AMS Solutions
A SUPERIOR MEDICAL BILLING SERVICE

HOW MUCH SHOULD MEDICAL BILLING SERVICES COST?

A practical guide to pricing models, hidden fees, scope and value

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MEDICAL BILLING PRICING GUIDE

THE QUESTION IS NOT JUST "WHAT PERCENTAGE DO YOU CHARGE?"

The better question is: What will our complete billing operation cost, and what do we receive for that money?

Medical billing proposals can look deceptively simple while covering completely different services. One quote may include claim submission, payment posting, denial management, A/R follow-up, patient billing and reporting. Another may charge separately for half of those things.

THIS GUIDE WILL HELP YOU COMPARE THE REAL COST - NOT JUST THE HEADLINE RATE.

INSIDE THIS GUIDE	THE AMS APPROACH
Pricing models, percentage benchmarks, monthly minimums and hidden fees.	Generally 3%-7% of collections OR an agreed monthly minimum, whichever is greater - not both.

WHAT IS A NORMAL MEDICAL BILLING FEE?

There is no single universal rate. Pricing varies based on specialty, collection volume, claim volume, average claim value, payer mix, coding complexity, number of providers, number of locations, A/R condition, technology requirements and service scope.

CURRENT INDUSTRY GUIDANCE COMMONLY PLACES PERCENTAGE-BASED MEDICAL BILLING AROUND 4%-10% OF COLLECTIONS.

Percentage charged	Share of billing companies*
4.99% or less	12%
5%-5.99%	19%
6%-6.99%	16%
7%-7.99%	16%
8%-8.99%	5%
10%+	4%
Other pricing model	28%

*Tebra 2026 benchmark report, based on survey data collected in late 2025. Among percentage-based companies, 63% charged 7.99% or less.

Those numbers provide context. They do not tell you whether one company provides a broader service than another. A 4% company and a 7% company may be selling very different versions of revenue-cycle management.

AMS SOLUTIONS PRICING

AMS Solutions generally charges 3%-7% of collections OR an agreed monthly minimum, whichever is greater. The exact rate and minimum depend on the practice, specialty, volume and operational complexity. The minimum is a floor, not an additional fee stacked on top of the percentage.

WHY BILLING RATES VARY

Billing workload does not increase perfectly in proportion to collections. A small practice can require significant infrastructure despite producing less revenue, while a larger, clean operation may benefit from scale.

PRACTICE A	PRACTICE B
15 providers	1 provider
High monthly collections	Lower monthly collections
Straightforward office services	Complex procedures
Commercial-heavy payer mix	Difficult payer mix
Clean existing A/R	Heavy denial workload
Efficient EHR workflow	Aging A/R and manual follow-up

Charging both practices the exact same percentage may not make sense. That is why responsible billing companies evaluate the actual practice before quoting a rate.

The most common medical billing pricing structures are:

1. Percentage of collections - The billing company receives an agreed percentage of collected revenue. This model naturally scales with collections and can create alignment around reimbursement.

2. Per-claim pricing - The practice pays a fixed amount for each claim submitted. This can work when claim volume is predictable, but you must understand what happens after submission.

3. Flat monthly fee - The practice pays a fixed recurring amount. This creates budget predictability but may change as providers, volume or scope change.

4. Hybrid pricing - The company combines percentage, flat-fee, per-claim or other components. Hybrid pricing is not inherently bad, but it requires closer comparison.

PERCENTAGE OF COLLECTIONS: WHAT DOES THE PERCENTAGE ACTUALLY MEAN?

Percentage pricing is popular because the cost moves with revenue. If a practice collects $100,000 in a month and the agreed fee is 5%, the billing fee is $5,000.

THE PERCENTAGE MEANS VERY LITTLE UNTIL YOU KNOW WHAT IT APPLIES TO.

Ask whether the percentage applies to:

☐ Insurance collections	☐ Patient collections
☐ Total collections	☐ Copays collected at the practice
☐ Deductibles	☐ Historical A/R
☐ Payments tied only to claims the company worked	☐ Other revenue categories

AMA guidance has long advised practices to clarify whether a billing company charges only on collections it directly assisted with or on broader practice collections, including copays and deductibles. The exact denominator should be written into the agreement.

WHY PERCENTAGE PRICING CAN WORK WELL

Shared incentive: the billing company benefits when revenue is collected.
Scalability: fees move with practice revenue rather than requiring constant hiring.
Predictability: the practice can estimate cost from collections.
Performance focus: reimbursement matters more than activity alone.

PER-CLAIM, FLAT FEE AND HYBRID PRICING

Different models can be perfectly reasonable. The key is comparing the complete service, not the label.

PER-CLAIM PRICING

Current industry guidance commonly places per-claim pricing around $3-$10 per claim, depending on complexity and scope. If 2,000 claims are billed at $5 each, the monthly cost is $10,000.

Then ask: what happens after the claim is submitted?

☐ Rejections included?	☐ Denials included?
☐ Appeals included?	☐ A/R follow-up included?
☐ Payment posting included?	☐ Secondary claims included?
☐ Patient billing included?	☐ Reporting included?

FLAT MONTHLY FEE

Flat pricing can be easy to budget. But ask how the price changes when providers, locations, volume or service requirements increase.

HYBRID PRICING

A hybrid may combine a percentage with software, statements, coding, setup, or other fees. Hybrid pricing is not inherently a problem. It simply means you need to calculate the effective rate before comparing it with a simpler proposal.

THE ADVERTISED RATE IS NOT ALWAYS THE REAL RATE

COMPANY A	COMPANY B
Advertised rate: 3.5% + $500 monthly software + $300 account management + statement charges + clearinghouse fees + $1,500 setup + separate old A/R fee	Advertised rate: 5% Complete billing scope No separate billing add-ons beyond the agreed pricing structure.

At first glance, Company A looks cheaper. You cannot know until you calculate the total.

THE EFFECTIVE BILLING RATE

TOTAL ANNUAL BILLING COST ÷ TOTAL ANNUAL COLLECTIONS = EFFECTIVE BILLING RATE

Example	Amount
Annual collections	$2,000,000
Quoted billing percentage	4%
Percentage fees	$80,000
Additional annual charges	$25,000
Actual billing cost	$105,000
Effective billing rate	5.25%

That "4% billing company" actually costs 5.25% of collections. This is why headline percentages can mislead.

MONTHLY MINIMUMS: UNDERSTAND OR VS. AND

Monthly minimums are not inherently a red flag. They often exist because even a low-collection account still requires staffing, claim submission, payment posting, denial work, A/R follow-up, reporting and account management.

AT AMS: THE FEE IS THE AGREED PERCENTAGE OR THE MONTHLY MINIMUM, WHICHEVER IS GREATER. NOT BOTH.

Scenario	Calculation	Billing fee
Practice collects $100,000	5% = $5,000	$5,000
Practice collects $30,000	5% = $1,500	$2,500 minimum

In this example, the agreed minimum is $2,500. The practice does not pay 5% plus $2,500. The minimum only applies when the percentage calculation falls below the floor.

THE BREAK-EVEN POINT

At a 5% rate with a $2,500 monthly minimum, normal percentage pricing exceeds the minimum once monthly collections reach $50,000.

OR MODEL	AND MODEL
5% OR $2,500 minimum	5% PLUS $2,500 every month
Whichever is greater.	A completely different economic model.

THE FEES YOU SHOULD ASK ABOUT

Before signing, ask whether any of the following are included, optional, or charged separately.

☐ Implementation / setup	☐ Clearinghouse
☐ Software / platform	☐ Patient statements
☐ Patient collections	☐ Payment posting
☐ Denial management	☐ A/R follow-up
☐ Existing A/R	☐ Coding
☐ Claim corrections / resubmissions	☐ Reporting
☐ Account management	☐ Provider additions
☐ Termination / data export	

WHY THIS MATTERS

Tebra's 2026 benchmark found setup fees have become more common: only 19% of surveyed billing companies reported never charging them in 2025. The same report found 98% now offer add-on services beyond core claims processing. That makes it even more important to distinguish included scope from available add-ons.

A service being "available" does not mean it is included in the quoted rate. Ask the question explicitly.

BILLING QUOTE COMPARISON WORKSHEET

Use the same sheet for every proposal. Estimate annual cost, then convert it to an effective percentage of collections.

Cost	Company A	Company B	Company C
Percentage / base fee	_____	_____	_____
Monthly minimum	_____	_____	_____
Setup fee	_____	_____	_____
Software	_____	_____	_____
Clearinghouse	_____	_____	_____
Patient statements	_____	_____	_____
Patient collections	_____	_____	_____
Payment posting	_____	_____	_____
Denial management	_____	_____	_____
A/R follow-up	_____	_____	_____
Existing A/R	_____	_____	_____
Coding	_____	_____	_____
Reporting	_____	_____	_____
Account management	_____	_____	_____
Data export / termination	_____	_____	_____
ESTIMATED ANNUAL COST	_____	_____	_____
EFFECTIVE RATE	_____ %	_____ %	_____ %

COMPARE TOTAL COST + COMPLETE SCOPE. NOT JUST THE ADVERTISED PERCENTAGE.

WHAT DO THESE RATES ACTUALLY LOOK LIKE?

These tables are simple illustrations. They show the size of the fee at different collection levels before considering any monthly minimum.

$100,000 IN MONTHLY COLLECTIONS

Rate	Monthly fee	Annual fee
4%	$4,000	$48,000
5%	$5,000	$60,000
6%	$6,000	$72,000
7%	$7,000	$84,000

$250,000 IN MONTHLY COLLECTIONS

Rate	Monthly fee	Annual fee
4%	$10,000	$120,000
5%	$12,500	$150,000
6%	$15,000	$180,000
7%	$17,500	$210,000

Those numbers can look significant. They should. Revenue-cycle management is a major operational function. The next question is whether the service justifies the cost.

PRICE DOES NOT EXIST IN A VACUUM

Suppose two billing companies are competing for the same practice.

	Company A	Company B
Billing rate	4%	5%
Annual collections	$2,000,000	$2,100,000
Annual billing fee	$80,000	$105,000
Net after billing fee	$1,920,000	$1,995,000

COMPANY B COSTS $25,000 MORE - BUT LEAVES THE PRACTICE $75,000 AHEAD IN THIS ILLUSTRATION.

This is why the cheapest billing company is not automatically the least expensive billing company. Performance matters.

A ONE-PERCENT DIFFERENCE NEEDS CONTEXT

On $1 million in collections, a one-point pricing difference equals $10,000 per year. Ask whether the stronger company could recover at least that much through better denial management, faster rejection resolution, stronger A/R follow-up, fewer missed claims, better payment posting or better payer escalation.

THE DECISION RULE

Evaluate the fee. Then evaluate what the fee buys. A pricing difference can disappear quickly if one operation materially improves collections or reduces leakage.

ASK WHO OWNS THE HARD MONEY

Almost anyone can collect the easy money: a clean claim goes out, the payer processes it, and payment arrives. The real difference often appears when reimbursement does not follow the happy path.

- ☐ Who works the denial?
- ☐ Who finds the rejection?
- ☐ Who follows up when the payer does not respond?
- ☐ Who handles a recoupment?
- ☐ Who catches an underpayment?
- ☐ Who identifies missing information?
- ☐ Who works the 120-day A/R?
- ☐ Who escalates the payer?
- ☐ Who explains falling collections to leadership?

THE EXPENSIVE PART OF BILLING IS RARELY CLICKING SUBMIT. IT IS MANAGING EVERYTHING THAT HAPPENS WHEN THE CLAIM DOES NOT PAY.

ACCOUNT MANAGEMENT MATTERS TOO

Ask who your primary contact will be, how many practices that person manages, how often you will meet, whether they understand your specialty, and whether they are expected to explain A/R and collection trends rather than simply read a report aloud.

WHAT ARE YOU ACTUALLY PAYING A BILLING COMPANY TO DO?

A full-service medical billing company should do considerably more than push claims through a clearinghouse. Compare the actual scope.

☐ Charge review	☐ Claim submission
☐ Claim edits	☐ Rejection management
☐ Payment posting	☐ Denial management
☐ Appeals	☐ A/R follow-up
☐ Patient billing	☐ Reporting
☐ Payer escalation	☐ Account management
☐ Revenue-cycle analysis	☐ Secondary claims

WHAT SHOULD REPORTING INCLUDE?

☐ Collections	☐ Charges
☐ Days in A/R	☐ A/R aging
☐ A/R over 90 days	☐ A/R over 120 days
☐ Denial trends	☐ Rejections
☐ Adjustments	☐ Write-offs
☐ Payer performance	☐ Patient balances

COMPARE LIKE WITH LIKE

A bare-bones claim-submission service and a full revenue-cycle operation should not be compared solely by percentage. The broader the scope, the less useful the headline rate becomes by itself.

FIVE QUESTIONS TO ASK EVERY BILLING COMPANY

1. WHAT IS OUR TOTAL EXPECTED COST?

Ask them to include every mandatory fee, minimum and recurring charge.

2. WHAT IS INCLUDED?

Get the complete scope in writing. Do not assume.

3. WHAT COSTS EXTRA?

If the answer is nothing, great. Confirm that in the agreement.

4. HOW DO YOU HANDLE THE MONEY THAT DOES NOT PAY EASILY?

Ask about denials, A/R, appeals, rejections and payer follow-up.

5. HOW WILL WE KNOW WHETHER YOU ARE DOING A GOOD JOB?

A strong billing partner should welcome performance questions.

USE THE SAME QUESTIONS WITH EVERY COMPANY. CONSISTENCY MAKES COMPARISON MUCH EASIER.

THE 15-MINUTE BILLING QUOTE TEST

Item	Your proposal
Quoted rate	_____ %
Expected monthly collections	$_____
Expected base monthly billing cost	$_____
Monthly minimum	$_____
Monthly technology fees	$_____
Expected statement / transaction fees	$_____
Other monthly fees	$_____
One-time setup fees	$_____
Estimated total first-year cost	$_____
Expected first-year collections	$_____
Effective first-year billing rate	_____ %

NOW ASK: WHAT SERVICES DO WE RECEIVE FOR THAT EFFECTIVE RATE?

PRICING RED FLAGS

What you hear	What to ask
“Our rate is only 3%.”	Great. What else do we pay?
“Denial management is available.”	Included or additional?
“We can work old A/R.”	At what rate?
“Statements are handled through our platform.”	Who pays for them?
“We provide reporting.”	Which reports?
“There is a small monthly technology charge.”	How small? Multiply it by twelve.
“We can discuss pricing after implementation.”	Understand pricing before signing.
“That integration is included.”	Confirm whether there are transaction, setup or third-party fees.

DO NOT NEGOTIATE YOURSELF INTO A WORSE SERVICE

If a company drops from 6% to 3.5%, ask what changed. Did staffing, A/R follow-up, coding, account management or scope change? Sometimes a discount is simply a discount. Sometimes the product being purchased is now different.

WHY AMS USES A SIMPLE MODEL

AMS SOLUTIONS GENERALLY CHARGES 3%-7% OF COLLECTIONS OR AN AGREED MONTHLY MINIMUM, WHICHEVER IS GREATER.

The exact percentage and minimum depend on the operational needs of the practice. The philosophy is deliberately simple:

THE BILLING FEE IS THE PERCENTAGE OR THE MINIMUM.

NOT THE PERCENTAGE PLUS A PILE OF MISCELLANEOUS BILLING CHARGES.

We do not want a practice manager reconciling a quoted collection percentage against a stack of small billing surcharges. The practice should be able to understand what its billing operation costs.

SIMPLE PRICING	SIMPLE ACCOUNTABILITY
A defined percentage with an agreed minimum floor when collections are unusually low.	The conversation stays focused on claims, payments, denials, A/R, reporting and performance.

That simplicity also makes the performance conversation cleaner. Instead of asking whether a particular denial fell inside a premium package, the practice can ask the question that matters: How is our revenue cycle performing?

HOW MUCH SHOULD MEDICAL BILLING COST?

For percentage-based medical billing, current industry guidance broadly supports a market range around 4%-10% of collections, with a large share of percentage-based billing companies clustered below 8%.

AMS Solutions generally operates within:

3%-7% OF COLLECTIONS

OR AN AGREED MONTHLY MINIMUM, WHICHEVER IS GREATER

The percentage alone should never make the decision. A practice paying 4% for poor billing is paying too much. A practice paying 6% for a revenue cycle that consistently performs may be receiving excellent value.

THE QUESTION IS NOT SIMPLY WHAT BILLING COSTS. THE QUESTION IS WHAT YOUR PRACTICE GETS FOR THE MONEY.

WANT TO KNOW WHAT YOUR PRACTICE WOULD ACTUALLY PAY?

Send AMS Solutions your specialty, number of providers, approximate monthly collections, current billing structure and basic A/R information. We can review the practice and provide a straightforward billing proposal.

> **ONE BILLING STRUCTURE. ONE CLEARLY DEFINED SCOPE.**
>
> No puzzle. No asterisk forest. A pricing model built to be understood.

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SOURCES & METHODOLOGY

Tebra, 2026 Medical Billing Benchmark Report. Survey data collected in December 2025 from U.S. billing-company professionals. The report states that 63% of percentage-based billing companies charge 7.99% or less and documents growing use of setup fees and add-on services.

Tebra, medical billing pricing guidance. Current guidance identifies percentage pricing of approximately 4%-10% of collections and per-claim pricing around $3-$10, with variation based on specialty, claim volume, payer mix and service complexity.

Medical Group Management Association (MGMA), Financial Management benchmarking. MGMA recognizes percentage-based, fee-based and hybrid outsourced billing arrangements.

American Medical Association, Electronic Funds Transfer Toolkit. AMA guidance discusses common billing-service fee structures and advises practices to clarify what collections a percentage applies to and whether administrative fees may apply.

Methodology note. Industry pricing is not standardized. Quoted rates should be evaluated based on the specific practice, specialty, revenue, payer mix, volume, technology environment and services included. Examples in this guide are illustrations and are not guarantees of financial performance.

Source links

https://www.tebra.com/ebook/bp-bc26-the-state-of-the-us-medical-billing-industry

https://www.tebra.com/theintake/practice-operations/billing-companies/how-much-should-i-charge-for-medical-billing-services

https://www.mgma.com/content/financial-management

https://www.ama-assn.org/media/11081/download

AMS SOLUTIONS

Ready to talk it through?

Every practice's numbers are different. Tell us what you are seeing in your billing and A/R, and our team will walk through where revenue is getting stuck and what it would take to fix it.

Free and no obligation. Complete a short form and a member of our team will follow up.

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