Welcome to PMI’s Webinar Presentation

Brought to you by:
Practice Management Institute®
pmiMD.com

Meet the Presenter…

Linda D’Spain,
CMPE, CMC, CMIS, CMOM,
CMCO

On the topic:
Check Your Own Stats - Practice Financial Well-being
Welcome to Practice Management Institute’s Webinar and Audio Conference Training. We hope that the information contained herein will give you valuable tips that you can use to improve your skills and performance on the job. Each year, more than 40,000 physicians and office staff are trained by Practice Management Institute. For 30 years, physicians have relied on PMI to provide up-to-date coding, reimbursement, compliance and office management training. Instructor-led classes are presented in 400 of the nation’s leading hospitals, healthcare systems, colleges and medical societies.

PMI provides a number of other training resources for your practice, including national conferences for medical office professionals, self-paced certification preparatory courses, online training, educational audio downloads, and practice reference materials. For more information, visit PMI’s web site at www.pmiMD.com

Please be advised that all information in this program is provided for informational purposes only. While PMI makes all reasonable efforts to verify the credentials of instructors and the information provided, it is not intended to serve as legal advice. The opinions expressed are those of the individual presenter and do not necessarily reflect the viewpoint of Practice Management Institute. The information provided is general in nature. Depending on the particular facts at issue, it may or may not apply to your situation. Participants requiring specific guidance should contact their legal counsel.

CPT® is a registered trademark of the American Medical Association.

Practice Management Institute®
8242 Vicar | San Antonio, Texas 78218-1566
tel: 1-800-259-5562 | fax: (210) 691-8972
info@pmimd.com
Check Your Own Stats – Practice Financial Well-Being

Presented by
Linda D'Spain, CMPE, CMC, CMIS, CMOM, CMCO
Practice Management Institute®
pmiMD.com

Frequently Asked Questions

• What is benchmarking?

• What measures and methods are used for benchmarking?

• What are opportunities and challenges for benchmarking?

• How do I apply new processes to increase performance and profitability?
Overview

- Key Work Processes of Better Performers
- Solutions
- Tools
- Resources

Definition of Benchmarking

Benchmarking is a comparison of actual results to industry standards - whether local, national, or regional.
Uses for Benchmarking

• Provide relevant data for establishing and measuring performance.
  – Financial
  – Receivables Management
  – Operational

Objective of Benchmarking

• Benchmarking is the continual process of measuring and comparing key work processes with those of better performers.

• The objective here is to identify “best practices” to increase performance and profitability.
Opportunities and Challenges in Benchmarking

Opportunities:

• Look at Other Practices
• Adopt Best Practices
• Move on to Greater Success

Challenges:

• Data
• Sources
• How to Apply Results
Definition of Best Practices

- The term “best practices” comes in proven services, functions, or processes that have been shown to produce superior results in benchmarks that meet or set a new standard.

So, how do you get there?

Scenario for Benchmarking

- You are the Practice Administrator for Alamo City Neurological Associates, Drs. Bill Newcome and Larry Maples.

- The physicians approach you and state that they are working harder, seeing more patients and making less money. They are concerned that less cash is flowing through the office. Where is the money? WHERE IS ALL OF OUR MONEY???
Benchmarking A/R

- Accounts Receivable (A/R) statistics are influenced by factors:
  - Type of specialty
  - Insurance contracts
  - Geographic location
  - Write off policies
  - Billing and accounts receivable system capabilities

Operational Assessment

- Key Indicators to see if Collections are on target:
  - Ratio of Months in A/R
  - Gross Charges in A/R
  - Percentage of days in A/R
A/R Ratio Benchmarks

Computation of Accounts Receivable Ratio:

\[
\text{Accounts Receivable Balance} = \frac{\text{A/R Ratio}}{\text{Average Production}}
\]

Industry Accepted A/R Ratio Benchmarks

Neurology 2.00
## Industry Accepted Monthly Gross Charges

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MGMA</td>
<td>NEUROLOGY</td>
</tr>
<tr>
<td></td>
<td>$55,000.00</td>
</tr>
</tbody>
</table>

## Industry Accepted Percentage of Days in A/R

<table>
<thead>
<tr>
<th>Days</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 30 days</td>
<td>37%</td>
</tr>
<tr>
<td>31 – 60 days</td>
<td>17%</td>
</tr>
<tr>
<td>61 – 90 days</td>
<td>10%</td>
</tr>
<tr>
<td>91 – 120 days</td>
<td>12%</td>
</tr>
<tr>
<td>&gt;120 days</td>
<td>24%</td>
</tr>
</tbody>
</table>
Alamo City Neurological Associates
Accounts Receivable Aging Summary
December 1, 20XX

<table>
<thead>
<tr>
<th></th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>120+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>70,803.78</td>
<td>40,076.37</td>
<td>30,677.70</td>
<td>21,409.12</td>
<td>157,881.36</td>
<td>320,848.33</td>
</tr>
<tr>
<td></td>
<td>22.07%</td>
<td>12.49%</td>
<td>9.56%</td>
<td>6.67%</td>
<td>49.21%</td>
<td></td>
</tr>
</tbody>
</table>

Results of Benchmarking

Accounts Receivable Ratio results of Alamo City Neurological Associates:

2.4
Results of Benchmarking

Monthly Gross Charges
for Alamo City Neurological Associates

$73,000.00

Results of Benchmarking

Alamo City
Percentage of Days
in Accounts Receivable

0 – 30 days   22%
31 – 60 days   12%
61 – 90 days   10%
91 – 120 days  7%
> 120 days     49%
How to Apply the Results

- Methods “Best Practices” Use to Achieve Efficiencies in Collections:
  - Renegotiate contracts
  - Conduct a fee schedule analysis to increase fees, accordingly.
  - Train front desk and checkout personnel for improved collections.
  - Clean claim submission
  - Effective follow up

Summary

You are now ready to face Drs. Newcome and Maple with the answer and the solution to the question:

WHERE IS ALL OUR MONEY?
Resources

• Resources For Benchmarking Data:
  • MGMA Cost Survey
  • MGMA Performance and Practices of Successful Medical Groups
  • MGMA Physician Compensation and Production Survey
  • MGMA Management Compensation Survey

Additional Resources

• Electronic Sources:
  http://www.hmc-benchmarks.com - Physician Practice Benchmark Data

QUESTIONS?

Presentation developed by:

D'Spain Consulting
Linda L. D'Spain, CMPE, CMC,CMIS,
CMOM, CMCO, CMCA-E/M
Healthcare Consultant
210-288-5050
ldspain@earthlink.net
Revenue Cycle Management
Best Practices

What are the “best practices” doing differently in order to reduce accounts receivable and improve collections?

Best Practices do the following:

___Create a financial policy

___Providers support staff on the enforcement of the financial policy

___Educate patients on the financial policy when the appointment is scheduled

___Educate patients on the financial policy when the appointment is confirmed

___Educate patients at check in with signage

___Educate patients with a welcome letter, brochure or website

___Gather and update patient demographics at each encounter

___Verify insurance benefits and eligibility on each encounter

___Gather appropriate referrals, authorizations and pre-certifications

___Collect patient responsibility at time of service

___Train and educate staff on collections

___Train and educate staff and providers on coding

___Staff sends “clean claims” to insurance companies

___Staff follows up on claims at 30 days

___Staff gets patient involved in claim follow up

___Staff stays up to date on billing compliance and code changes

___Staff and providers have “bullet lists” of their managed care contracts

___Review fees schedules

___Negotiate higher reimbursements from managed care carriers
CHECK YOUR OWN STATS – PRACTICE FINANCIAL WELL-BEING

SCENARIO – GROUP ACTIVITY

Linda L. D'Spain, CMPE, CMCO, CMC, CMOM, CMIS, CMCA

You are the practice administrator for Alamo City Neurological Associates, Drs. Bill Newcome and Larry Maples. Today is Monday. You arrive to the office at 7:00am to organize and plan your task list.

Dr. Newcome storms into your office irate because over the weekend he went to the County Club and was declined service because the membership account was past due.

You explain that cash flow has been slow, and all of the cash in the account was used for payroll. Some bills have been put on hold until collections increase and there is operating cash available in the bank account. It seems like you are always playing “catch up” with the accounts receivable. You assure Dr. Newcome that you will prioritize the Country Club bill and pay it immediately.

Shortly after you successfully calmed down Dr. Newcome, Dr. Maples storms into your office, irate, because he received a notice that his paycheck was returned by the bank, NSF, and all of his personal checks are bouncing all over town. You assured him that you would contact the bank and take care of the situation immediately.

Now both of the Doctors are complaining that they are working harder, seeing more patients, not only making less money, but now there is NO money.

It is 9:00am and your receptionist has not shown up for work. The telephones are ringing off the hook and there is a line of patients signing in to be seen. The clinic is running an hour behind schedule. Some patients are rescheduling their appointment because they cannot wait to see the doctor.

There is a stranger peering through the frosted glass window. You try to ignore him in hopes that he will go away. He begins tapping on your window. As you slide the window open, the stranger is flashing a shiny badge in your face. He loudly announces that he is an inspector with the OIG and is officially notifying you that your facility is under inspection for Medicare Fraud and Abuse!

You are suddenly spinning out of control!!

✓ How much money do these doctors think they should be earning compared to their peers?
✓ Where is our money and why are we having collections problems?
✓ Are our overhead and expenses higher than other practices?
✓ Why do I have to work the front desk every time the receptionist is absent?
✓ Am I the only office administrator experiencing these issues?
✓ What do I do now? HELP!!