rates by Medical Specialty

Billing complexity varies dramatically by specialty. Specialties with higher coding complexity, more modifiers, prior authorizations, and denial rates command higher billing fees. The rates below represent the percentage of net collections charged by outsourced billing companies.

Specialty	Typical Rate Range	Key Complexity Factor
Primary Care (FM/IM)	4–6%	High volume, straightforward coding
Pediatrics	4–6%	Similar to primary care; vaccine admin adds complexity
OB/GYN	5–7%	Global OB packages, surgical coding, bundling rules
Orthopedics	6–8%	Surgical coding, implant billing, workers' comp
Cardiology	6–8%	Diagnostic testing, interventional procedures, bundling
General Surgery	6–8%	Pre/post-op bundling rules, multiple CPT per case
Pain Management	6–10%	High denial rates, prior auth requirements, complex modifiers
Mental Health / Psychiatry	5–7%	Session-based billing, varying insurance coverage
Dermatology	5–7%	Mix of medical and cosmetic; Mohs coding complexity
Gastroenterology	5–7%	Procedure coding, pathology coordination
Urology	5–7%	Mix of office and surgical; in-office procedures
Ophthalmology	5–7%	Surgery center billing, device/implant coding
Emergency Medicine	7–10%	High volume, complex E&M, uninsured mix
Anesthesiology	6–9%	Time-based billing, base units, modifiers
Radiology	5–7%	TC/PC split billing, high volume

Specialty	Typical Rate Range	Key Complexity Factor
Physical Therapy	5–7%	Unit-based billing, authorization tracking
Dental (medical billing for)	7–10%	Cross-coding medical/dental, newer market
Multi-specialty group	5–8%	Blended rate across specialties

Key Insight

A billing company quoting 4% for pain management or emergency medicine is either cutting corners or planning to make up the difference in add-on fees. If a rate seems too low for your specialty's complexity, scrutinize the contract for hidden charges.

Rates by Practice Size

How Practice Size Affects Billing Rates

Larger practices command lower percentage rates because the billing company's fixed costs (software, staff, infrastructure) are spread across higher revenue volume. However, smaller practices often receive more personalized attention.

Practice Size	Monthly Collections	Typical Rate	Monthly Billing Cost
Solo provider	$30,000–$60,000	7–10%	$2,100–$6,000
2-3 providers	$80,000–$200,000	6–8%	$4,800–$16,000
4-7 providers	$200,000–$500,000	5–7%	$10,000–$35,000
8-15 providers	$500,000–$1.5M	4.5–6%	$22,500–$90,000
16-30 providers	$1.5M–$4M	4–5.5%	$60,000–$220,000
30+ providers / hospital	$4M+	3.5–5%	$140,000+

> Solo practices paying 10% should verify they're getting full-service billing (charge entry, claim submission, payment posting, denial management, patient statements, A/R follow-up, and reporting). At 10%, you're paying for the full suite — make sure you're receiving it.

Hidden Fees & Add-Ons

The percentage rate is rarely the total cost. Industry analysis shows that hidden fees can inflate the true cost of billing services by 20–40% above the advertised rate. Always request a complete fee schedule before signing.

Fee Category	Typical Cost	What to Watch For
Setup / implementation fee	$300–$3,000	One-time; covers system integration, data migration
EHR/PM software license	$200–$800/provider/month	Some companies require their proprietary software
Clearinghouse fees	$50–$300/month	Per-transaction or unlimited plan; should be included
Credentialing services	$150–$350/provider	Initial payer enrollment; sometimes included, often not
Re-credentialing	$75–$200/provider/cycle	Ongoing payer re-enrollment every 2-3 years
Patient statement printing/mailing	$0.50–$2.00/statement	Can add $500–$2,000/month for larger practices
Denial management fee	$10–$25/denied claim	Some companies charge extra to work denied claims
Appeals processing	$25–$75/appeal	Especially for complex appeals requiring clinical notes
Prior authorization	$15–$35/auth	High-frequency for pain management, imaging, specialty drugs
Custom reporting	$50–$200/report	Beyond standard monthly reports
A/R cleanup (backlog)	$5,000–$25,000	One-time fee to clean up old/delinquent accounts
Monthly minimum fee	$1,500–$5,000/month	Charged if percentage-based fee falls below threshold
Termination / early exit fee	$5,000–$50,000	Penalty for leaving before contract term ends

Fee Category	Typical Cost	What to Watch For
Data export fee	$500–$5,000	Charge to release YOUR data when you leave
Training fee	$500–$2,000	Staff training on new workflows or software

Before signing any contract, ask: "What is the total monthly cost including ALL fees for a practice of our size and specialty?" Get the answer in writing. Then verify it matches the contract terms line by line.

In-House vs. Outsourced Cost Comparison

The True Cost of In-House Billing vs. Outsourcing

Side-by-side comparison

Cost Component	In-House Billing	Outsourced Billing
Billing staff salaries (2 FTEs)	$80,000–$110,000	$0
Benefits (health, PTO, payroll taxes)	$24,000–$33,000	$0
PM/billing software license	$6,000–$18,000/year	May be included or $2,400–$9,600
Clearinghouse fees	$2,400–$3,600/year	Usually included
Staff training & CE	$1,000–$3,000/year	Included
Office space, equipment, supplies	$5,000–$10,000/year	$0
Management time (physician/PM oversight)	5-10 hrs/week (opportunity cost)	1-2 hrs/week
Billing company fee (6% of $2.5M)	$0	$150,000/year
Total annual cost	**$118,400–$177,600**	**$150,000–$160,000**
Cost as % of collections	**4.7–7.1%**	**6–6.4%**

The financial difference between in-house and outsourced billing is often smaller than practices assume. The real value of outsourcing is: (1) no staff turnover risk, (2) expertise across multiple specialties and payers, (3) scalability without hiring, and (4) freeing your team to focus on patient care.

How to Negotiate Better Rates

Numbered list

1. **Get at least three quotes.** Billing company rates for the same practice can vary 30–50%. Use competitive quotes as leverage.

2. **Negotiate the percentage based on YOUR specialty and volume.** Don't accept a generic "7% for everyone" rate if your practice is high-volume primary care (which should be 4–6%).

3. **Demand transparency on all fees.** Get a complete fee schedule including setup, clearinghouse, statements, credentialing, and exit fees before signing.

4. **Eliminate or cap the monthly minimum.** Monthly minimums penalize you during slow months. Negotiate removal or a reasonable floor.

5. **Negotiate the termination clause.** Push for 90-day notice with no penalty (not 12-month lockup with $25,000 exit fee). No reputable company needs a financial trap to keep you.

6. **Insist on percentage of NET collections, not gross charges.** Gross-charges-based pricing misaligns incentives — the company profits even if claims don't get paid.

7. **Negotiate data ownership and portability.** Your patient data and billing records belong to YOU. Ensure the contract guarantees full data export at no charge upon termination.

8. **Request a performance guarantee.** Some companies will guarantee metrics like first-pass claim rate (>95%), days in A/R (<35), or collection rate (>95% of allowable). Get it in writing.

9. **Start with a shorter contract term.** Negotiate a 6-month initial term (not 2-3 years) with auto-renewal. This gives you an exit if performance is poor.

10. **Ask about technology.** Companies using AI-powered claim scrubbing, predictive denial management, and automated eligibility verification often deliver better results — and may be worth a slightly higher rate.

Budget Planning Worksheet

Use this worksheet to estimate total medical billing outsourcing costs. Print and compare across vendors.

Cost Component	Vendor A	Vendor B	Vendor C
Base percentage rate	____%	____%	____%
Estimated monthly collections	$_____	$_____	$_____
Monthly billing fee (% × collections)	$_____	$_____	$_____
Setup / implementation fee (one-time)	$_____	$_____	$_____
Software license (monthly)	$_____	$_____	$_____
Clearinghouse fees (monthly)	$_____	$_____	$_____
Credentialing (per provider)	$_____	$_____	$_____
Patient statements (monthly est.)	$_____	$_____	$_____
Monthly minimum fee	$_____	$_____	$_____
Other fees	$_____	$_____	$_____
Total Year-1 Cost	$_____	$_____	$_____
Effective rate (total ÷ collections)	____%	____%	____%
Contract term	_____	_____	_____
Early termination fee	$_____	$_____	$_____

The "effective rate" row is the most important number. A company advertising 5% but charging $800/month in software fees, $300/month in statement fees, and a $3,000 setup fee may have an effective rate of 7.5% or higher. Always calculate the true all-in cost.

CTA box

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