



American Hospital Association's PHYSICIAN LEADERSHIP FORUM

PHYSICIAN PRACTICE MANAGEMENT ESSENTIALS: KEYS FOR SUCCESS

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PRACTICE MANAGEMENT: WHAT DOES IT MEAN?

- Running a practice is complicated: Even the smallest groups are complex, multimillion-dollar businesses in need of sophisticated management
- Costs of dealing w/ insurance companies: \$63K-\$71K per physician/year
- Top challenges of modern practices:
 - Maintaining physician compensation in a time of lower reimbursement
 - Cost growth is outstripping revenue growth, creating a fundamental, long-term business problem
 - Selecting, implementing and optimizing an EHR

PRACTICE MANAGEMENT IS COMPLICATED!

- Get down in the weeds to improve
 - Patient cycle visit time
 - Collection at time of service
 - Reducing costs of operations with technology
 - Are the right people answering the phones?
- Can a mid-level provider increase efficiency and allow patients to be seen at their convenience
- Is the business office best place to verify benefits
- Will a patient survey provide the data to support proposal to BOD?
- Who to engage to provide a coding audit?
- Act as general contractor in facility project
- How to keep the physicians satisfied with nursing support

AGENDA

- KPIs to monitor the revenue cycle
- Effective staffing and best practice staffing ratios
- Optimize patient flow to maximize provider schedules
- Customer service and patient satisfaction

WHAT ARE YOUR PAIN POINTS?

- Test result delivery
 - Do the worried well call *you*?
- Prescription renewal
- Intake and interview process and timing
- Business intelligence
- Phone triage
- Space constraints

Do you know?

BEST PRACTICES TO STOP LOSING MONEY: WHAT IT MEANS TO YOU

Better performing practices use benchmarking to answer the question: “How are we doing?”

- Benchmarking is a process of measuring key performance indicators and comparing with national averages and better performers
- Key items to benchmark include:
 - Medical revenue vs. operating costs
 - Average days in accounts receivable
 - FTE support staff per FTE physician
- Better performers:
 - Benchmark routinely
 - Automate processes

*FTE=Full Time Equivalent

PERFORMANCE AND PRACTICES OF SUCCESSFUL MEDICAL GROUPS - 2012 REPORT BASED ON 2011 DATA

Primary Care Single Specialties: Profitability & cost management	Better Performers	Others
Total procedures per FTE physician	15,109	8,546
Total RVUs per FTE physician	14,901	10,324
Patients per FTE physician	1,849	1,760
Total medical revenue per FTE physician	\$674,772	\$429,806
Total medical revenue after operating cost per FTE physician	\$301,243	\$100,404
Total operating cost per FTE physician	\$350,779	\$347,085

TYPICAL BENCHMARKING QUESTIONS FROM PHYSICIANS

- What is the ideal square footage per doctor?
- What should the average days in A/R be?
- How many staff should we have per doctor?

BETTER PERFORMER REVENUE CYCLE KPIs (PERFORMANCES AND PRACTICES OF SUCCESSFUL MEDICAL GROUPS - 2012; PRIMARY CARE SINGLE SPECIALTIES)

KPI	Better Performers	Others
% of A/R >120 days	7.20%	18.19%
Days gross FFS charges in A/R	25.00	40.65
Adjusted FFS collection %	100.00%	98.74%
Patient accounting support staff/FTE physician*	0.59	.48
Total medical revenue per FTE physician	\$671,694	\$455,327
% of copayments collected at time of service	74.34%	65.05%
% of claims denied on first submission	3.00%	4.50%

*Includes coding, charge entry, cashiering.

COPAYMENTS COLLECTED AT TIME OF SERVICE

Percentage of Copay	Better performers	Others
90-100%	50.00% 77.20%	33.92% 60.10%
75-89%	27.20%	25.15%
50-74%	12.40%	17.54%
0-49%	10.40%	23.39%

Performance and Practices of Successful Medical Groups: 2011 Report
Based on 2010 Data

PRIMARY CARE

2012 REPORT BASED ON 2011 DATA, MEDIAN PER FTE

PHYSICIAN

KPI	Paper records/charts	EHR	Hybrid
Total supp staff FTE	4.73	4.25	4.24
Total Physician Work RVUs	6,601	5,915	5,416
Patients	2,960	2,062	-
Total operating cost (% of med rev)	59.98%	64.57%	55.34%
Months gross FFS charges in A/R	1.01	1.00	1.71
Total Medical Revenue after Operating Cost	\$232,608	\$238,787	\$295,141

PATIENT CARE SYSTEMS

- Establish and monitor business processes to ensure effective and efficient clinical operations
- Design efficient patient flow patterns to maximize provider schedules and optimization of schedule templates to meet productivity targets
- Manage front office operations to maximize patient satisfaction, collection of payments and customer service

PREPARATION IN ANTICIPATION OF THE APPOINTMENT

“The further an error travels along the revenue cycle, the more costly revenue recovery becomes. Some industry experts charge a cost of \$25 to rework a claim.”

- Moore, P. “Fix your denial problems,” *Physicians Practice*, April 2004.

- Eligibility verification & copay and deductible status
- Automate via batch submission of daily schedule
 - Web-based payer sites issues
- Note/alert for reception

DENIALS COST THE PRACTICE

- Physician generates 200 claims/month
- 8% average denial rate = 16 claims
- \$40 per appealed denial in time and resources
- = \$640 month or \$7,680 year

Source: Cost to appeal denial, analysis by Susanne Madden, The Verden Group

COLLECTION INDUSTRY SAYS...

- Only 5% of accounts over 90 days past due will ever pay voluntarily
- It is estimated that accounts which are...
 - 90 days past due are 90% collectible
 - 180 days past due are 67% collectible
 - 1 year old are 40% collectible

DIRECTOR OF FIRST IMPRESSIONS

- Interference
 - Blasting music
 - Front desk on phone with boyfriend, child...
- Repetitive inefficiency -“How many times do I have to give these people my insurance info and family medical history?”
- Incommunicado
 - First time – call put on hold 5 minutes
 - Next time – lost my call
 - Third time – no one answered
- Appointment delays
 - “Wait 3 weeks and not even try to squeeze me in”
 - “Practice policy” – I just wanted to see a doctor
- Office waits – sit for 35 minutes and then learn another 15-20 minutes
- Rudeness – “She didn’t even look at me when I walked toward her. No smile, no nothing.”

FLOW STARTS AT CHECK IN

- Use system feature to notify nursing the patient has arrived
- Could be a print function to nursing printer
- Instant messaging (IM)
- How the care team model supports flow

FRONT-END BEST PRACTICES

- Patient ID validation
- Eligibility verification
- Service authorization
- Critical data element validation
- Screening for assistance and charity funding
- Estimated patient financial responsibility
- Collection and payment plan
- Real-time claims adjudication

PATIENTS' SHARE OF MEDICAL BILLS SKYROCKET

Change over past 6 years	Percentage	Dollars
Employers spend increase	40%	\$8,000/ employee
Employee out-of-pocket and payroll costs increase	82%	\$5,000/year

2012 Aon Hewitt Associates 2012 Health Care Survey (survey of 3,000 plan participants).

2007: Patients responsible for **12%** of their healthcare bills.
2012: Patients will be responsible for **30%** of their healthcare bills.
- “The ‘Retailish’ Future of Patient Collections” Celent.com

SUPPORTING THE BILLABLE PROVIDER

Physicians' Time:

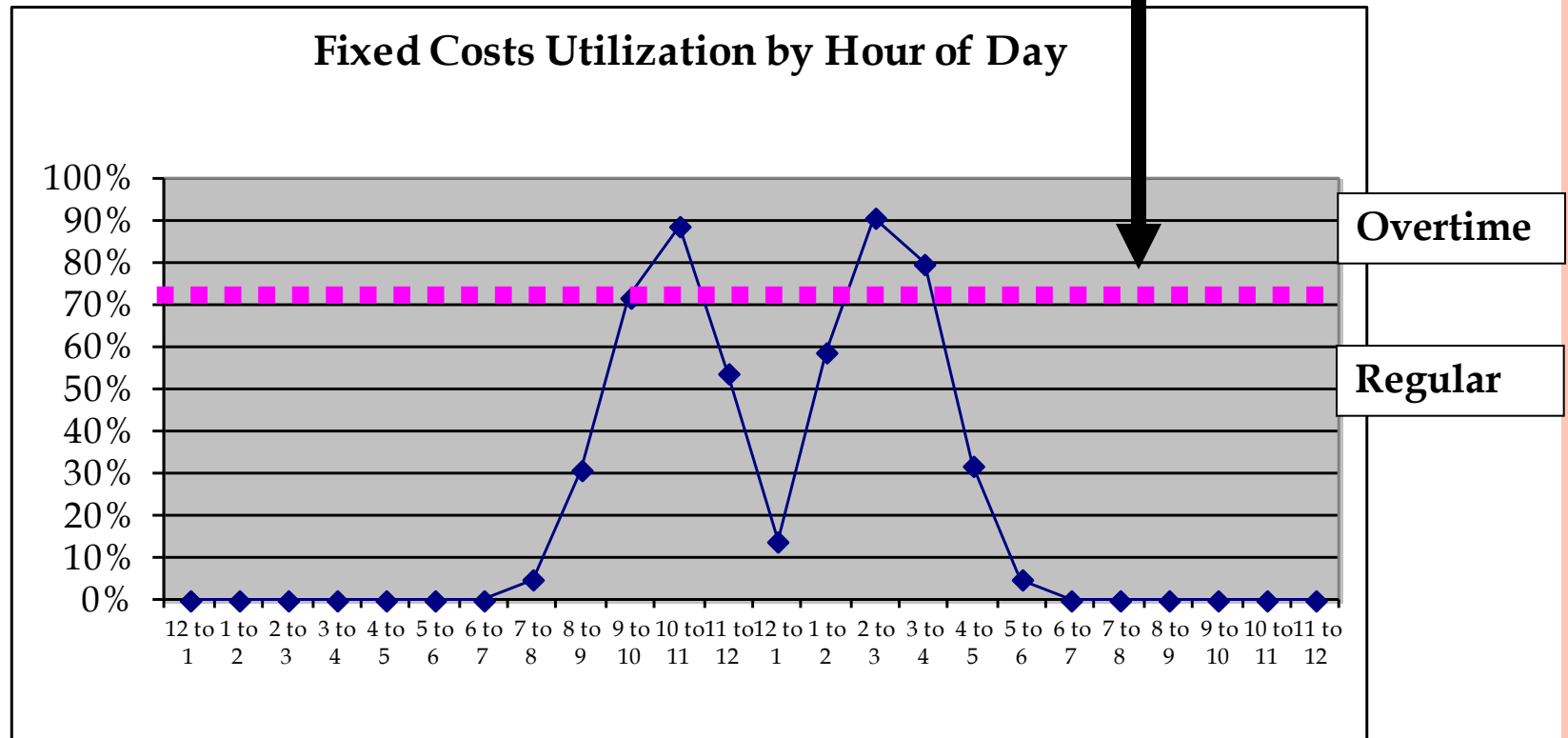
1. Wasted
2. Delegatable
3. Productive

< 60%

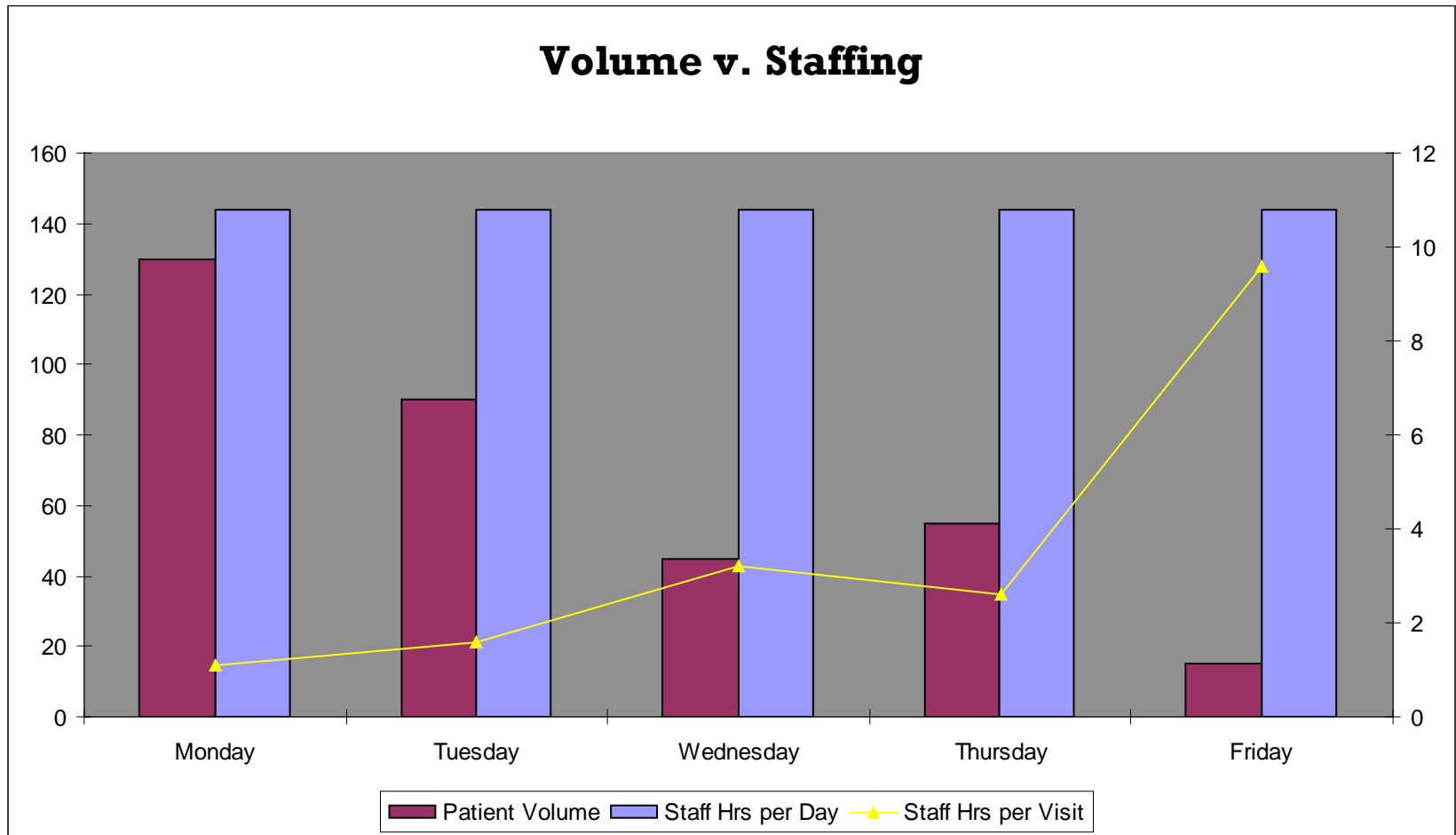
EFFICIENT STAFFING

**Staffing is constant, but
workflow is not.**

Result is often overtime!



EFFICIENT STAFFING



REDUCE NO SHOWS – CAN'T INVENTORY TIME!

- Appointment cards given at previous appointment
- E-mail reminders and portal tools
- Snail mail reminders
- Automated reminders – phone, text...
 - Prompt patients for online history
- Follow-up file for noting and contacting those who do not keep appointments
- Decreased waiting times
- Limited time interval between initial call and appointment OR between phone reminder and appointment (advanced access)
- Appointments at the most convenient time for the patient

REDUCE BARRIERS

- 28% of consumers would be likely to use a retail clinic if they could be seen immediately rather than wait up to a week to see a doctor in a doctor's office
- 25% of consumers have skipped care when they were sick or injured
 - 2 of 5 of those did so because they could not afford it, were not covered by insurance or thought costs were too high

2009 Survey of Health Care Consumers: Key Findings, Strategic Implications; Deloitte Center for Health Solutions

MEASURING ACCESS – BY PROVIDER

- Time to Next Available New Patient Appointment
- Time to Next Available Established Patient Appointment
- Appointment No-Show Rate
- Appointment “Bump” Rate
- New Patient Appointments as a Percent of Total Appointment
- Cancellation Conversion Rate

INCREASE PATIENT VOLUME

- Automate recall and reminders
 - Embedded portals

Case Study (75 pts/day, \$85 fee/pt)	
Daily no-show rate	13% (10 no shows)
Annual cost of staff making reminder calls	\$14,850 (\$15/hr with benes)
Annual cost mailing reminder cards	\$5,760
Assume 30% decrease in no-shows; additional monthly revenue	\$5,610
ROI	One month

BETTER PERFORMERS OPTIMIZE THE EHR

- Standardize forms-to-templates
- Eliminate reliance on paper
 - Printed paper schedules
 - Paper message forms
- Save web “documents” as electronic files
- Sign off dictation electronically (in-house/out)
- Identify needs for paper logs and transition to tracking in the EHR
- Electronic faxing
- Link to a patient portal
- E-prescribing
- Get follow up orders and prescriptions in sync

WHAT'S THE PATIENT EXPERIENCE?

- Photograph the patient
 - Ever reference it again?
 - Hospital ID bracelets
- One-stop shopping “regular” services
 - Bone density
- Advance labs for annual physical
 - Physician discusses results in exam
- Why does patient have to call for a prescription re-issue

ASK YOURSELF

- Do you find yourself waiting on your support staff to begin, complete and/or move on to another encounter?
- Do you escort your patients to areas outside your suite of exam rooms?
- Are your charts prepped so you have all info you need?
- Are your exam rooms stocked with all supplies you need?
- Is your support staff always one step ahead of you?
- Does your clinical support perform the taking and recording of the patient's history?
- Do you have to wait for your nurse to give them an order?
- Do you have phone conversations with patients about something your clinical support staff could answer?
- Does your support staff complete the administrative sections of paperwork for you (e.g. disability forms) before you get them?
- Do you have a means for your clinical support to recognize that you've been with one patient much longer than anticipated?
- Do you complete the documentation of the patient's visit during/after each visit or in small batches?
- Do you have to leave the exam room to get a test result, supplies/samples, previous note, referral or lab req form or equipment on a regular basis?
- Do you use checklists and templates for your most frequent visit types and chief complaints?
- Do you have phone conversations with patients who have just been in the office but have questions about their recent visit?
- Do you spend more than an hour each day on the phone with patients giving them medical advice?
- Do you and your staff spend more than an hour a day deciding who should be seen, and how soon?
- Do your patients end up going to the urgent care center and ER because they can't get in to see you?

PROVIDER FOOTSTEPS

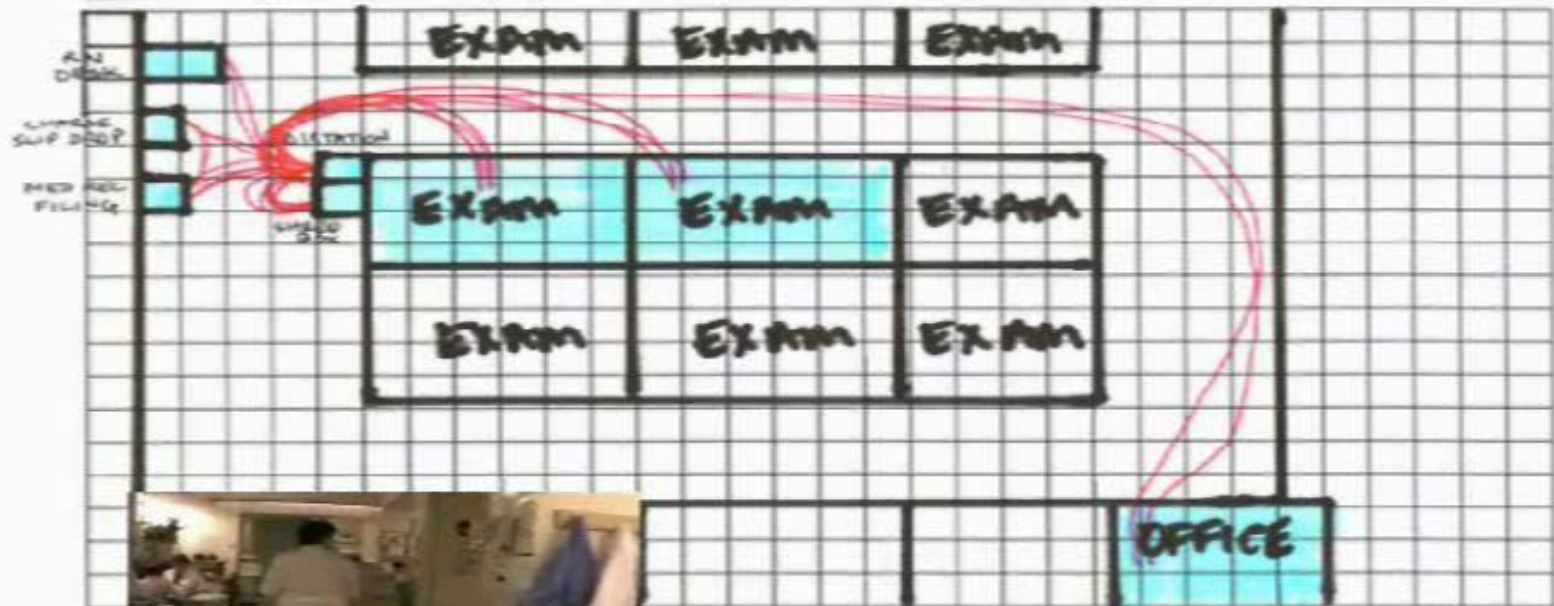
Standard Work Sheet

BEFORE

Process Name	DR MITHALOV
Part Name	3 PATIENTS

Process Description	From Exam Complete to Documentation Complete
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Date Prepared or Revised	4/14/06
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On	WIP	# Pieces WIP	TAKT Time	Cycle Time	Operator Number
		3	TBD	TBD	1 MITHALOV

GET DIRTY

- Use employees – no one knows it better
- Put pedometers on nurses, providers, medical records staff...
- Look for lack of added value (with added touches)
- Build bridges
- Ask “why”

MANAGING RESOURCES WITH HUDDLES

- Huddles – What can we proactively anticipate and plan for in our work day/week?
 - Beginning of day: review of the day, review coming week and next week
 - Mid day review/end of day review
 - Frequency of daily review dependent on situation
 - Keep huddle focused and short – no one sits
- Identify seasonal variation which should result in variable schedules
- Flexible multi-skilled staff add flexibility to resources as needed

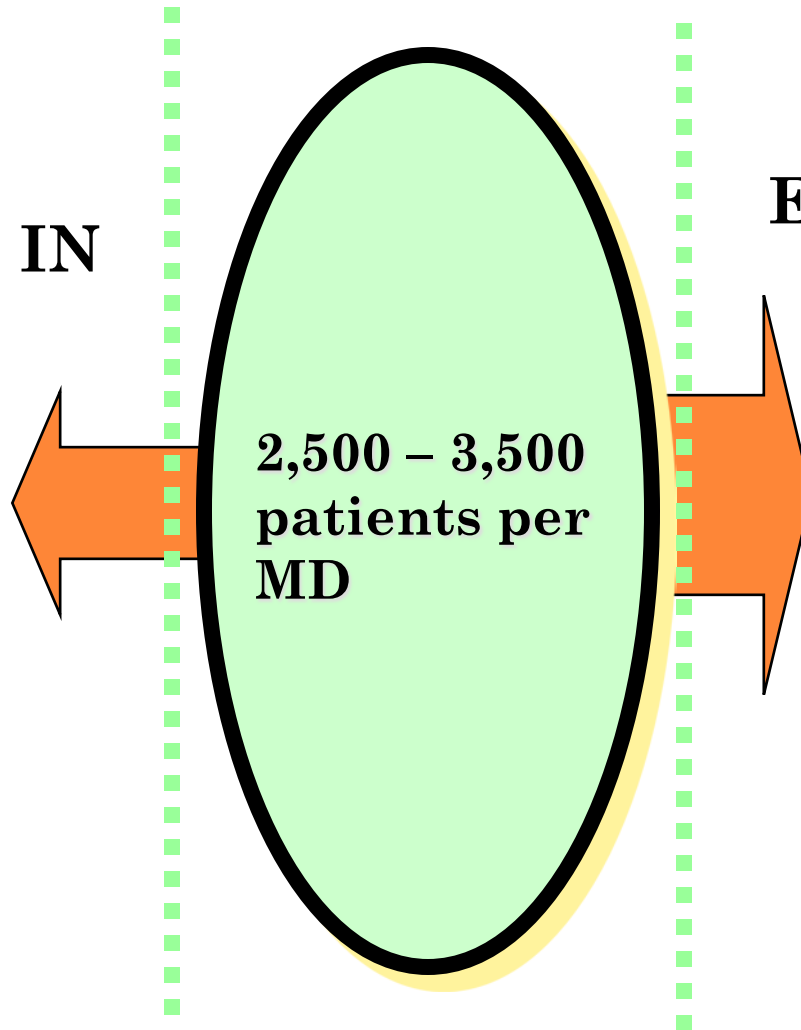
FLOW FACILITATOR

- Monitor flow/keep clinic running smoothly
- Facilitate communication between front and back office staff
- Lend assistance when systems are backed up
- Prevent unacceptable client wait time
- Expedite Express services
- Communicate with clients about available services and expected wait time
- Qualifications
 - Skilled in front and back office
 - Ability to multi-task
 - Ability to see big picture of clinic operations and flow
 - Authority to make changes in staffing patterns and duties
 - Ability to create and maintain teamwork approach to clinic morale
 - Good internal and external communication skills

TWO PATIENT FLOWS

**WHEN
PHYSICIAN IN
OFFICE**

**25 to 30
Patient
Office
Visits**



EVERY DAY

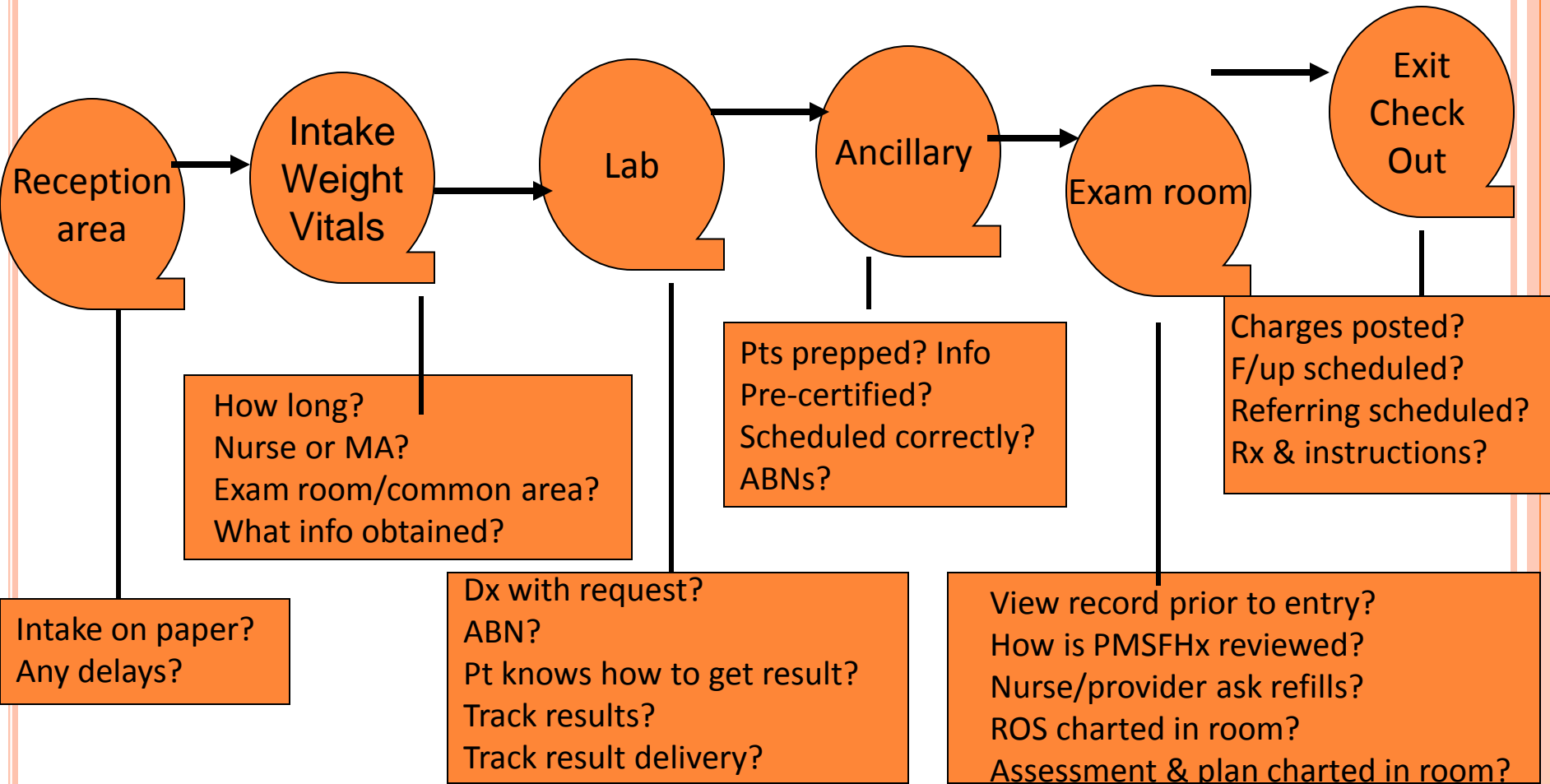
**100-200[^]
Patient
Phone
Calls**

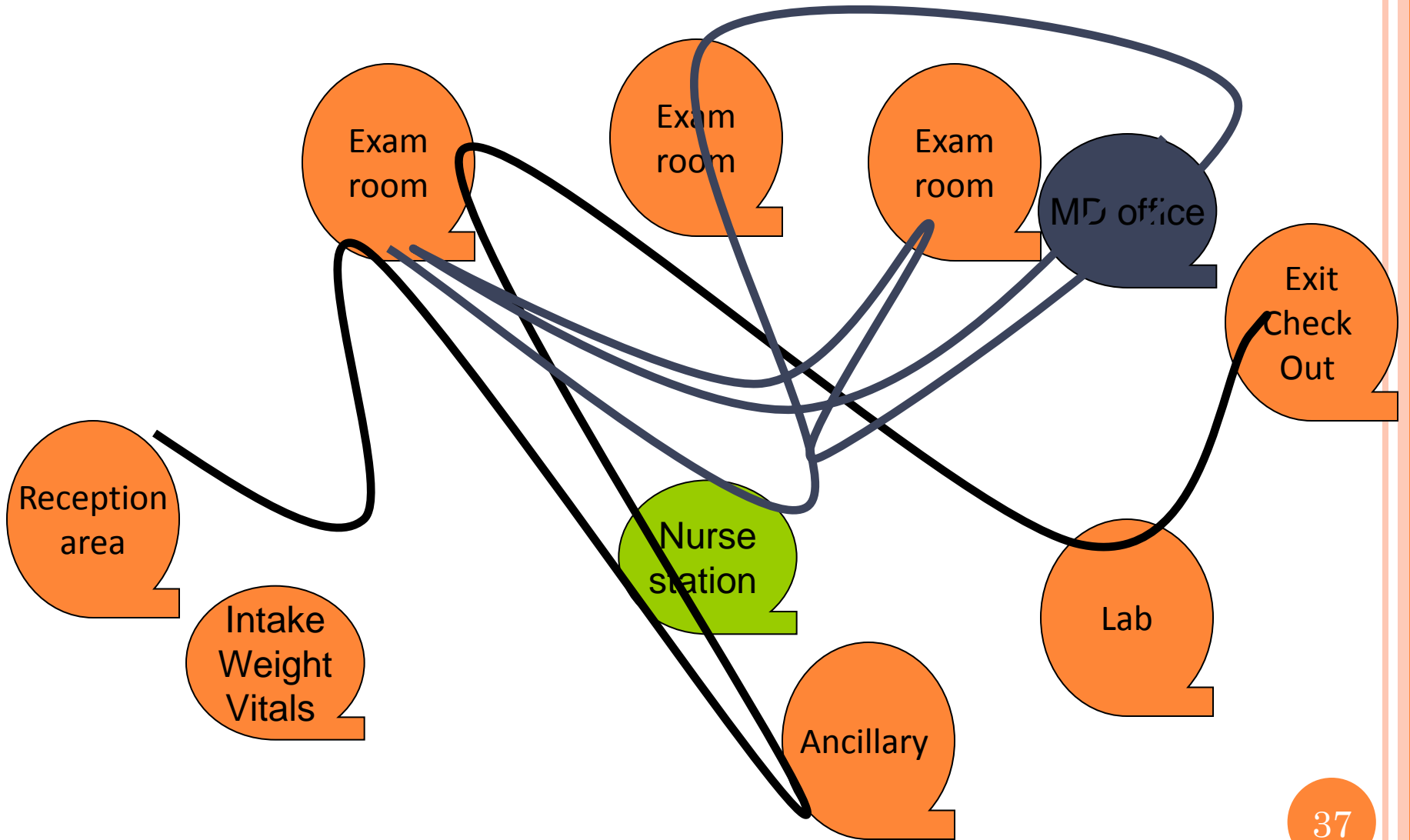
*Source: MGMA Cost Survey 2001; all specialties range from 1,500 to 3,500; ^Smaller, HMO Practice, Telephone Calls and Appointment Requests

REDUCE NURSE PHONE TRIAGE

- www.selfcarenet.com
- Physician-authored, peer-reviewed content for patients
 - Description of symptom, injury or condition
 - Guidance on when to call doctor (right away, within 24 hours, during office hours)
 - Advice for self-care or care at home

FLOW



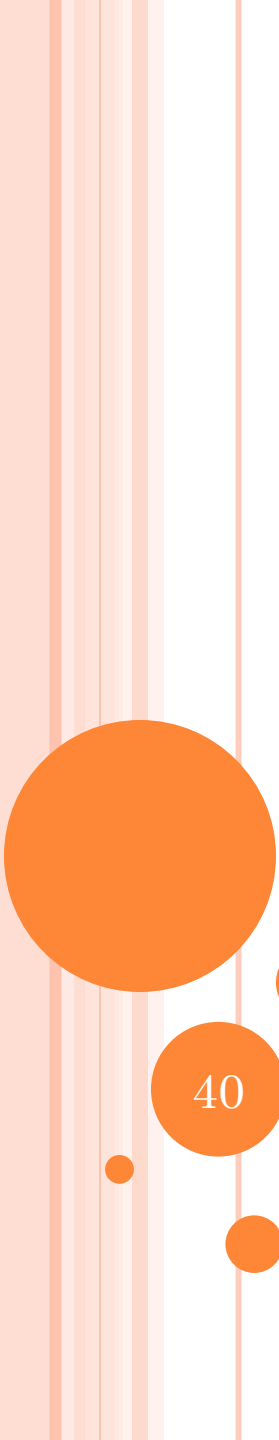


OPS BOTTOM LINE

- Delegate all duties that don't require a physician's license
- Move telephone away from the front desk
- Use patient reminder software
- Use web/email for patient communications
- Set an "on time" performance standard – then beat it
- Post standard instructions on your web site
- Revamp patient registration – web and EMR and introduce it on the phone scheduling the appointment
- Anticipate needs for visit

HUMAN RESOURCE MANAGEMENT

- Staff development best practices (recruitment, orientation, retention) for clinical and non-clinical staff (employee engagement)
- Managing communications up and down – tips and tricks from the field
- Develop and monitor effective staffing and best practice staffing ratios

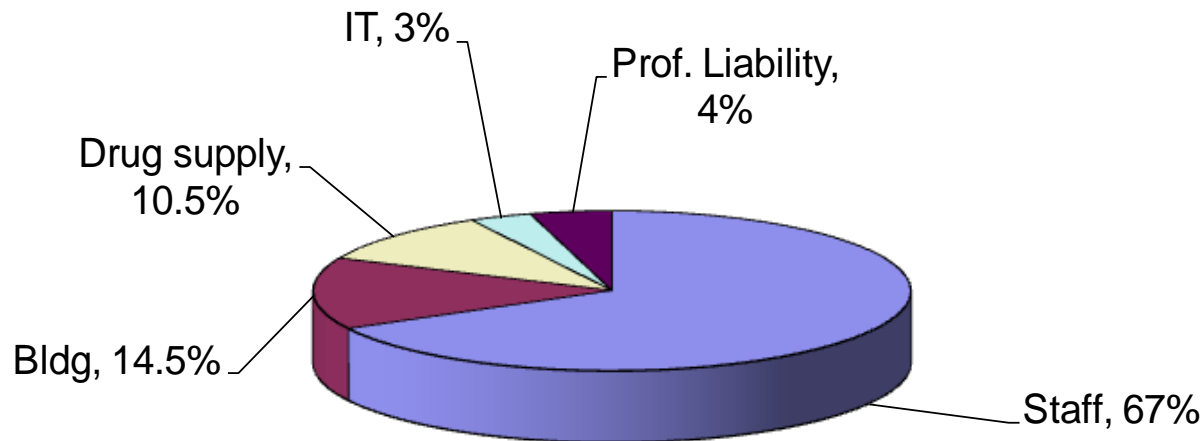


**WHEN YOU GET TO THE
END OF YOUR ROPE – TIE A
KNOT IN IT AND HANG ON.**

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Eleanor Roosevelt, 1930's

WHERE THE MONEY GOES



**Source: Medical Group Management Association,
Cost Survey for Multispecialty Practices, 2010
Report Based on 2009 Data**

STAFFING – TOTAL PER FTE PHYSICIAN

Surgical Single Specialties	Better Performers	Others
Total support staff	6.22	3.11
Business ops	1.49	1.00
Front office	2.03	1.60
Clinical support	1.50	1.00
Ancillary support	.95	.56
NPPs	.66	.54

Source: Performance and Practices of Successful Medical Groups: 2012 Report Based on 2011 Data

STAFFING TURNOVER SURPRISE

Turnover	Better performers	Others
Nursing and clinical support staff	22.54%	18.82%
Billing/collections and data entry staff	12.50%	11.54%

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DEVELOP YOUR PEOPLE

- Help individuals be best they can be
 - Reduce burden on managers
 - Give individual something to be proud of
- Develop orientation schedule
 - Include all aspects even not specific to job
 - i.e. revenue cycle for nurses – follow the flow of the encounter form
 - Include physicians – “breakfast with the physicians”
 - Share what is happening with the practice
- “Certify” your staff
 - Competency completion upon training

POOR PERFORMANCE – HIDDEN REASONS

- Do not know what to do
- Do not know how to do it
- Do not know why I should do it
- My way is better
- Something else is more important
- I must be doing it, you left me alone
- I am rewarded for not doing it

UNDERPERFORMING OR PROBLEM EMPLOYEES

- Clear communication as to expectations
- Document problems and conversations
 - Completely honest in evaluations and discussions with employee
- Explain practice standards and review job description
 - Are the job requirements fair?
- Set time limit for improvement
 - Be clear: warning; termination being considered

WHY PEOPLE SUCCEED

- Sense of humor
- Persistence
- Good balance
- Energetic
- Goal oriented
- Outside interests
- Expanding knowledge
- Empathic
- Respectful
- Forgive mistakes
- High interest in work
- Healthy self-image
- Positive attitude

WHY PEOPLE FAIL

- Self preoccupation
- Can't handle responsibility
- Lack of empathy
- Closed mind
- Can't persuade others
- Naïve towards business
- Unimaginative
- Inflexible
- Can't perceive total picture
- Resent authority
- Laziness
- Critical and blaming

INVEST IN YOUR STAFF

- Better employee skills
 - Good for the practice
 - Good for staff morale
- Certified staff and required CE (AAMA)
 - Budget \$50 - \$500/year/employee
 - Go on-line
- Include in their performance plan
- Require a briefing back to staff as in-service

MINI-MAX PRINCIPAL

The lowest level of performance by any employee, allowed to continue without corrective action, becomes the highest level of performance that can be required of any other employee in a similar position with the employer.

IS IT ALL ABOUT THE NUMBERS?

○ Activities that

- Demonstrate appreciation and value to employees
- Recognize and/or reward accomplishments
- Encourage communication and build trust among coworkers
- Foster team building

○ Result in

- Cohesive team
- Enhanced employee retention
- Improved employee satisfaction and morale
- Increased financial performance



WITHOUT AN OPERATIONS PLAN...

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“We’re lost, but we’re making good time.”

Yogi Berra