



Perspectives on Medical Practice Management

Volume 5, Issue 3

Winter 2007

Can We Help?

Our firm provides a broad range of services to medical practitioners, including:

- Accounting & Financial Management
- Tax Services
- Internal Accounting Controls
- Government & Third-Party Payer Regulations
- Practice Management Consulting
- Practice Development
- Office Automation Consulting
- Personal Financial & Estate Planning
- Practice Valuations
- Finance Consulting

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Watch for Performance Warning Signs

Even if your practice is running smoothly and doing well financially, you shouldn't take your eye off the ball. You may have a problem to solve if you see one or more of the following warning signs of deteriorating practice business performance.

Sudden Shifts in Receivables

The financial reports your accounting system generates can tell you loud and clear when the business side of your medical practice needs more attention. Be alert to sudden, unanticipated changes in total monthly charges, receipts, and adjustments. For example, if your 90-day receivables increase significantly, you may have a problem with your claims to a major payer. A big increase in adjustments compared to prior periods could mean unnecessary write-offs are occurring. And, if collections drop below your normal numbers, you need to obtain a prompt explanation from your billing/collections staff.

Rising Overtime or Overhead

Absent a special situation, such as a staff member's medical leave, the overtime needs of a properly staffed medical practice usually shouldn't vary widely. If you find that your overtime expense has risen sharply, the problem may be in your procedures or staffing levels. For example, short-term absences may have become more frequent, perhaps even abused. Or someone may be recording more time than worked or working unauthorized hours. Find out the reason for your increased overtime and consider how to control it better.

The explanation for an unanticipated increase in overhead may be as simple as an unusual hot or cold spell that pushed up the

cost of utilities. Or spending for supplies and travel may be getting out of control. Again, you need to determine the cause of any large increase and remedy it, if possible.

Late Charges

When bills are paid late, it may be a sign of a temporary or persistent cash flow problem. Or your staff simply may be taking too much time to process vendor payments. Either way, well-controlled payables are essential to a well-run office. Learn why payments are being delayed and, if necessary, make procedural or other changes to ensure that your practice's obligations are consistently settled before costly penalties are applied.

Too Many No-Shows or Overbooked Days

Patient scheduling cannot be entirely smooth, but you shouldn't experience a large number of patients who fail to show up for their appointments. Nor should there be many days when, without reason, your practice's appointment schedule runs seriously behind, creating overtime expenses and patient dissatisfaction.

If a pattern of scheduling difficulties becomes apparent, you'll want to reexamine your procedures and time blocking. Multiple days that run late when all providers are present may indicate the need to add another physician or a nonphysician provider. When no-shows are a problem, consider having your staff make reminder calls or charging for missed appointments.

Call on Us

Our professionals can help you monitor your practice's business performance efficiently and develop practical solutions to any problems that become apparent.

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Monitoring Patient Services

Tracking trends in service categories and the associated coding can help you maintain or increase revenues. For example, look at:

- New patient and established patient visits

Are the levels of care accurate or is there avoidable undercoding?

- Office consultations

Are any generally higher paying consultations being misclassified as lower paying new-patient visits?

- Preventive services (physical exams)

Are you inviting payer rejections or downcoding by claiming a diagnostic problem that doesn't justify the examination time?

Steps to Better Billing

Your medical practice has payroll to meet and bills to pay. So it's critical to get cash in the door and deposited in the bank in a timely manner. By making adjustments in your billing procedures, your practice may be able to enhance collections and reduce denied claims.

Head Off Delays

Making some changes in the timing of your billing workflow may cut down on errors and the need for costly overtime. Does your staff normally process charges at the end of the week or over a few days at month's end? Switching to lower volume daily processing may prove much more efficient.

To implement this change, physicians and other providers will have to complete their charge tickets (or encounter forms) before the end of each day – or better, immediately after every patient encounter. Listing the diagnostic codes that your practice commonly uses on the charge ticket will facilitate accurate coding and reduce the time your staff needs to enter the charge data into your billing system. After appropriate review of the daily charge entries, it shouldn't be difficult for your billing staff to convert the entries to claims and submit them to payers within a day or two of the patient encounter. Faster claims processing should result in accelerated receipt of payments, as well as timely notice of claims denials and other problems that require resolution.

Keep Things Moving

Your staff may already process incoming checks on a daily basis. If possible, they should also handle notices of denied claims and patient correspondence regarding their bills by the end of the day received. Promptly entering denials and correspondence into your billing system should make tracking the appeal or other action on each item more efficient.

You might also have your staff review every denial within a period that you set, for example, five business days of receipt. By tracking the success rates of appeals, your staff should become better at choosing items to dispute.

Pay Attention to Open Accounts

The likelihood of collection diminishes as accounts age. Setting up automatic prompts to alert your staff to problem receivables will allow them to follow up on no-activity accounts on a regular basis. For example, you might choose to flag no-activity on a 30-to-60-day cycle and have your staff give priority to overdue accounts with the highest dollar amounts.

We Can Help

If your practice revenue collection needs a tune-up, we can help by reviewing your claims and accounts receivable processing and suggesting ways to boost your cash flow. Please call us.

The general information in this publication is not intended to be nor should it be treated as tax, legal, or accounting advice.

Additional issues could exist that would affect the tax treatment of a specific transaction and, therefore, taxpayers should seek advice from an independent tax advisor based on their particular circumstances before acting on any information presented.

This information is not intended to be nor can it be used by any taxpayer for the purpose of avoiding tax penalties.

A Practice-Building Strategy Checkup

Achieving satisfactory growth of your patient base generally requires more than simply delivering quality care. Are you using these effective strategies for marketing your medical practice?

Appearances and Attitude

Look critically at your waiting rooms, exam rooms, and the staff areas that are visible to patients. Are they consistently uncluttered and well maintained? Are your exam rooms spotless and well stocked with supplies? Do the reading materials in your waiting room have recent dates? These are all outward signs of a quality operation.

Attitude is also important. Does your staff consistently strive to maintain a caring and pleasant relationship with all patients, even the difficult ones? Patients who leave your office feeling that their needs have been attended to are more likely to recommend your practice to friends and family.

Patient Education

To maximize the likelihood of such referrals, let your current patients know about the full range of your services. Small signs in your waiting room or at your check-in desk can be effective. So can a simple insert placed in correspondence. In addition, you should display your services prominently on your practice's website, if you have one. Other simple communications that work well are welcome letters for new patients and friendly appointment reminder phone calls.

Visibility in the Medical Community

Cultivating professional contacts leads to the addition of new patients over time. You might consider making yourself available "on call" for unassigned emergency room or urgent care center patients. And maintaining a good relationship with your hospital's nursing staff can result in positive responses to patients' questions about local doctors.

Controlling Your Samples

Patients may welcome the "gifts" of samples you've received from drug reps, but your supply requires ongoing attention to avoid potential problems.

The following suggestions can help you keep your inflow and outflow of drug samples under control.

Know the Rules

Whatever arrangements you make for safe storage and proper dispensing of samples, meeting your state's requirements is essential. Check with the state medical society if you need to confirm the specific rules that apply to your practice.

Organize

To avoid the possibility of dispensing expired drugs, periodically review your entire supply. Pull and safely dispose of any drugs with old expiration dates. For ease of dispensing, keep the remaining supply organized in a way that suits your usage patterns. Arrange items for convenient access and take care to separate drugs with similar names or different tablet sizes.

Also consider setting aside a secure holding area for new samples.

Your shelves can then be stocked from the holding supply as time permits.

Protect

Reconfirm that your drug cabinet or closet is secure. You'll want to keep it locked after office hours and allow limited access at all other times.

Records of Distributions

Keeping a paper or electronic log in and log out of all medications (including the patient's and prescriber's names, medication, quantity, lot number, and expiration date) will greatly facilitate notifying your patients if there is ever a recall. By systematically recording all sample distributions, you also create a control against the disappearance of medications that could be abused.

Dosage Instructions

The educational inserts packed with samples may not contain specific dosage information. Rather than rely on verbal instructions, you may want to provide the written equivalent of a prescription bottle label with the samples you dispense.



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Medical Briefs

Malpractice Case Analysis

A Harvard School of Public Health analysis of resolved medical malpractice cases found that nationally, about 40% of the cases were groundless – 3% had no evidence of patient injury and 37% had no evidence of medical error. And 72% of the error-free cases resulted in no payment to the patient. The cases examined took an average of five years to resolve, and legal fees and expenses absorbed about half of the money awarded to patients.

Orthopedics Tops Compensation Survey

Modern Healthcare's 2006 Physician Salary Survey found that last year's average total cash compensation of orthopedic specialists was about \$403,000. In second through fifth places were radiologists (\$394,000), noninvasive cardiologists (\$370,000), urologists (\$340,000), and anesthesiologists (\$333,000). Family practitioners and pediatricians (\$165,000) and internists (\$177,000) were the lowest-earning specialties.

Return Service Requested