

Skills to Survive and Thrive in Private Practice!



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**The Cooperative of American Physicians, Inc. (CAP) in Association with
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Presented By:

Debra Phairas, President
Practice & Liability Consultants

www.practiceconsultants.net



Medical Economics®

The humorous side of being a physician

October 19, 2020

<https://www.medicaleconomics.com/view/humorous-side-of-being-a-physician>



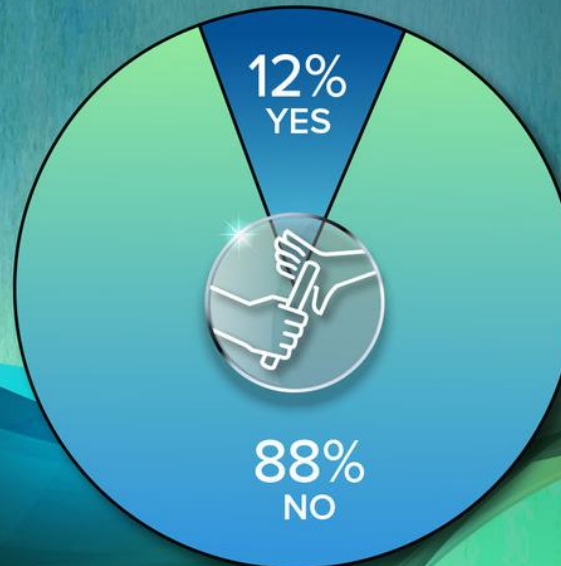
“I look at work burnout like more of a burnout lasagna: last week's workload layered on the past week's workload, layered on the previous week's workload, all smothered on top of this week's workload.”



MGMA Stat

12%

of healthcare leaders say their practice's ownership status has changed in the last year.



MGMA Stat poll. November 17, 2020 | Has your practice's ownership status changed in the last year?
956 responses. [MGMA.COM/STAT](https://www.mgma.com/stat). #MGMASTAT



Employed physicians now exceed those who own their practices

MAY 10, 2019 American Medical Association

- ◆ In 2018, **47.4%** of practicing physicians were employed.
- ◆ **45.9%** owned their practices, according to a new entry in the AMA Policy Research Perspectives (PRP) series.
- ◆ Nearly **65%** of surgical subspecialists own their practices.
- ◆ Nearly **57%** of physicians work in a practice with 10 or fewer physicians.

10 states with the most employed physicians

https://www.beckersasc.com/benchmarking/10-states-with-the-most-employed-physicians.html?utm_source=ASC&utm_medium=email&utm_content=newletter&utm_id=70015486478A9W

California has the most employed physicians, according to the U.S. Bureau of Labor and Statistics occupational employment statistics [survey](#).

The survey data, released March 31, comes from information gathered in May 2020. The data does not include pediatric ophthalmologists or self-employed physicians.

Ten states with the most employed physicians:

1. California: 30,800
2. New York: 30,090
3. Florida: 29,430
4. Pennsylvania: 22,000
5. Texas: 21,420
6. Ohio: 16,240
7. Massachusetts: 15,280
8. New Jersey: 15,150
9. Michigan: 13,680
10. North Carolina: 13,510





Quick Tips

A BLOG FROM *FPM* JOURNAL

https://www.aafp.org/journals/fpm/blogs/inpractice/entry/employment_trends.html

Monday Feb 01, 2021

Physician employment trends: salaries, compensation models, benefits, and more

Prior to the COVID-19 pandemic, the job market for family physicians was strong. "The challenge was not finding a job, but selecting the right one from among a plethora of choices," write Travis Singleton and Phillip Miller in [the latest issue of *FPM*](#), where they share recent data from physician recruitment firm Merritt Hawkins.

Beginning in March 2020, the job market changed. And though the long-term outlook remains promising, here are four employment trends family physicians are likely to experience in the short-term:

1. **A slower pace of physician hiring.** With many practices reeling from decreased patient volumes and increased financial pressures due to COVID-19, physician hiring has slowed. Merritt Hawkins reports that it conducted just 448 searches in 2020, a decrease of almost 40% from 2015. The decrease in hiring means physicians may need to act quickly on job offers instead of "comparison shopping" over many months.
2. **Stalled salaries.** Starting salary offers for family physicians averaged \$241,000 in 2018, per Merritt Hawkins, and have remained flat at around \$240,000 for the last two years. Salary growth will depend largely on how quickly the economy recovers and how quickly patient confidence in seeking health care is restored.
3. **Mostly volume-based production bonuses.** Family physicians' employment contracts typically feature a base salary that can be supplemented through a production bonus. Relative value units continue to be the primary way employers measure physician productivity, per Merritt Hawkins. Although quality is becoming a more common factor in physician compensation formulas, it still makes up a relatively small percentage of total compensation — 11% on average.
4. **Modest benefits.** The majority of employers continue to offer signing bonuses, but the amount has decreased slightly from the previous year. For family physicians, signing bonuses varied widely but averaged \$25,100. Incentives such as paid relocation (averaging \$10,553), paid continuing medical education (averaging \$4,166), health insurance, and malpractice insurance remain standard. However, less than a quarter of employers now offer medical education loan repayment.



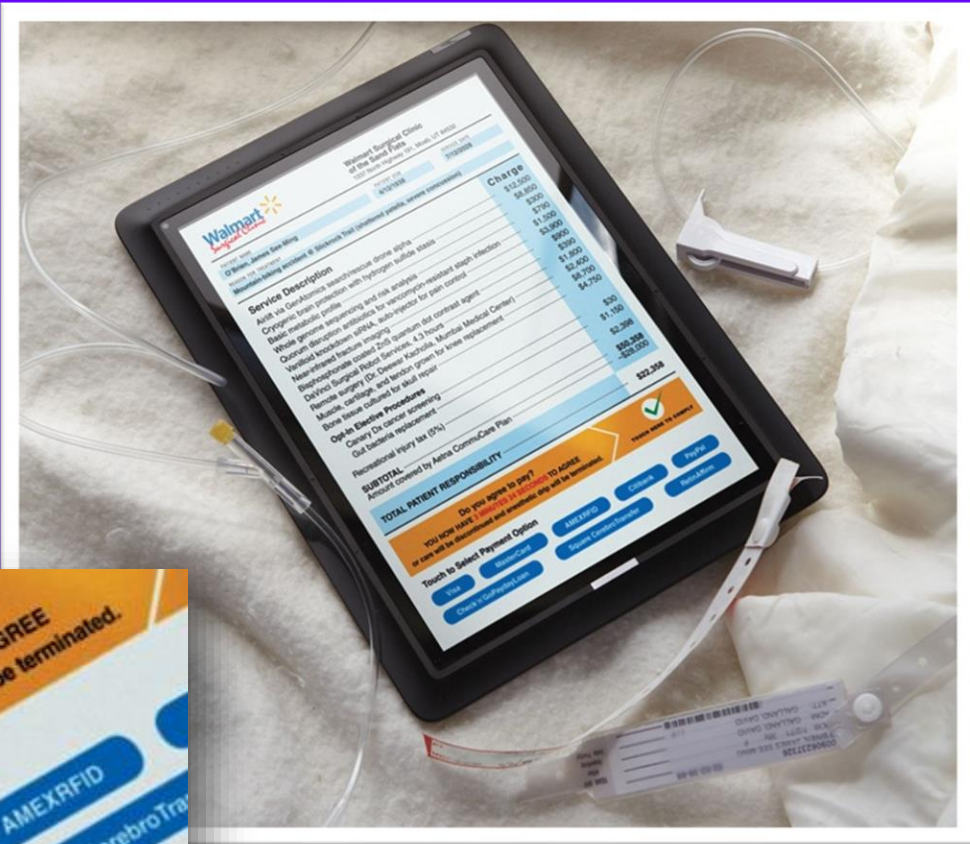
Top Challenges facing MDs

Getting Paid what you deserve

- ◆ Medicare .05% increase per year
- ◆ Get ready for MIPS – Merit Based Incentive Payment System

Found: The Future of Medical Bills

"The image below shows a bill from a Wal-Mart surgical unit circa 2028."





AMA STUDY

CATHERINE I. HANSON, VICE PRESIDENT
PRIVATE SECTOR ADVOCACY AND ADVOCACY RESOURCE
CENTER

■ ACCURACY Metric 5 Results Payment consistency (contracted payment rate adherence)

| | |
|---------------------------|--------|
| ■ Aetna | 70.78% |
| ■ Anthem BCBS | 72.14% |
| ■ CIGNA | 66.23% |
| ■ Coventry | 86.74% |
| ■ Humana | 84.20% |
| ■ United Healthcare (UHC) | 61.55% |
| ■ Medicare | 98.12% |



Key Steps in Performing an Analysis: PPO Contracts

9. Perform Analysis of Top Ten Payors and Consolidate each of the Individual Insurance Plan Information on to Excel worksheets:

- One worksheet showing dollar comparison
- One worksheet showing % of Medicare comparison

Sample Excel worksheet for All Insurance Plans By % of Medicare

| Dr. Jane Doe - Tax ID XX-12345678 | | | | | | | |
|-----------------------------------|---|--------|--------|--------|--------|--------|--------|
| CPT CODE | CPT CODE DESCRIPTOR | Plan A | Plan B | Plan C | Plan D | Plan E | Plan F |
| 64721 | Neuroplasty, medial nerve at carpal tunnel | 93% | 146% | 115% | 109% | 131% | 100% |
| 25447 | Arthroplasty, intercarpal or carpometal joints | 103% | 157% | 105% | 109% | 148% | 117% |
| 26055 | Tendon sheath incision | 137% | 241% | 118% | 319% | 186% | 108% |
| 26160 | Excision of lesion of tendon sheath or joint capsule | 127% | 221% | 104% | 353% | 174% | 85% |
| 26540 | Repair of collateral ligament, metacarpophalangeal or interphalangeal joint | 82% | 135% | 72% | 109% | 112% | 68% |
| 26541 | Reconstruction, collateral ligament, metacarpophalangeal joint, single | 85% | 138% | 78% | 109% | 118% | 79% |
| 29846 | Arthroscopy, wrist, excision and/or repair of triangular fibrocartilage | 124% | 199% | 107% | 109% | 173% | 151% |
| 25611 | Percutaneous skeletal fixation of distal radial fracture | 85% | 135% | 81% | 109% | 121% | 81% |
| 25620 | Open treatment of distal redial fracture | 88% | 136% | 87% | 109% | 127% | 93% |
| 23412 | Repair of rotator cuff – Chronic | 93% | 136% | 101% | 109% | 134% | 112% |
| 99213 | Office visit – est | 98% | 138% | 98% | 104% | 127% | 70% |
| 99243 | Consultation | 100% | 139% | 104% | 104% | 132% | 78% |
| 99212 | Office visit – est | 98% | 139% | 100% | 104% | 126% | 69% |
| 73100 | X-ray, wrist, two view | 100% | 134% | 103% | 109% | 133% | 99% |
| 73140 | X-ray, finger, two view | 100% | 133% | 102% | 109% | 133% | 102% |
| 99214 | Office visit – est | 98% | 138% | 99% | 104% | 127% | 68% |
| 99253 | Consultation | 108% | 139% | 118% | 104% | 146% | 100% |



Negotiating Contracts

1. Choose your top 3 plans that you would like to target
2. Determine what you would be willing to accept from the insurers
3. Contact plan representatives to start negotiation talks
 - Start with your provider rep but move up the chain of command

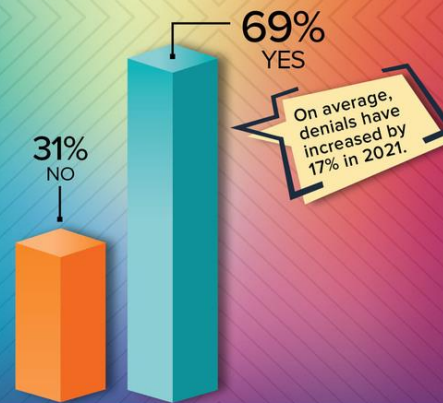


Top Challenges facing MDs in

- ◆ ACA increases patients into system
- ◆ Chronic Care's 99490 CPT
- ◆ Payer Merger Mania and Payor ownership of practices/IPAs



69% of healthcare leaders report their organization's denials have increased in 2021.



MGMA Stat poll, March 16, 2021 | Has your organization seen denials increase in 2021?
576 responses. [MGMA.COM/STAT](https://www.mgma.com/stat), #MGMASTAT



Top Challenges facing MDs

- ◆ Independence vs Employment
- ◆ “Resist the urge to merge or sell out simply because it’s in the headlines”
- ◆ “Evaluate the metrics of your practice and decide if it’s best to stay independent or merge”



Serious Considerations

◆ Do you like to be in control?

- If you answer yes, think very long and hard about how you will adjust to being an employee
- Larger organizations take longer to make decisions with more layers of bureaucracy
- You may still need to get involved with administration/personnel/etc, but may have no power to change anything




Serious Considerations

- ◆ Ask other physicians who are in the entity
 - What is the culture?
 - How happy are they?
 - Do you know your present office visit/hospital/surgery/procedure volume and how will this translate to WRVU compensation?
 - Will you be able to help choose/direct or fire staff that work with you? Will your office manager be eliminated?
 - What reporting of your productivity will you able to obtain and your rights to audit?
 - What if you were doing procedures now that add to your net income and these will be taken away to another specialty?



Serious Considerations

- ◆ Will you have to see Charity and Medi-Cal patients?
- ◆ Perform research?
- ◆ Is the compensation formula vague or very specific?
- ◆ Will you be forced to be in group with former competitors that you did not get along with?
- ◆ What is the composition of board that makes decisions?
 - Weighted toward physicians or hospital/foundation/University?
- ◆ Can you negotiate a 3-5 year guaranteed salary?



Private Practice Group vs. Hospital Foundation Model

| Medical Group Administration | | |
|------------------------------|-------------------------|--------------------------------|
| | Private Practice Group | Hospital-Foundation |
| Culture | Physician driven | Hospital-Foundation driven |
| Profit-sharing | Physician determined | Hospital-Foundation determined |
| Governance and Strategy | Physician led | Hospital-Foundation led |
| Scope of Practice | Physician controlled | Hospital-Foundation directed |
| Physician Input | Valued by medical group | May not be sought/valued |
| Independence and Autonomy | Supported | May be Discouraged |
| Instrastructure | Physician determined | Hospital-Foundation oriented |

Private Practice Group vs. Hospital Foundation Model

| Medical Practice Administration | | |
|---|----------------------------------|---|
| | Private Practice Group | Hospital-Foundation |
| Hospital Admissions | Physician determined | Hospital-Foundation directed |
| Choices about physician and non-physician staff | Physician involvement encouraged | Hospital-Foundation determined |
| Bureaucracy | Minimal | Can be significant |
| Reproductive Medicine | Physician freedom to choose | Limited by Hospital requirements /religious affiliation |
| Clinical Policies/Procedures | Physician developed | Hospital-Foundation developed |
| Location/relocation of office practice | Physician determined | Physician may have no input/choice |
| Clinical Procedures | Physician determined | Hospital-Foundation determined |
| Referral patterns | Little change | Hospital-Foundation directed |
| Schedule | Physician determined | Hospital-Foundation determined |
| Physician Recruitment | Physician determined | Hospital-Foundation determined |





Obtain professional assistance

- Have an experienced medical practice consultant/appraiser perform or counter the valuation, the financial/compensation/buy out methodology
 - Have experienced CPA advise on tax ramifications
 - Have experienced Attorney advise on legal implications/advocate/negotiate
- **The DEVIL IS IN THE DETAILS!!!!**



***“You will either step forward into growth
or you will step back into safety.”***

Abraham Maslow



Future Trends

- ◆ The membership/access model (\$200 per year)
- ◆ Employer coverage for the membership/retainer fee
- ◆ Full concierge model (\$1000 plus per year)
- ◆ Cash only practices
- ◆ Out of Network models
- ◆ House Calls/Urgent Care
- ◆ Micro Practice
- ◆ Virtual Visits

**Does your doctor
come to you?
Hers does.**



\$50 OFF your first visit

Promo code: SFMAIL925

**Does your doctor
come to you?
His does.**

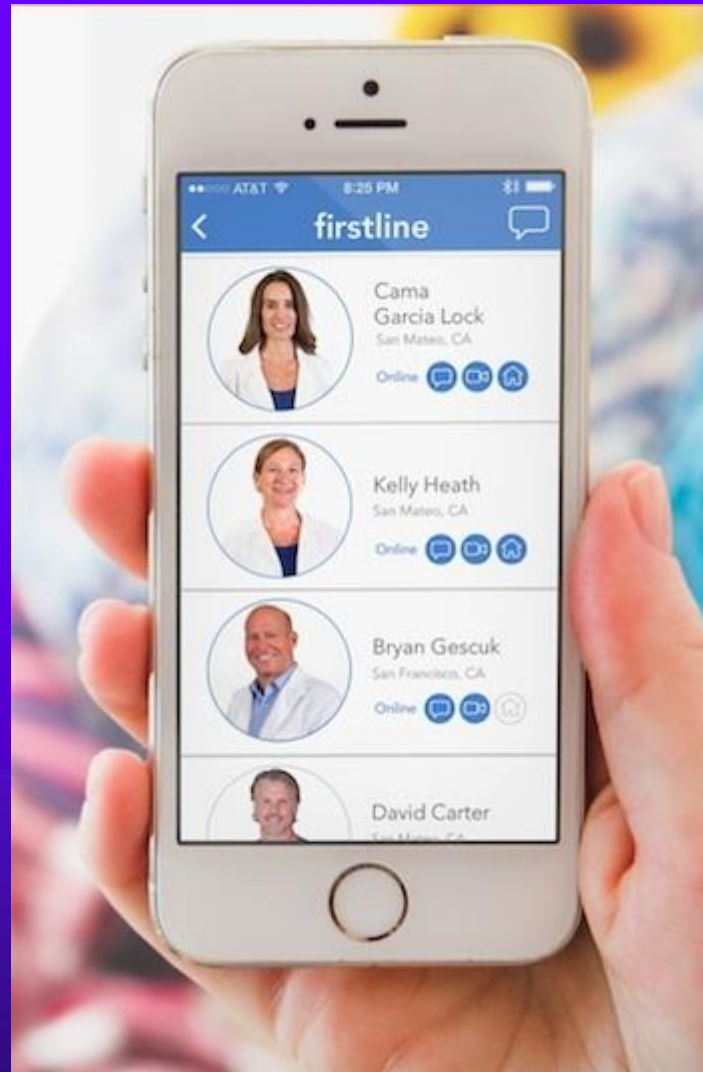
On-demand doctor house calls for \$99
(\$49 for your first visit)

- Licensed, high-quality doctor who comes to you
- Available 8AM to 8PM, seven days a week
- Request a visit at getheal.com or download the app

\$50 OFF your first visit

Promo code: SFMAIL925





AT&T 8:25 PM

firstline

Cama Garcia Lock
San Mateo, CA
Online

Kelly Heath
San Mateo, CA
Online

Bryan Gescuk
San Francisco, CA
Online

David Carter
San Mateo, CA



Doctors should cooperate, not compete, with retail clinics



March 10, 2016

By Janet Colwell Medical Economics



Merging

- ◆ Just like a marriage - Money the biggest reason for divorce
- ◆ Merging is a process and should not be rushed for economic, competitive or managed care pressures
- ◆ “Courage to communicate, confront and compromise”



Reasons to Merge

- ◆ Increased contracting opportunities
- ◆ Overhead reduction
- ◆ Call reduction
- ◆ Ability to recruit new doctors
- ◆ Ability to sell the practice



Reasons to Merge

- ◆ Spread capital equipment purchases
- ◆ Access to capital
- ◆ Hire a higher level administrator
- ◆ Provide better benefits for staff
- ◆ Spread management responsibilities of MD



Reasons to Merge

- ◆ “There but for the Grace of God, Go I”
 - Safety in numbers if MD is sick or disabled, the partners pitch in and cover the practice.
 - Remain in Control and Self – Employed



Top Challenges facing MDs in

- ◆ MOC Maintenance of Certification



Top Challenges facing MDs

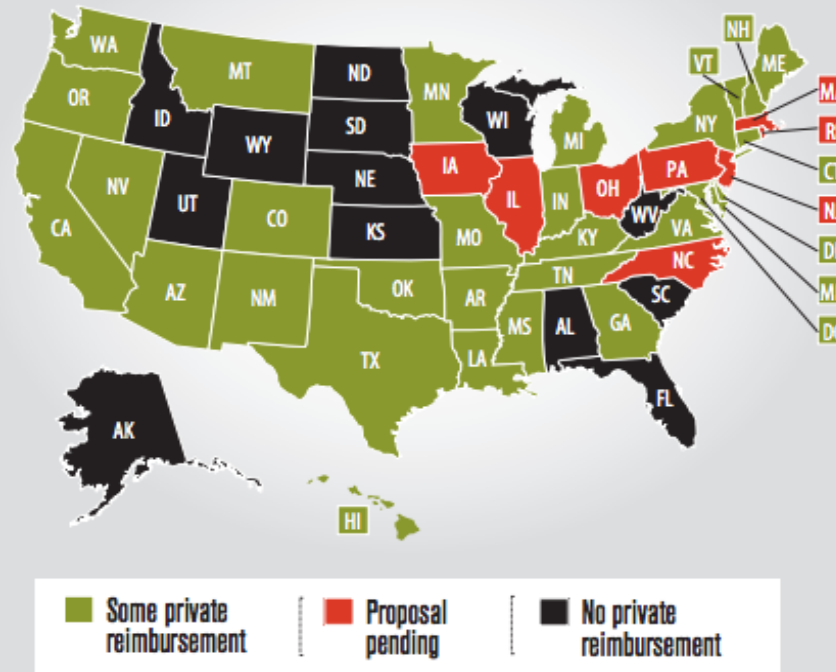
- ◆ Embrace Remote Medicine
 - Telemedicine & Virtual Visits



TELEMEDICINE AND PRIVATE PAYERS: A STATE OVERVIEW

While Medicare has been making it easier for physicians to get paid for telemedicine services, what about private payers?

The map below shows which states have legislation that mandates private payer coverage of telemedicine.



Source: American Telemedicine Association, as of July 2015





Top Challenges facing MDs

Risks and Rewards of Team Care

- Midlevels and other Health Care Personnel
- Liability Issues



Analogy

“Physicians performing all work is similar to automotive engineers changing sparkplugs”

Frees up MD to perform more difficult work, expand the practice, increase net income



TEAM APPROACH

- ◆ Patients assigned to teams of MD, PA, NP, CNM
- ◆ Extenders become PCP, then refer to MD
- ◆ Patient sees MD, delegates to extender



Areas of Liability

- ◆ Allowing PE to see patient too many times w/o seeing an MD
- ◆ Access/Collaboration/Communication MD & PE
- ◆ Review of charts
- ◆ Performance evaluations
- ◆ Continuing Education for PE



Other Extenders

- ◆ Advice RN, Health Educators, Exercise Physiologists, Physical Therapists, Dietitians, Social Workers, MFCC's
- ◆ Delegate to save time and costs
- ◆ Behavioral health can utilize different levels of professionals to achieve profitability



Top Challenges facing MDs

- ◆ Data Vulnerability
- ◆ Connecticut Hospital paid \$90,000 for stolen laptop with 9,000 Patient information
- ◆ HIPAA compliant emailing and texting




WHAT IS “BENCHMARKING”

- ◆ Comparing “Best Practices” key financial data with your peers to identify areas of strengths and weaknesses to improve your financial picture.



Prepare Better Profit Loss Reports

- ◆ Purchase Software, e.g.. QuickBooks
- ◆ Train Managers, or
- ◆ Explain to CPA its use as a management tool



Better-performing practices use benchmarking and patient surveys, study finds

- ◆ According to a recent report from the Medical Group Management Association (MGMA), better-performing medical practices use formal surveys to gauge patients' satisfaction with their practices.
- ◆ More than **30%** of these practices benchmark the results to other practices, and more than **60%** educate physicians about behavior. In addition, better-performing practices spend more on information technology operating expenses and reported less bad debt to fee-for-service activity per full-time-equivalent (FTE) physician



| Sole Proprietor or Partner | | |
|-----------------------------------|-----------------------|---------------------|
| Profit Loss Report | Actual \$ | % to Revenue |
| REVENUE | \$600,000 | |
| Expenses | | |
| Accounting | \$5,000 | .8% |
| Medical Supplies | \$2,000 | .3% |
| Rent | \$25,000 | 4.1% |
| Staff Wages | \$120,000 | 20% |
| <u>Telephone</u> | <u>\$10,000</u> | <u>1.6%</u> |
| <u>TOTAL EXPENSES</u> | <u>400,000</u> | <u>66.6%</u> |
| MD Net INCOME | \$200,000 | 33.3% |



| Corporation Profit Loss Report | Actual \$ | % to Revenue |
|---|-------------------------|----------------------|
| REVENUE | \$600,000 | |
| Expenses | | |
| Accounting | \$5,000 | .8% |
| Medical Supplies | \$2,000 | .3% |
| Rent | \$25,000 | 4.1% |
| Staff Wages | \$120,000 | 20% |
| Officer Wages | \$198,000 | 33% |
| <u>Telephone</u> | <u>\$10,000</u> | <u>1.6%</u> |
| <u>TOTAL EXPENSES</u> | <u>\$598,000</u> | <u>99.66%</u> |
| Corporation Net Income | \$2,000 | .33% |



Reducing Overhead - “Lean, Mean, Fighting Machine”

- ◆ Learn comparison data for overhead line item expenses
- ◆ Medical Group Management Association MGMA
(303) 799-1111
– www.mgma.com
- ◆ Practice Support Resources (816) 455-7790
- ◆ AMGA (703) 838-0033
- ◆ NSCHBC (800) 313-6242
- ◆ Specialty Society Studies



Develop More Detailed Expense Categories

- ◆ Separate staff from MDs/PAs/NPs
- ◆ Separate out benefits/payroll tax
- ◆ Separate office/medical supplies and office expense



Income and Expense Ratios

- ◆ How does the practice ratios compare to “norms?”
 - Have Manager or CPA prepare profit/loss reports with a column for each line item expense to be divided into actual total collections - % to collections
 - Staff and rent are the two largest expense categories

Expense Ratios - IM

| TYPE IN % INTERNAL MEDICINE | MGMA Cost Survey 2020 | NSCHBC 2019 |
|--------------------------------|-----------------------------|----------------|
| Staff Salaries | 32.80% | 23.00% |
| Para-Professionals | 0.59 | 14.00 |
| Benefits | 7.92 | 2.60 |
| Clinical Supplies | 0.76 | 5.50 |
| Clerical Supplies | 1.01 | 1.80 |
| Rent | 8.68 | 6.50 |
| Telephone | 1.13 | 0.90 |
| Malpractice | 1.50 | 1.50 |
| Maintenance | * | 0.70 |
| Acct./Legal | 4.86 | 1.20 |
| Promotion | 0.05 | 0.20 |
| Dues/Subscriptions | * | 0.50 |
| Auto | * | 0.50 |
| Building Depreciation | 0.14 | 0.50 |
| Cont. Ed/Travel | * | 0.40 |
| TOTAL EXP. RATIO | 71.43% | 64.90% |



Evaluate Productivity

- ◆ Number of patients seen
- ◆ Number of new patients seen to measure practice growth
- ◆ Number of office and hospital visits
- ◆ Number of surgeries / procedures or high revenue generation
- ◆ Income generated by doctor



| INTERNAL MEDICINE | Sullivan Cotter 2020 | AMGA 2020 | MGMA Physician Compensation and Production Survey 2020 |
|---|-------------------------|--------------|--|
| Ambulatory Patient Visits Per Week | * | * | * |
| Patient Encounters Per Year Mean | 3,316 | 3,611 | 3,523 |
| Patient Encounters Per Year 25 th % | 2,377 | 2,937 | 2,413 |
| Patient Encounters Per Year Median | 3,140 | 3,441 | 3,272 |
| Patient Encounters Per Year 75 th % | 3,771 | 4,020 | 4,350 |
| Patient Encounters Per Year 90 th % | 4,680 | 4,533 | 5,527 |

Monthly Productivity Report

| Year: | Medical Practice of: | | | | | |
|---------------------|----------------------|---------|----------|------------|-------------|----------|
| Month: | 1 | 2 | 3 | 4 | 5 | 6 |
| | Monthly | Actual | Variance | Yr-To-Date | Yr -To-Date | Variance |
| | Budget | Monthly | | Budget | Actual | |
| Physician Product. | | | | | | |
| | | | | | | |
| Office Visits | | | | | | |
| | | | | | | |
| Hospital Visits | | | | | | |
| | | | | | | |
| Ratio MD Office Hrs | | | | | | |
| | | | | | | |
| | | | | | | |
| Ratio Staff / Pts. | | | | | | |
| | | | | | | |
| Staffing | | | | | | |
| | | | | | | |
| | | | | | | |





PRACTICE
POINTERS

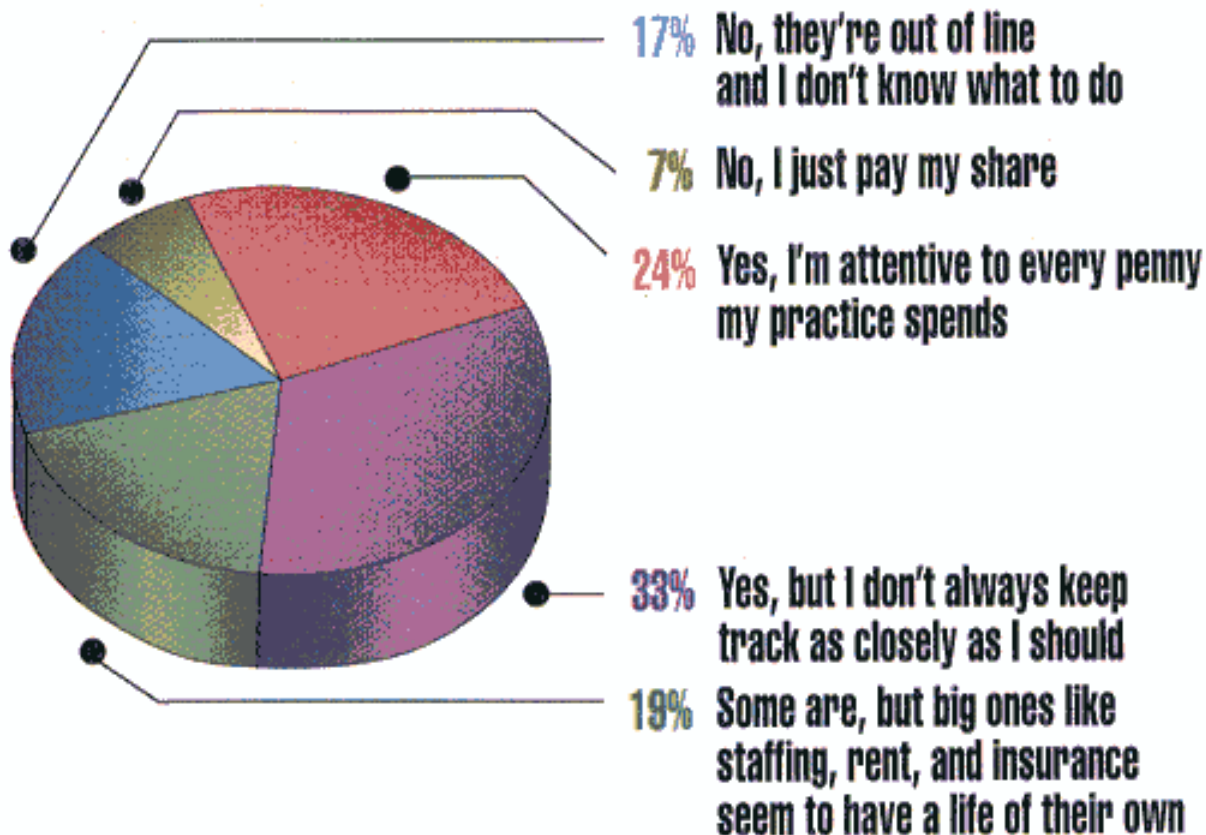
Stop

Could careless management be costing you "at least 12 percent of revenue," to quote one expert? Here's how to find and fix the nine most common dollar leaks.

By Deborah A. Grandinetti

Medical Economics

Are your practice expenses under control?





AMA News 1.9.12



FTE Full time Equivalent / MD

- ◆ What is your total staff payroll as a percentage of gross income?
- ◆ What is your Full Time Equivalent staff ratio to physician?
- ◆ Varies by Specialty:
 - 2.01-7.08 FTE/MD



BIOFLASH

Ron Leuty covers biotech
and sports business

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REAL ESTATE

A workplace alone is just not enough

Biotech workers want amenities such as a food court, pool tables, ping-pong and bowling alleys

Biotech real estate developers are rolling with the times, designing space for young, cash-flush companies desperate to hold on to talented employees who want more than a bench and a place to hang their lab coats.

Take HCP Inc., which is breaking ground on the second phase of its massive Cove at Oyster Point development in the sterile- and-scrubbed heart of the life sciences industry in South San Francisco. Along with two lab and office structures totaling 230,000 square feet, HCP's next stage of the potential 884,000-square-foot project includes 20,000 square feet of retail, attempting to fill a desperate need among biotech workers.

The first two-building phase, which will open in the third quarter, includes a marketplace-like food area on the ground floor as well as pool tables, table tennis and a two-lane bowling alley.

"It's really taking an urban-type downtown environment and bringing it to a suburban market," said HCP Executive Vice President Jon Bergschneider. "It's large space for people to break out and team build."

In the tech industry, such "amenity space" is commonplace in the tug-of-war to keep and attract fresh, young talent. Despite occasional events at individual companies — South San Francisco-based biotech granddaddy Genentech Inc. is



The Cove at Oyster Point is designed to attract and retain Biotech employees.

COURTESY OF HCP INC.

well known for its bi-monthly "Ho-Hos" get-togethers — biotech has mostly maintained a buttoned-down focus.

Biotech executives and developers say that is changing. Employees can be in their labs at any time of the day or night, and the east side of Highway 101 in South San Francisco is largely a food and entertainment desert, so they often jump in their cars at break time. But the growing millennial workforce is different, they say, wanting services within walking distance.

COVE AT OYSTER POINT

Total square footage: 884,000

1st Phase: 250,000 square feet to be completed in third quarter of 2016.

2nd Phase: 230,000 square feet of laboratories and offices, plus a four-story parking garage and 20,000 square feet of retail space. Ground broken on Jan. 29.

Tenants: CytomX Therapeutics Inc. and Denali Therapeutics Inc.



Analyze Your Accounts Receivable

- ◆ Accounts Receivable Aging Table
- ◆ Accounts Receivable Ratio
- ◆ Gross Collection Percentage
- ◆ Adjusted Collection Percentage

BIZARRO *Piraro*

Why do you guys always hold your hands like that?

WE USE OUR FINGERS TO KEEP TRACK OF HOW MUCH YOU OWE US.



www.vexpress.com

Dist. by Universal Press Synd.





How do your percentages compare ?

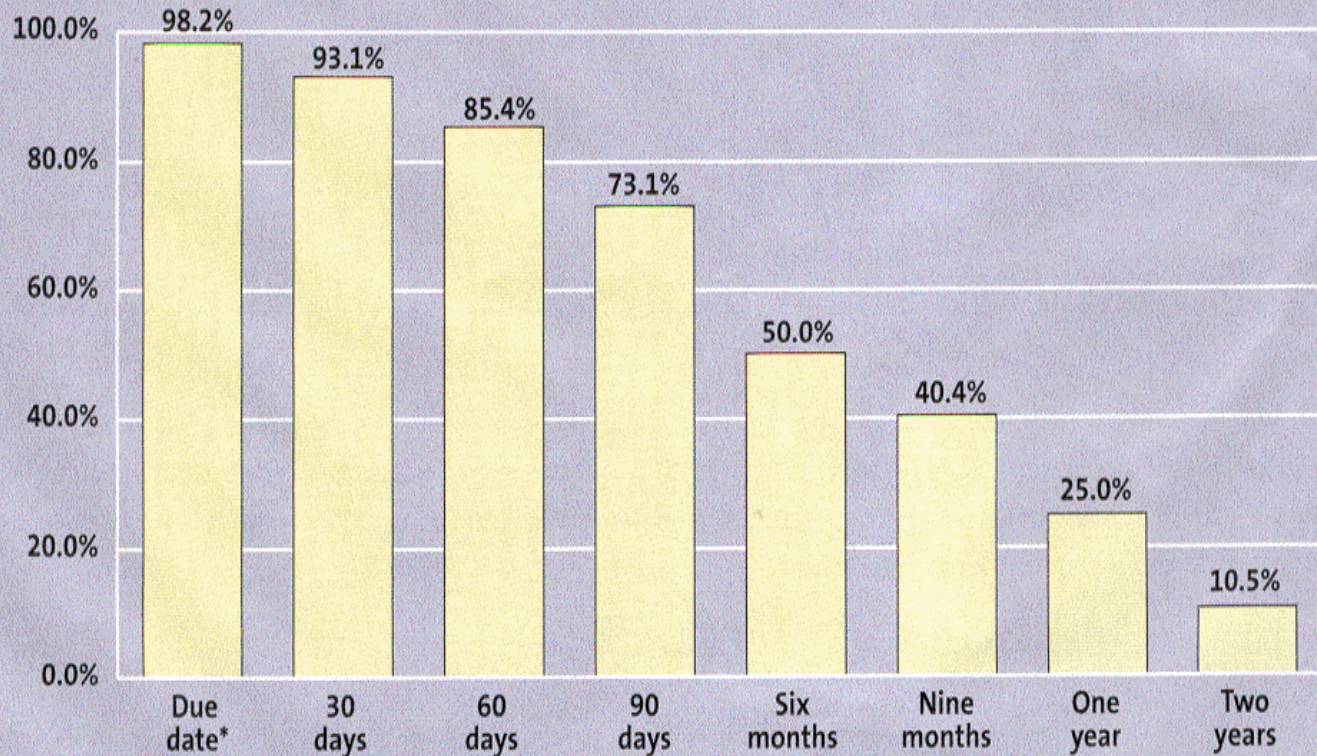
Family Practice 2020 MGMA Average

| Current INTERNAL MEDICINE | 0-30 | 31-60 | 61-90 | 91-120 | 120+ |
|---|--------|-------|-------|--------|--------|
| MGMA Cost Survey - 2019 % to Total A/R | 57.04% | 9.41% | 6.75% | 4.88% | 18.80% |



Rate of collectability

Collectability of delinquent commercial debts at time intervals after due date



*For some industries, the due date may be several months after the delivery date.

Source: Commercial Collection Agency Section Commercial Law League of America. Reprinted with permission.



IM

Accounts Receivable Ratio

FORMULA:

$$\frac{\text{Total Accounts Receivable}}{1/12 \text{ Annual Fees or Charges}} = \text{A/R Ratio}$$

$$\text{MGMA} = 1.09$$



IM Gross Collection Percentage

FORMULA:

$$\frac{\text{Actual cash collections}}{\text{Gross Charges}} = \text{Gross Collection Percentage}$$

$$\text{MGMA} = 50.79\%$$



IM Adjusted Collection Percentage

FORMULA:

$$\frac{\text{Actual cash collections}}{\text{Adjusted Charges (Charges- Adj)}} = \text{Adjusted Collection \%}$$

Percentage

$$\text{MGMA} = 98.11 \%$$

Medical Economics **How to survive in independent practice Aug 2014**

- ◆ Most practices lose 12% of billings
- ◆ Improving internal billing practices is generally better than outsourcing billing altogether.
- ◆ “There are some fundamental flaws in how a billing service can work,” “If a billing service is going to get 5% of what is collected, how much effort is it going to put into chasing \$100?”



Monthly Flash Sheet for ABC Medical Clinic

| | This Month | | | | Last Month | Last Year |
|--------------------------|------------|------------|-----------|-------------|------------|------------|
| | Smith | Jones | Brown | Total | | |
| Production | \$65,059 | \$55,267 | \$59,872 | \$180,198 | \$175,648 | \$166,542 |
| Adjustments | | | | \$55,316 | \$56,448 | \$40,558 |
| Receipts | | | | 129,645 | \$115,963 | \$103,850 |
| Refunds | | | | 3,549 | \$2,514 | \$2,874 |
| Cash on hand | | | | 25,145 | \$14,785 | \$24,798 |
| Gross collections ratio | | | | 72% | 66% | 62% |
| Net collections ratio | | | | 101% | 95% | 81% |
| Total AR | | | | \$375,678 | \$380,654 | \$335,485 |
| Days in AR | | | | 98 | 95 | 90 |
| MGMA avg. | | | | 70 | | |
| | Current | 30 days | 60 days | 90 days | | |
| Aged AR | \$131,487 | \$41,325 | \$33,811 | 169,055 | | |
| Percentage | 35% | 11% | 9% | 45% | | |
| MGMA avg. | 45% | 25% | 10% | 20% | | |
| Total operations expense | | | | \$75,645 | \$70,587 | \$59,466 |
| Overhead percentage | | | | 59% | 61% | 58% |
| MGMA avg. | | | | 48% | | |



Reducing Staffing Costs

◆ Mergers

- Reduce FTES per MD by sharing staff

◆ RNs and Medical Assistants

- Use RNs for triage/advice, MA s for assisting
- Use Per Diem staff esp. MAs
- Train well

◆ Transcription

- Consider outsourcing
- Consider **speech recognition/voice recognition** and eliminate transcription.



Reducing Staffing Costs

◆ Overtime

- Personnel Policies must state overtime has to be authorized
- Consider charging the MD/provider who runs staff into overtime

◆ Benefits

- Evaluate plans/costs every year for employee only

Zoom Virtual Receptionist





Ruby Receptionist

◆ <https://www.ruby.com/>

Simply put, a ringing phone or a static web page means missed opportunities.


Engaging your customers is critical to the survival of your business, but so is having the time to serve your customers. Investing in your customers' experiences ensures whoever engages with your business feels heard, secure, and eager to share their positive experiences with others—but you may not be able to deliver that experience every time.





Reducing Staffing Costs

- ◆ Create job descriptions
 - hold staff accountable, e.g., A/R ratios
- ◆ Use Interns, College Students/Med Students
- ◆ Create incentives
 - reward staff for ideas that make or save the practice money



Peter Drucker's brilliant 47-year-old idea could transform healthcare

“The most successful organizations will cultivate a culture of decision making on the front-lines, by instituting processes and methods that support and encourage it.”

Dunn, Lindsey. “*Peter Drucker’s brilliant 47-year-old idea could transform healthcare.*” Becker’s Hospital Review. September 17, 2014.
<http://www.beckershospitalreview.com/healthcare-blog/peter-drucker-s-brilliant-47-year-old-idea-could-transform-healthcare.html>



Office Space

◆ Rent

- Extend hours
- Share space - cost per MD goes down
- Billing/ A/P move to less costly space
- Medical Records Room still have charts? Move off site to storage and repurpose the space
- Negotiate leases carefully



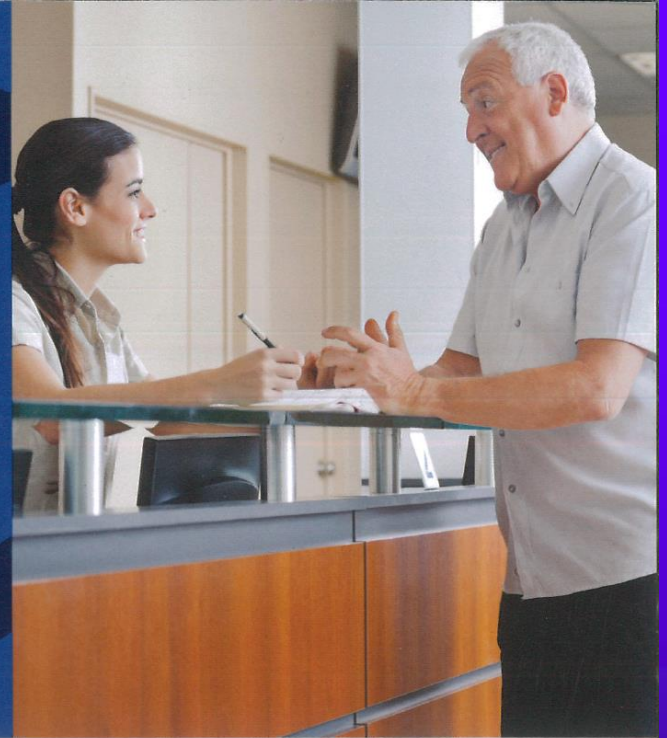
Seminars & Webinars

- ◆ Keep attending SFMMS /CMA programs!
- ◆ Take advantage of **online CME** for physicians, midlevel providers, clinical staff and managers.



Get discounted rates on card processing specially negotiated for MGMA members.

Take advantage of our innovative and secure
mobile payments platform.
See reverse.



Bank of America 

Merchant Services

MGMA
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Discounts

- ◆ **Pay bills on time - 2% net**

- ◆ **Malpractice insurance**
 - Negotiate group rates
 - Take advantage of any discounts offered by your malpractice carrier by completing risk management surveys, attending seminars or on site audits

- ◆ **Local/State Medical Association discounts for insurance/services**

Medical Records



- ◆ Have Patient forms on website: Patient History, Registration, etc. prior to appointment
 - Reduces time at front desk and speeds patients back to exam room
 - Reduces demographics errors for billing



“These EHR formats are an indecipherable headache to try and wade through. I miss the old days when the doctor's writing was all we had to figure out.”



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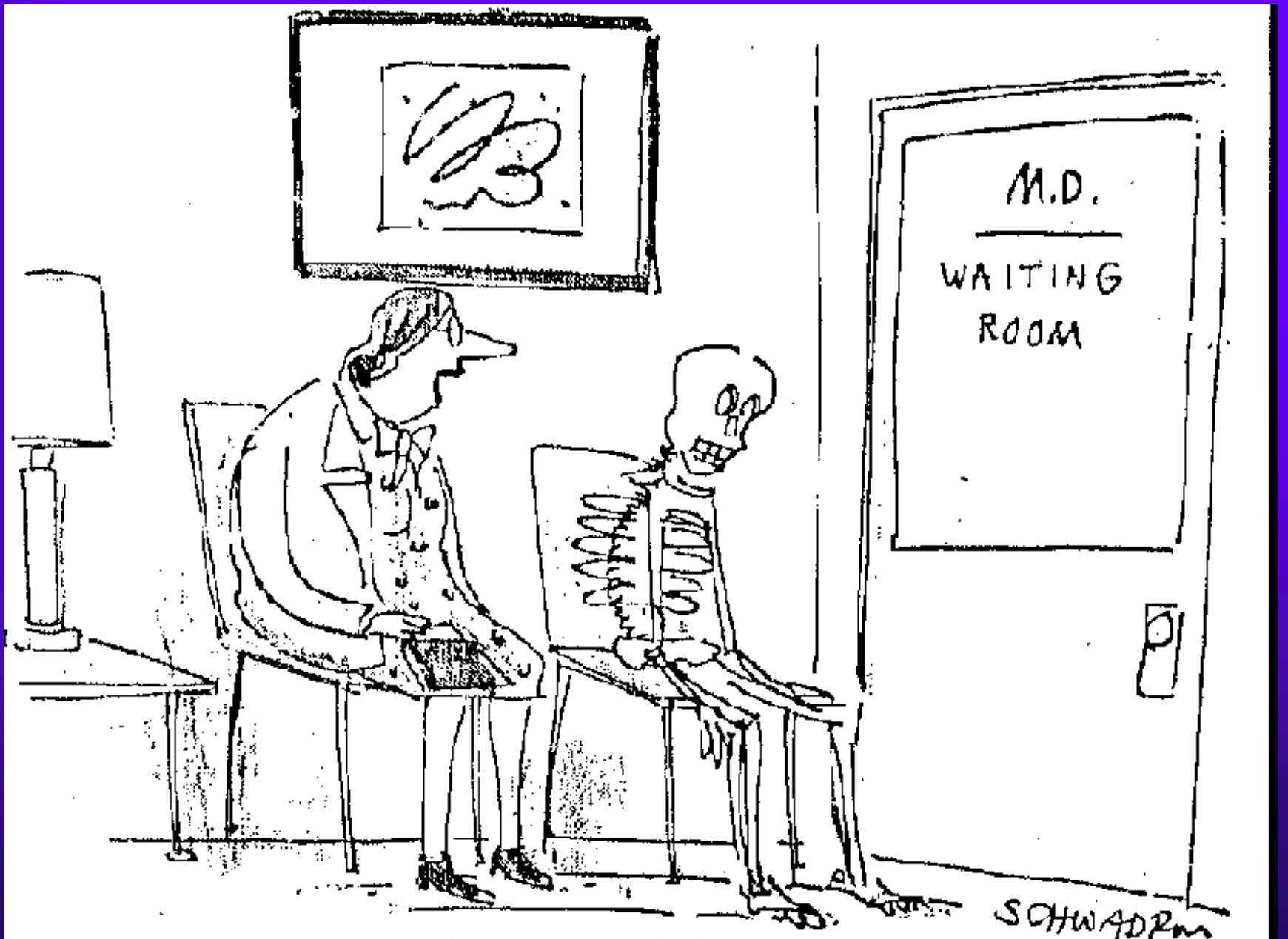
Patient Forms

Please print the appropriate form, fill it out completely and bring it with you to your appointment.

| | |
|--|-------|
| Patient History & Registration Form | CPOSM |
| Assignment Of Benefits & Office Policies | CPOSM |
| HIPAA Patient Consent Form | CPOSM |



Some Files Require Adobe Acrobat Reader To Open. Click On The Acrobat Reader Icon If You Do Not Have Adobe Acrobat Reader And Wish To Download It.



"Have you been waiting long?"



Patient Waiting times

Which cities, states have the shortest physician wait times? Beckers Hospital review March 24, 2016

- ◆ **Wait time and patient ratings are correlated.** Physicians with higher ratings on Vitals' website had shorter patient wait times. Here is a breakdown of the wait time from the highest rated physicians (5 stars) to the lowest rated physicians (1 star).
- ◆ 5 stars — 12 minutes and 56 seconds
- ◆ 4 stars — 18 minutes and 19 seconds
- ◆ 3 stars — 21 minutes and 40 seconds
- ◆ 2 stars — 26 minutes and 11 seconds
- ◆ 1 star — 33 minutes and 1 second



Physician, Wire Thyself

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Eliminate Clutter

- ◆ Shred or move to storage all unnecessary paper
- ◆ Organize files neatly, saves time looking for things



Eliminate Stickies





As demands such as flexibility and efficiency shape the future of medical office design, adaptive design solutions like Compass System, created by Continuum and Herman Miller Healthcare, enable a better patient experience.







Paul Sweigert, MD FACP

is proud to announce and welcome you to his new
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Website/SEO/Internet marketing

- ◆ Don't advertise in Yellow pages, invest in website and Search Engine Optimization
- ◆ Have Content Management to change easily
 - don't pay developers
- ◆ Track other marketing efforts and reduce if no return on investment.

Websites



- ◆ Have Content Management to change easily
- ◆ Home site needs Key Words for search engine optimization

Your mission statement here.

About Us

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Your mission statement here.

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DR JOHN
SELLE

A balanced, integrative, and holistic approach to health and healing.

My Care Philosophy

I am a doctor of osteopathic medicine (D.O.) who uses a balanced, integrative, and holistic approach to health and healing. I explore non-pharmaceutical options whenever possible and seek to create a dialogue with patients to better understand their health concerns. By working with patients as a team, we together craft a personalized plan aimed at optimizing health. The office utilizes an electronic health record (EHR) and a website featuring a personal health record (PHR) and secure e-mail to maximize communication with both patients and caregivers. We make every attempt to schedule same day, urgent appointments whenever possible. I also utilize a handful of osteopathic manipulative treatment (OMT) techniques for selective musculoskeletal conditions.



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Welcome to Summit ENT

Summit, Ear, Nose, and Throat (ENT) Medical Associates is a medical practice with a location in Oakland, California. Our doctors are Board Certified Specialists in the field of Otolaryngology, Head, and Neck surgery. We have the latest knowledge and technology for diagnosis and treatment of diseases of the ear, nose, and throat, and related structures. We offer medical and surgical treatment as well as hearing testing, hearing aids, and allergy testing and treatment. Our professional staff operates as a team, and we take pride in each staff member's training and capabilities. We want you to have confidence in them and let them serve you fully. This site is designed to inform you about the practice and our procedures, and to anticipate your questions. The goal is to let us serve you better as informed patients. There is also a library of clinical information on various topics related to ear, nose and throat problems.

The Summit ENT office is located in the Pill Hill section of Oakland at 2961 Summit Street, close to the Summit Medical Center hospitals. There are several parking lots near the office. We recommend the Peralta lot, which can be entered from 29th street.

Hearing Aid Center



[View our Video Library](#) >>

Rating Sites

Most reviews about physicians are positive



Journal of General Internal Medicine

- ◆ Examined 300 MDs and 33 sites
 - 88% positive reviews
 - 6% negative
 - 6% neutral

Be proactive about handling patient complaints



- ◆ Provide a forum for patients to address their concerns on your website, and encourage patients to use it.
- ◆ Develop a policy for handling complaints.
- ◆ Utilize a patient satisfaction survey.

What can you do about negative on line reviews?

CMA Medical Legal library



- ◆ Don't over react
- ◆ Don't respond back publicly – Always maintain patient confidentiality
- ◆ Try to work with the patient and resolve issues – the patient can remove a negative review

What can you do about negative on line reviews?

CMA Medical Legal library



◆ “ Our practice takes patient concerns seriously. Federal laws preclude us from responding to patient concerns publicly. If you are our patient, please contact our office directly at ----- so we can address your concerns confidentially”



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What You Don't Know About **YOUR DOCTOR COULD HURT YOU**


PLUS
The Fight for SAFER FOOD
BY ERIC SCHLOSSER



Botched surgeries, substance abuse, sexual misconduct—doctors on probation can still practice medicine, and they don't have to tell you.
How to make a safe choice.

RATINGS LEXUS RX, HONDA CIVIC, LINCOLN MKX & BMW 7 SERIES

MAY 2011
CONSUMERREPORTS.COM



38% Conduct Research Prior to Seeking Out a Physician

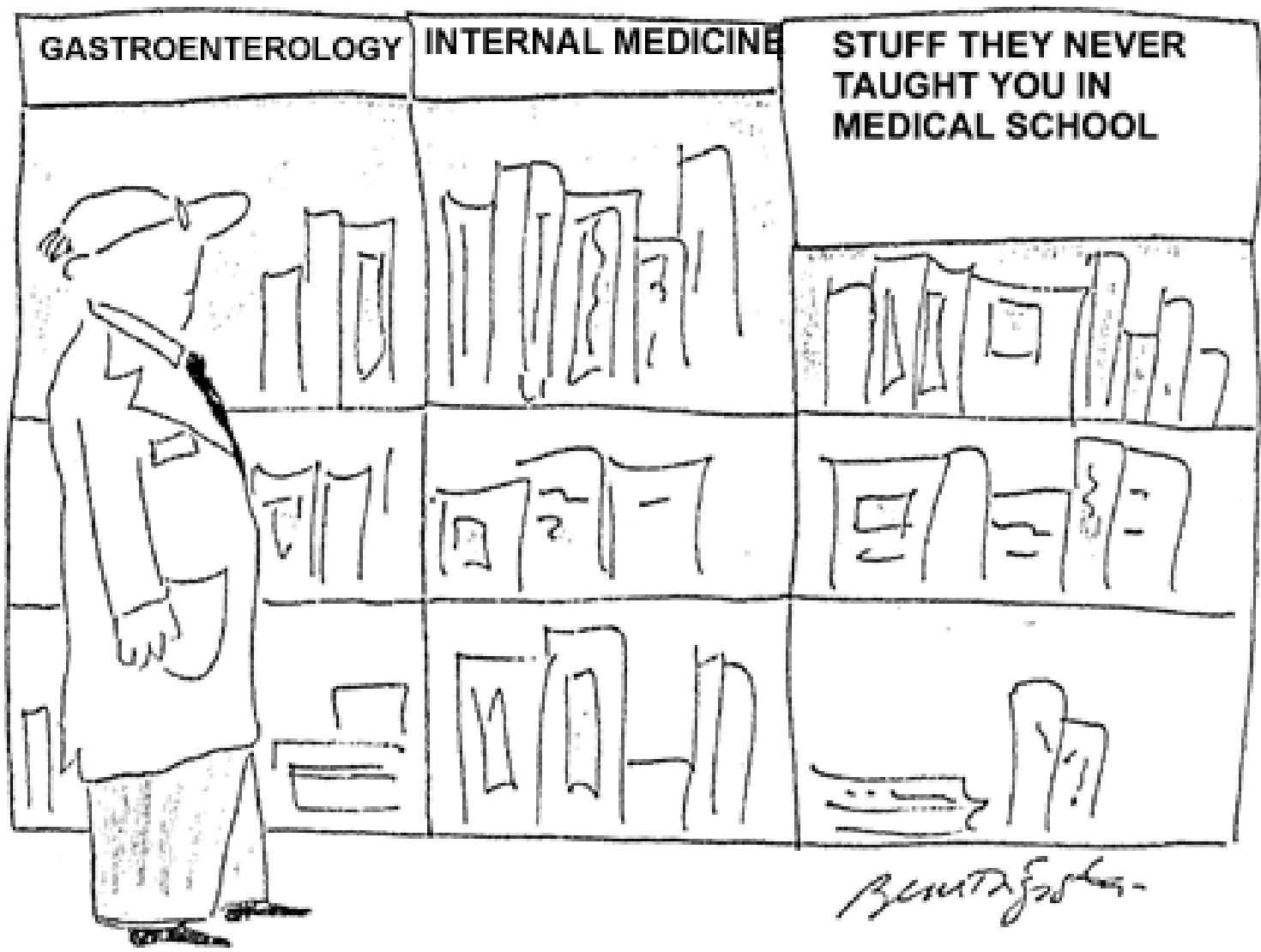
Kyruus recently released a report on consumer behaviors when searching for a healthcare provider. Here are some key findings from the study:

- ◆ Prior to seeking out a specific physician, 38% of consumers conduct healthcare-related research.
- ◆ Almost three quarters of these consumers are looking for information about specific physicians.
- ◆ 90% of respondents say it is important to confirm that their healthcare is covered by their insurance.
- ◆ A physician's clinical experience with the patient's specific condition was important for 85% of consumers.
- ◆ 14% of consumers book appointments through an online resource.
- ◆ Over half of consumers (58%) book appointments through a phone-based resource.

Source: [Kyruus, October 26, 2015](#)

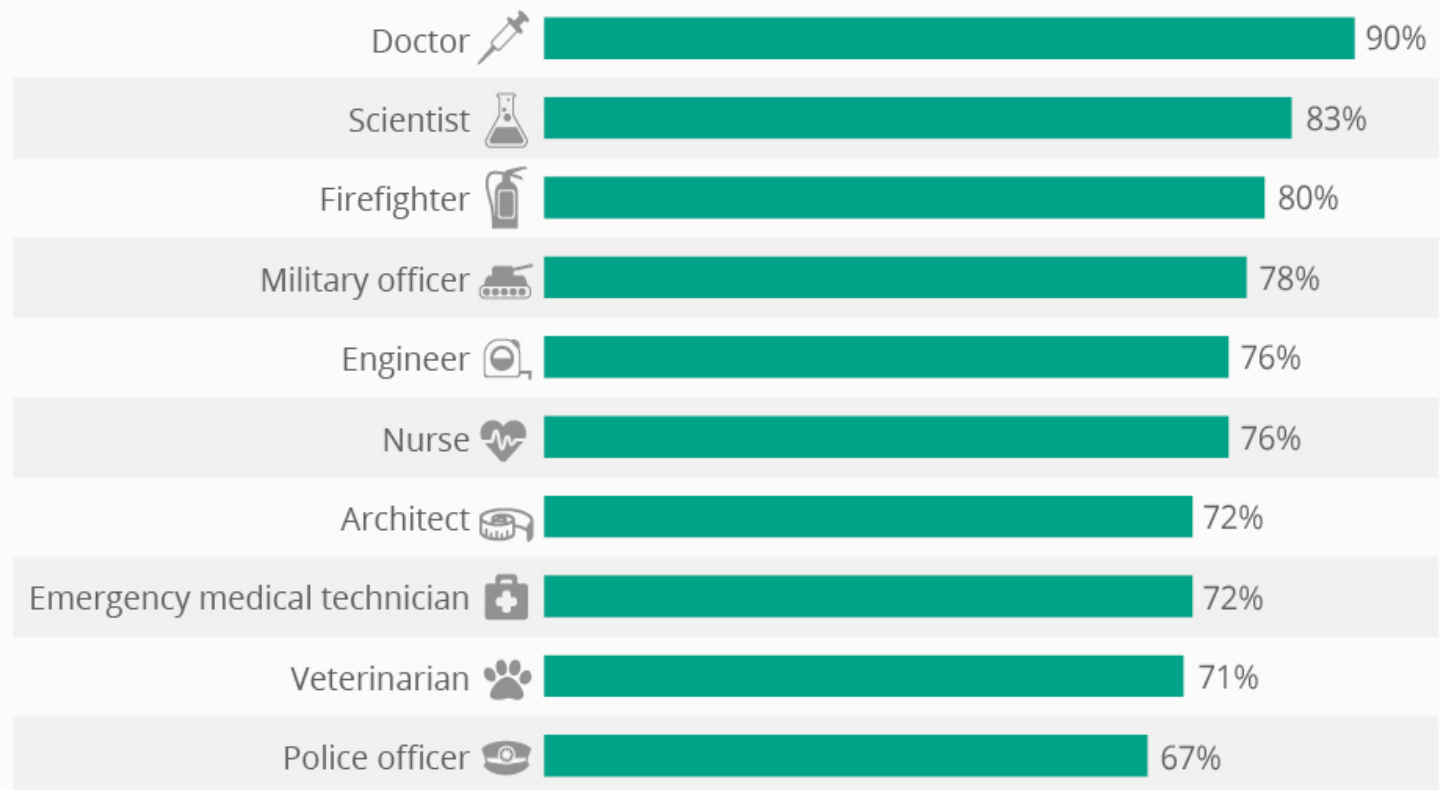






The Most Prestigious Professions In America

% of people finding the following occupations prestigious in 2016



Source: The Harris Poll



Thank you for Attending!

◆ If you have questions:

Contact Debra Phairas, President

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