

Back to Basics: Identify Savings Opportunities and Boost Revenue

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With all the challenges medical groups face today, it's essential to make sure your practice is set up to collect all the money you work so hard to earn, as well as to optimize the revenue potential of your medical staff. Indeed, years of research by the American Medical Group Association (AMGA) and Medical Group Management Association (MGMA) show that the most financially successful medical groups regularly examine their operations to improve efficiency and enhance reimbursement, even when times are good.^{1,2} A practice operations audit can help you find ways to reduce costs and increase income right now.

Some challenges are obvious. Higher unemployment, insurance deductibles, and co-payments mean you have to collect more money directly from patients. This requires processes that are quite different from insurance billing. Getting them right can greatly increase total collections and speed cash flow, while reducing overhead for billing and collections.

A less-obvious challenge is health insurance industry consolidation. National firms have bought up many local plans—so many that a recent AMA study found 94 percent of U.S. metropolitan HMO/PPO markets are now “highly concentrated” with little competition.³ While consolida-

tion strengthens insurers' abilities to dictate payments and coverage rules, it may also increase practice efficiency by making it possible to perform more insurance billing functions online. If you're set up to do this, you'll get paid quicker with fewer denials.

Another way to leverage technology for efficiency gains is integrating electronic medical records (EMRs) and practice management software. Combining these systems can greatly improve cash flow and net revenues by facilitating time-of-service collections. Even if you don't have an EMR yet, you may be able to get more out of your existing practice management system by making full use of advanced capabilities such as contract management modules and online access to claims adjudication that allow you to determine patients' out-of-pocket charges at the time of service, and electronic fund transfer and remittance advices that can speed cash flow.

Efficiency improvements don't just save money—they also increase net income. For example, if you find doctors staying late at night to fill prescriptions and process referrals or perform other tasks that could be delegated to medical assistants, your group is probably understaffed. It seems counterintuitive, but better-performing practices generally have higher-than-average non-physician staffing ratios. Freeing physicians to see more patients generates more than enough revenue to offset the costs of additional staff.

The same may be true for nurses, nurse practitioners, and physician's

assistants. The more routine exams and follow-up duties they perform, the more time physicians can devote to surgery or other, more-lucrative services. Remember that the key to financial success is maximizing the value of physician time. You might improve your service mix by adding non-physician clinical staff.

Below are some specific areas to examine to improve practice operations—and ride out the recession while preparing for emerging operational and financial challenges.

Front Desk

- **Scheduling:** Automated scheduling has led many practices to adopt templates, often limiting physicals and comprehensive exams to one afternoon. But rigidly following a template may miss work-ins. Lack of flexibility may not only reduce revenues, but also may cost you patients. Many practices, particularly primary care specialties, do better with an open or partially open schedule. Monday is a good day to keep open because it typically has the highest walk-in rate. Friday afternoon is another time to watch. If you are seeing fewer patients at that time, your staff may be pushing appointments to the next week so they can get out earlier. This is a surefire way to cut revenues and drive up overhead. Consider centralized scheduling. This moves volume off of the front desk, making office operations more efficient. But make sure centralized scheduling stays in close contact with physician offices and is easy for patients to reach.
- **Check-In:** Tools and training to effectively process and collect from patients can greatly improve practice finances. For all scheduled appointments, staff should check the amount of any pending balance and deductible or co-payment beforehand and asked for payment when the patient arrives. Give your receptionist a

script: “How would you like to pay for your appointment today? We accept cash, checks, MasterCard, Visa, and American Express.” Doing so routinely establishes an expectation that payment is due, just as at a restaurant or store. Review your payment policy with patients when calling with appointment reminders. For walk-in patients, try to determine the co-payment from the insurance card or online.

- **Check-Out:** Whenever possible, estimate the patient’s co-insurance amount and ask for it at check-out. Medicare and most insurers will supply fee schedules for services, and some make the information available online. If they won’t give the full fee schedule, ask for your top 100 CPT codes. Time-of-service collections save you money on billing, and avoid the steep drop-off in collection rates that occur after 30 days. Always schedule a follow-up at check-out. If the patient is reluctant, schedule one anyway and ask them to call if they need to change the appointment. That way they are in your system and you can follow up.
- **Charge Entry:** This also should be done immediately at check-out. It is easy to do with an electronic medical record, but codes can also be manually entered from a superbill or other paper encounter report.

Billing and Collection

- **Electronic Eligibility and Benefit Checks:** Most practice management systems and many insurers support online eligibility and benefit checks. These should be done a few days before scheduled appointments to make sure your staff has the information they need to request payments. When checks turn up patients without insurance or with large out-of-pocket liabilities, these individuals should be called

in advance to make payment arrangements when possible. On-line systems also allow real-time insurance eligibility status for walk-in patients.

- **Electronic Remittance Advices:** Many practice management systems and insurers also accommodate electronic explanations of benefits (EOBs) and remittance advices. Posting these automatically to accounts saves staff time and reduces errors. It also enables you to send out bills sooner because most systems can be set up to generate them automatically based on electronic EOBs. If your system isn’t doing this, try to set it up. It will free staff for more productive work.
- **Electronic Funds Transfer:** Most insurers support this. You will typically receive payments at least two to three days sooner than by mail. This can be especially helpful around holidays when banks may be closed. It also reduces manual account reconciliation.
- **A Couple of Caveats:** Many larger practices built through mergers have compatibility problems between practice management and electronic record systems. This can make it difficult to standardize processes or pass information between locations. Standardizing software may be an important long-term goal. Also, not all insurers support online verification and other services. You probably will not be able to eliminate all manual entry of charges and EOBs, but you can probably reduce it significantly.

Customer Satisfaction

Retaining patients, staff and referring physicians is a key driver of economic success. Conduct regular surveys to gain information for keeping them happy.

- **Patient Surveys:** They should be conducted at least quarterly; monthly is even better for large practices. Though they can cost more, telephone surveys are often more effective than mailed or handout surveys. They tend to have less selection bias and far higher response rates. This makes it harder to challenge their findings. With a well-designed instrument, 30 responses for each physician will give you solid, statistically defensible data.
- **Referring Physician Surveys:** Physicians who refer to your practice should be surveyed at least annually—or whenever you detect a drop-off in referrals. Keeping these doctors satisfied may be as simple as sending thank-you notes and timely reports on patient findings. It also helps to send the patient back for follow-up.
- **Staff Surveys:** Survey your staff once or twice a year about their satisfaction and what could be done to make their jobs easier and to improve patient care and service. A happy staff helps keep patients happy, and that is the lifeblood of your practice. It also helps to cut costly turnover. If patients constantly see new faces, they may begin to wonder why.

Information Technology

IT has the potential to improve the effectiveness and efficiency of both clinical care and business processes. If your practice management system isn't up to current standards or you haven't implemented an EMR, it's probably time to make the investment.

Implementing a new IT system of any kind requires not just an investment in hardware and software, but also careful planning, training, and process re-engineering. This is especially true of EMR

systems. Your doctors will have to change the way they practice to get the most out of EMRs.

To help ensure a smooth transition, bring in a transition manager and support staff to assess practice needs and come up with a plan for selecting and implementing a system. Involve doctors in the selection process and make sure they all get basic training. Have enough support people in place to work with physicians to incorporate EMRs into daily practice and respond immediately to any call for assistance. Financial incentives and monthly reviews of EMR utilization, individually conducted by a medical director or other practice clinical leader, will reinforce physician use.

Also, plan not only for the purchase cost of equipment, software, and support, but also the cost of reduced productivity during the implementation. It's a lot of work and expense up front, but those practices that succeed more than recoup their investment.

Staff Development

Perhaps your most important practice asset—outside your physicians' clinical skills—is your staff. Invest in training and they will not only be more productive, they will be happier. You will also cut down on the very considerable expense of staff turnover.

Time-of-service collection training is especially important. Scripts help staff feel more comfortable asking patients for money.

Regular training in coding, billing, collecting, and customer service keeps your operations efficient. Cross-training creates internal opportunities for advancement and allows you the flexibility to move staffers from one department or clinical area to another as volume fluctuates.

Financial Training for Physicians

Successfully managing a practice requires active involvement of your physicians. Without their support, clinical process changes are impossible. Reassigning or reducing clinical and even support staff, and changes in business office practices may even draw fire if physicians are not involved in the decisions.

Integrating physicians into practice governance and management requires training. It helps if they can understand the underlying economics and market realities of the practice. Training courses in practice finance will help them understand financial and management reports. Involving line physicians in market analysis, strategic planning, and other management activities will help them understand and get behind your long-term goals.

Financially successful practices get that way by effectively managing all aspects of practice operations. A review of your operations can help keep you on the road to success.

References

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