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Meet the Presenter…

On the topic:
Medical Practices Need Annual Check-Ups, Too!

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Medical Practices Need Annual Check-Ups, Too!

Jerrie K. Weith, MBA, FHFMA, CMPE

Practice Management Institute
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Learning Objectives

▶ Understand how an annual check can improve your practice
▶ Focus on four general areas
▶ Learn techniques to conduct the check-up
  ▶ Let’s do it!
▶ Prioritize opportunities for improvement in each area
Plan for Success

- Starts with your strategic plan
  - Outlines your practice’s goals
  - Operational
  - Long-range
  - Financial results

Plan for Success

- How did you do?
  - Compare your goals to your results
    - Operational
    - Financial
  - Where were your successes?
  - Did you make progress?
  - Is your practice stronger now than it was a year ago?
Plan for Success

Why start with analysis of your strategic plan?
- Strategic plan delineates the goals your practice has embraced for success.

Self Analysis will help you identify opportunities to succeed.

Plan for Success

Why is an annual check-up important?
- Pinpoints where your activities may not support your priorities
- Helps you quantify goals
- Provides opportunity to re-align initiatives to support your goals
- Identifies your opportunities to ensure your practice is a Best Performer
- Assists in development of a budget that supports your initiatives
  - Long and short term
  - Practice growth ensures viability

If your practice isn’t growing - it’s dying!
Four Key Areas

- Governance
- Compliance
- Financial
- Operations

Key Area - Governance

- What to include in your check-up?
  - Corporate by-laws
  - Compliance with by-laws
    - Proscribed meetings i.e. annual board meeting
  - Change in leadership
    - Physician leadership
    - Board composition
      - Community members vs. owners
Key Area - Compliance

What to include in your check-up?
- Human Resources
- HIPAA
- OSHA
- Revenue Cycle
- Contractual Relationships

Key Area - Compliance

- Human Resources
  - Employee handbook
    - Does it still represent your practice?
    - Are the benefits current?
    - Were there regulatory changes since the last check-up?
    - Communicate handbook to staff - even if there are no changes
    - Obtain employee acknowledgement

Tips on items to include in your handbook:
Key Area - Compliance

- Human Resources
  - Job descriptions
    - Standardized format
    - Clearly written
  - Every position
  - Reflect current responsibilities
    - Outline expectations
    - Employee acknowledgement of their job description

Key Area - Compliance

- Human Resources
  - Personnel files
    - Basic
      - Each employee
        - Recruiting and screening documents
        - Pay and compensation
        - Job description
        - Evaluations, disciplinary documents
Key Area - Compliance

- Human Resources
  - Personnel files
    - Secondary
      - References/background checks
      - Workers comp claims
      - Drug test results
      - Common (not individual files)
    - Forms I-9


Key Area - Compliance

- HIPAA
  - Privacy
    - NPP audit
    - Environmental assessment
    - Review of compliance manual
      - Policies and procedures
      - Forms
    - New regulations
    - Retraining
    - Review of past breaches
      - Actions taken
Key Area - Compliance

- HIPAA
  - Security
    - Overall security risk assessment (SRA)
      - Network
      - Environmental
    - Review of compliance manual
      - Policies and procedures
      - Forms
    - New regulations
    - Review of past breaches
      - Actions taken
    - Retraining

Key Area - Compliance

- OSHA
  - Regulatory changes since last review
  - Review of compliance manual
  - Environmental assessment
  - Emergency drills
    - Evacuation
  - Employee awareness
    - Training - retraining
    - Required posters

Resource: [https://www.osha.gov/Publications/OSHA3187/osha3187.html](https://www.osha.gov/Publications/OSHA3187/osha3187.html)
Key Area - Compliance

► Revenue Cycle
  ► Fraud and abuse
    ► Corporate compliance plan
    ► Open communication
      ► Hotline for issues
    ► Training
      ► Payer updates

Key Area - Compliance

► Revenue Cycle
  ► Coding compliance
    ► Audit - internal or external
    ► Prospective vs. retrospective
  ► In-house policy compliance
    ► Policies and procedures
  ► Training
Key Area - Compliance

- Contractual Relationships
  - Personnel
    - Providers and staff
    - W-2 vs. W-9
    - Self-referrals
  - Provider organizations
    - Referrals and kickbacks
  - Equipment leases
  - Implant/device vendors

Key Area - Financial

- What to include in your check-up?
  - Variance analysis
    - Budget vs. actual
    - Production (RVU’s and units)
    - Revenue
    - Expenses
  - Tax compliance and opportunities
    - Timely returns and payments
    - Current tax credit opportunities
Key Area - Financial

- What to include in your check-up?
  - Compensation model
    - Aligned with strategic plan
    - Fair, transparent
    - Simple to administer
    - Positioned for the future

Key Area - Financial

- What to include in your check-up?
  - Fee schedule (charge master)
    - Accurate codes
    - Standardized foundation
    - Market-competitive
    - Transparency
    - Self-pay (cash pay) scale
Key Area - Financial

► What to include in your check-up?
  ► Third Party Payers
    ► Medicare
      ► In or out?
    ► Non-Government Third Party
  ► Contract analysis
    ► Your costs vs. their actual allowables
    ► Factor in “cost” of administrative requirements, volume of delayed payments

Key Area - Financial

► What to include in your check-up?
  ► Contract analysis
    ► Is the contract financially viable? If not:
      ► Can you renegotiate?
      ► If you can’t renegotiate, can you fill your schedule with “better payers”?
      ► Will you be at market-disadvantage without this payer?
Key Area - Financial

What to include in your check-up?
  Payment models
    Current
      Shared savings
      PMPM
      Full/partial risk
  What does your future hold?
    ACO
    Alignment

Embrace your strategic plan!

Key Area - Financial

What to include in your check-up?
  Revenue Cycle
    Operations
      Policies and procedures
        Adherence
        Do they need to be updated?
      Competence and complement of staff
      Lags in the cycle
        Charges, coding, claims, payments
      Patient responsibility
      Mobility - virtual workplace
Key Area - Financial

► What to include in your check-up?
  ► Revenue Cycle
    ► Technology
      ► Does your technology support your goals?
      ► PMS functionality audit
        ► Internal or external
      ► External resources
        ► Clearinghouse
        ► Contract payment tools
        ► Connectivity

Key Area - Financial

► What to include in your check-up?
  ► Revenue Cycle
    ► How do you measure results?
      ► Cash in the door - quickly!
        ► Maximum amount legally payable for services performed.

► Key Performance Indicators (KPIs)
  ► Data points
  ► Important to your practice
Key Area - Financial

- What to include in your check-up?
  - Revenue Cycle
    - How do you measure results?
      - Benchmark
        - Historical
        - External sources
      - Dashboard
      - Keep your eye on the prize!

Sample Dashboard Items

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Calculation</th>
<th>Significance</th>
<th>Frequency</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Days Receivable Outstanding (DRO)</td>
<td>Total A/R divided by Average Daily Charge</td>
<td>Indicates how long it takes to convert a claim into cash.</td>
<td>Monthly</td>
<td>Should be downward trend- Less than 30</td>
</tr>
<tr>
<td>Gross Calculation Ratio</td>
<td>Total YTD Payments divided by Total YTD Charges</td>
<td>Indicates proportion of charges that are converted to cash.</td>
<td>Monthly</td>
<td>Should be upward trend.</td>
</tr>
<tr>
<td>Net Collection Ratio</td>
<td>Total YTD Payments divided by Total YTD Charges less YTD Contractual Adjustments</td>
<td>Indicates effectiveness of collection efforts on potential dollars, including point of service payments.</td>
<td>Monthly</td>
<td>Should be upward trend. 96% or greater.</td>
</tr>
<tr>
<td>% Insurance A/R &gt; 90+ Days</td>
<td>Insurance A/R greater than 90 days divided by Total Insurance A/R</td>
<td>Low proportion indicates that accounts are collected effectively.</td>
<td>Monthly</td>
<td>Should be downward trend- Less than 10%</td>
</tr>
</tbody>
</table>
Key Area - Operations

What to include in your check-up?

Operationally - what makes your practice tick?

Operational effectiveness

- Patient throughput
- Work flow and automation
- Personnel utilization
Key Area - Operations

- What to include in your check-up?
  - Operational effectiveness
    - Patient throughput

Post-Appointment Documentation Coding Claims Filing

Key Area - Operations

- What to include in your check-up?
  - Operational effectiveness
    - Patient throughput

Claims Adjudication Account Follow Up and Resolution Post-Appointment Follow-Up Patient Satisfaction
Key Area - Operations

► What to include in your check-up?
  ► Operational effectiveness
    ► Work flow and automation
      ► How can your work flow improve without automation:
        ► Eliminate steps in the process
        ► Minimize “paper trail” in the process
        ► Reduce number of approval layers
        ► Empower your team

Key Area - Operations

► What to include in your check-up?
  ► Operational effectiveness
    ► Work flow and automation
      ► How can your work flow improve with automation?
        ► Minimize “paper trail” in the process
        ► Interface to remove redundant entry
        ► Redirect staff to “brain” work
Key Area - Operations

- What to include in your check-up?
  - Operational effectiveness
    - Personnel utilization
      - Right person
      - Right place
      - Right tasks
      - Right time
  - Total physician, total non-physician provider, and total support staff costs alone represent over 85% of the total practice costs in Multispecialty practices (45.90%, 4.18%, and 37.16%, respectively). Source: MGMA Cost Survey 2014

Key Area - Operations

- What to include in your check-up?
  - Operational effectiveness
    - Personnel utilization
      - Work schedules that support your goals
      - Productive employees
        - Effective performance evaluations
          - Focused on goal-setting
          - Contributions to practice success
        - Turnover to improve morale/production
Key Area - Operations

What to include in your check-up?

- Operational effectiveness
  - Personnel utilization
    - Communication - communication - communication!
  - Department meetings
    - Formal
    - Informal

Key Area - Operations

What to include in your check-up?

- Operational effectiveness
  - Training and development
    - Adequate to reinforce skill sets
    - Positioned to help staff move to next level
    - On-going
Let’s Do It

- Conducting Your Check-Up
  - Review each area one-by-one
  - Focus on priorities from strategic plan
  - Document current state
    - Process - people - forms
  - Compare the current state to the intended state (goal)
    - Why are they different?
    - Should you revise your goal OR
    - Create an action plan to meet the goal?

- Conducting Your Check-Up
  - If an action plan is in order
    - Collaborate with stakeholders
    - Develop action plan
    - Communicate action plan
    - Implement action plan
    - Monitor - test - tweak as needed
Let’s Do It - But When?

- At least annually, but......
  - More often if needed
    - Identify an issue? Monitor more frequently
    - Compliance
      - i.e. Password policy adherence
  - Not everything at the same time
    - For example - check on one area per quarter

Prioritize your Opportunities

- What are the priorities?
  1. Minimize exposure in risk areas
     1. Areas that expose your practice to legal or financial risk
  2. Improve ROI on personnel investment
     1. Maximum utilization of this critical resource
  3. Enhance overall bottom line
     1. Effectively reduce costs or improve revenue
  4. Strengthen practice’s long-term viability
     1. Use your crystal ball

SGR - ACO - VBP - Population Health Management - Physician Shortage - Virtuality
Top Three Takeaways

- Your strategic plan is your road map
  - Guide to where to focus your check-up
  - Working plan for your practice’s future

- Accept each challenge as an opportunity
  - Mitigate risk
  - Improve overall bottom line

- If your practice isn’t evolving and growing
  - It is dying
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