



Planning for Change



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Agenda

- What is changing
- Independent Practice Keys to Success
- Hospital Practice Groups
- Key tips for next 2 – 3 years
- What should your plan include

So – What is changing?

- PQRS – MIPS
- Bundled Payments
 - Total Joints and Oncology
- ACOs
- RAF/HCC- PMPM
- Risk Sharing/Gain Sharing
- Higher patient co-pays / deductibles

So – What is changing?

- Advanced Alternative Payment Models (APMs)
- Higher fines for False Claims Act
 - Between \$5,500 to \$11,000 per Claim
 - PLUS three times the damages
- 60 day rule- Requirement for overpayments
- CMS (MCR and MCD) increased reviews on credit balances
- Continued cuts in payments
- Continued changes in coding

Independent Practice Keys to Success

- Knowledgeable Practice Manager
 - A good practice manager worth their weight
- Manage communication with patients and staff about changing environment
- Contracting, Credentialing, Claims Payments Trends and Analysis
- Market Data- Network of Practice Managers

Independent Practice Keys to Success

- Technology
 - Data, Data, Data
 - Web-based
 - Mobile
 - Patient Portal
- Look to the future when purchasing a system
 - Wayne Gretzky – Skate to where the puck is going to be not where it is at

Independent Practice Keys to Success

- Volume, Volume, Volume
 - Until we have major payment changes
 - Not just in theory
- Relationship with hospitals
 - Medical Directorships
 - Call Coverage
 - Rural Outreach

Independent Practice Keys to Success

- Metrics that Matter
 - Net and Gross Collection Percentage Rate
 - This month with 6 and 12 month trends
 - Days in AR
 - With and without Self Pay
 - Volumes By:
 - Payer, Provider, Code Type
 - Comparisons across the providers and to Medicare

Independent Practice Keys to Success

- Payments at 100% of Charge
- Denials
 - Type and Payer
 - Defect issues in processes, coding and documentation
- Non-contractual write-offs
 - Who and what is being "written off"
- Accounts Receivable aging by CURRENT payor
 - Make sure self pay balances are moved to self pay

Example- Monthly Metrics

Metric	January	February	March	April	May	June	July	6 month Average	12 month Average	Goal	Variance	
Total AR	\$545,676	\$551,758	\$579,744	\$658,840	\$686,868	\$665,939	\$725,448	\$644,766.33	\$652,380.00	\$499,056	\$153,252	30.57%
Charges	\$200,345	\$212,345	\$254,789	\$213,678	\$200,455	\$234,912	\$217,430	\$222,268.17	\$219,527.77	\$220,000	-\$472	-0.22%
Payments	\$85,677	\$92,312	\$90,357	\$86,345	\$123,339	\$85,992	\$92,114	\$89,076.50	\$93,901.56	\$110,000	-\$16,098	-17.14%
Adjustments	\$108,586	\$92,047	\$85,336	\$99,305	\$98,045	\$88,410	\$95,287	\$93,238.33	\$95,156.73	\$109,000	-\$13,843	-14.53%
Net Collection %	103.13%	115.18%	145.02%	115.10%	90.55%	133.93%	116.02%	113.30%	117.28%	98.00%	19.28%	16.44%
Gross Collection %	42.76%	43.47%	35.46%	40.41%	61.53%	36.61%	42.36%	43.31%	43.24%	50.00%	-6.76%	-15.62%
Days in AR	61.71	77.95	68.26	92.50	102.80	85.05	100.09	87.77	87.02	100.00	-\$9.02	67.82%
Average Daily Charges	\$6,678	\$7,078	\$8,493	\$7,123	\$6,682	\$7,830	\$7,248	\$7,409	\$7,318	\$11,000	-\$3,682	-50.32%
Average Non-Contractual Adjustments	\$5,788	\$2,567	\$670	\$1,500	\$823	\$545	\$242	\$1,058	\$1,649	\$1,000	\$649	39.38%

Independent Practice Keys to Success

- Leverage with payors
 - Bring like types of services together
 - Pull together a large group
 - Dominate a geographic area
 - Become the preferred provider to the public

Independent Practice Keys to Success

- Expand your services
 - What types of services can you legally add to your operations?
 - Prescription sales
 - Urgent Care
 - Alternative Services provided under supervision
 - Chronic Care Management
 - DM Educating and management
 - Annual Wellness Visits

Independent Practice Keys to Success

- Billing/Coding/Collecting
 - How much time and money do you spend on this?
 - Cash flow
 - Becoming more and more complicated
 - More and more self pay – deductible/co-insurance
- Do you outsource this process?
 - If you do how do you monitor this process?
 - How do you write the contract to protect your self and incentivize the contractor to work your claims?

Hospital Practice Groups

- Where are your incentives?
 - Work RVUs
 - Quality/Value
 - Population Health (PMPM)
 - Are there really any?

Hospital Practice Groups

- Are your PSA and/or employment contracts up to date?
 - Current values and Payments correct for:
 - wRVU pay
 - Call pay
 - In Hospital pay
 - Medical Director pay
 - Administrative time
 - What are the payments for :
 - Following System EHR Initiatives
 - Documentation for PQRS or MIPS
 - Working with the system on any population health issues

Hospital Practice Groups

- Does your group operate like an independent group?
- Is there a physician lead board? Should there be one?
- Are ancillaries included in the revenue analysis for the group?
- Do you have control or have input on expansion of providers and locations?
- Act like entrepreneurs and not factory workers

Hospital Practice Groups

- Who contracts with the payors for the clinic group(s)
 - If the system, do they give on physician fees in favor of in hospital fees?
- Are they involving the physicians when contracting for risk?
- Is there a group meeting on each contract before negotiations take place?

Key Planning Tips for next 2 – 3 years

- Unless you are one of very few with a high percentage of risk – Volume, Volume, Volume – make money while you can
- Prepare for risk – even under the current volume related systems run the reports to look at how risk would be handled internally (this will get you prepared but not change your current cash flow)
- Look for more services to add to your practice, you can't just keep seeing more and more patients – it is about number of services on each patient

Key Planning Tips for next 2 – 3 years


- If you only provide Primary Care
 - Do you need to work for a system?
 - Can you create a group large enough to leverage payors in a region?
 - Can you add ancillaries/services?
 - Do you need to be part of a multi-specialty group?
 - Have you considered – Concierge or Urgent Care? In addition or instead of your current practice model?

Key Planning Tips for next 2 – 3 years

- Need for more and better market data
 - Have you computed the number of available patients and compared to number of providers based on average numbers each provider can handle – too many or few providers?
 - Do you who is your competition or potential competition
 - Have you studied the populations estimates and potential services needed by your population
 - What payors are contracted with most of your potential patients


Key Planning Tips for next 2 – 3 years

- Direct contracting
 - If there are large employers in the area
 - Can you provide urgent care
 - Specialty areas - can you direct contract for specific services
 - Can you do physicals onsite?
 - Can you work with them to contract with a better/different payor if needed?
 - Can you be a part of lowering their overall medical cost?




Key Planning Tips for next 2 – 3 years

- Patient Balance Collection
 - New statistics show patient balances are now 30% of collections in a practice
 - Strategy for training staff for collecting upfront and balances owed



Yogi Berra

"If you don't know where you are going, You'll end up someplace else"



Outline your process for planning

- Know where you fit in your market – who do we serve?
- What is your market's population base and what services is this population base going to need in the next 5 – 10 years
- What services do you currently provide in office, how does that compare to what your population base needs?
- How many providers do you have and what is their current base of patients – are they overrun or underutilized?

Outline your process for planning

- Are you preparing for risk based contracts without actually changing your services
- How can you increase the volume – in total and per patient
- How are you reacting to higher co-pays and deductibles
- Are you looking at forming larger groups (risk and leverage)
- Do you have the right technology to produce necessary reports to manage in today's world?

Practice Manager

- At least 1/3 of your time should be devoted to looking to the future based on today's results and anticipated changes, rather than just reacting to what comes up
- Data, Data, Data

Questions?

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Thank You!



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