Take the pulse of your Practice
How healthy is your business and what can you do to survive the economic downturn?

Presented by: Rochelle Glassman
Partner and CEO, Phoenix Physician Services
Welcome

• Welcome PAHCOM members!

• We at PPS have worked with the local PAHCOM chapter and wanted to reach out to you nationally considering our firm works with healthcare clients across the U.S.

• The purpose of today’s presentation is to look at the state of healthcare today and the impact it will have on your practice….your business

• We are going to help you conduct a physical on your practice and identify areas of concern and opportunities to become stronger

• Our goal is to help you thrive and survive in this rough economic time

• If you have any questions throughout the presentation, email them over to us at info@phxphysicians.com and we will address them at the end of the call

Let’s get started!
About Rochelle Glassman

Rochelle has over 25 years of experience in the healthcare industry, working hands on as a Registered Nurse and a healthcare consultant. She has a proven track record of success starting, expanding and improving practices across the US.

Areas of Expertise:
- Insurance contract review and rate negotiations
- Banking relationships and project funding
- Construction and design oversight
- Strategic & Business planning and implementation
- Practice analysis and reengineering
- New business development for physician private practices, hospitals and health plans
- Physician salary and employment contract negotiations
- Talent acquisition and development
Phoenix Physician Services (PPS) has evolved since 1999 from a small, local consultancy to a national, multi-disciplined consulting and recruitment services firm solving business challenges in the healthcare industry.

Phoenix Physician Services is a growing company that currently has over 25 employees to offer the resources and expertise to carry out the recommendations we present our clients.

The two principal consultants are Rochelle Glassman, President and CEO and Jonathan Miller, CPA, CFO and Senior Financial Analyst.
State of Healthcare

Healthcare is not immune to the current economic crisis.

- More people losing their health insurance and unable to afford COBRA
- Lower patient volume for medical practices
- Elective services declining (cosmetic surgery, chiropractic, ophthalmology, ...)
- Medical bills not being paid
- Tight credit market during an economic downturn is expected to fuel mergers and acquisitions as weak hospitals seek shelter
- Practices are forced to streamline, become more efficient and evaluate staff

“Practices will be faced with challenges, how they respond will determine their success. The first step is understanding the true health of their business.”
Completing an Annual Physical

• An honest look at the business
• Makes you aware of red flags
• Identify steps for improvement
• Audit the key components of your business:
  Financial Management          Talent Acquisition
  Practice Management           Business and Strategic Planning
  Billing and Collections       Coding and Compliance

• How to know when you need help?
Annual Physical

- Blood Pressure – *(Financial Management)*
- EKG – *(Practice Management)*
- Weight – *(Billing and Collections)*
- Vision – *(Business and Strategic Planning)*
- Aches/Pains – *(Coding and Compliance)*
- Pulse – *(Coding and Compliance)*
- Nutrition – *(Talent Acquisition)*
Are you feeling the pressure of the economy? Are you financially and operationally prepared to make a profit in 2009?

Tips:
✓ Prepare an annual budget
✓ Bid out to three vendors all expenses. *note: many vendors are willing to negotiate
✓ Make sure your providers patient volume meets or exceeds the community/national standards
✓ Make sure you are “right sized”
✓ Look at additional revenue streams
Is your heart rate increasing due to reduced patient volume, increased expenses, and reduction of reimbursement?

Tips:
✓ Run monthly new patient reports
✓ Manage your referral base
✓ Create patient waiting lists
✓ Charge patients “no-show” fees
✓ Know your contractual reimbursement
✓ Develop systems to maximize “timely reimbursement”
✓ Renegotiate contracts
✓ Bid out annually each expense
✓ Research and Implement ancillary services to increase per visit revenue
Weight – *(Billing and Collections)*

Are you carrying too much weight in past due accounts?
Do you have a process to collect every penny that is owed to you?

**Tips:**
- Develop and implement processes to collect co-payments, co-insurance, deductibles and past due balances at time of service.
- Collect co-insurance and deductible prior to scheduling non-emergent surgeries
- Start the collection process early
- Don’t be afraid to hand over accounts to a collection agency
- Don’t have more than 10-15% of the practices income with any one payor (exception is Medicare)
- Don’t be afraid to close new patient panel or terminate contracts if they do not make financial sense
- Review your daily EOB’s, they will tell you how your business office is running
Do you have a clear road map and business plan to meet your 2009 business and financial goals?

Tips:
✓ Create a strategic plan for 2009
✓ Create a financial business plan for 2009 and monitor your success monthly. If you don’t meet your projections make immediate changes.
✓ Use community and national benchmarks to set up your budget
<table>
<thead>
<tr>
<th>Aches/Pains – <em>(Coding and Compliance)</em></th>
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<tbody>
<tr>
<td>Are you maximizing your charges?</td>
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<tr>
<td>Do you know the operating terms and</td>
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<td>reimbursement rates of your payor</td>
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<td>contracts?</td>
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<tr>
<td><strong>Tips:</strong></td>
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<tr>
<td>✓ Know your contractual operating terms and reimbursement rates</td>
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<tr>
<td>✓ All insurance contracts are negotiable</td>
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<tr>
<td>✓ If negotiating for increased</td>
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<td>reimbursement rates, do your homework</td>
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<tr>
<td>and prepare a formal business proposal</td>
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<tr>
<td>detailing why your practice should be</td>
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<tr>
<td>considered for an increase.</td>
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<tr>
<td>✓ Monitor payments and timelines of</td>
</tr>
<tr>
<td>payments</td>
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<tr>
<td>✓ Know how to code and document to</td>
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<tr>
<td>maximize your reimbursement</td>
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<tr>
<td>✓ Make sure your practice is adequately</td>
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<tr>
<td>paid for the services provided</td>
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*Most practices are losing up to 25% of their revenue due to poor coding and documentation habits*
Do you have your finger on the pulse of your business? Are you being reimbursed at your contract rate and per your contractual terms?

Tips:
✓ Develop aggressive appeals and collections process
✓ Don’t be afraid to hold the insurance companies accountable for their contractual terms
✓ Don’t be afraid to demand payment timely
✓ Make sure your staff is properly trained
✓ Use EOB’s as a measure of the practice’s success or as a training tool to increase timeliness of revenue
✓ Each and every EOB should have a payment attached, if not there is an issue that needs to be immediately resolved
Do you have a well balanced team?  
Do you have the right people in the right positions, are you lacking in any area?  
What impression is your staff making on your patients? 

Tips:  
✓ Focus on customer service  
✓ Hire an experienced staff  
✓ Create a formal training program. Employees who do not meet the standard 85 days from their start date should be terminated  
✓ Develop employee and customer service satisfaction surveys  
✓ Train, train and re-train staff  
✓ Financially motivate your team for doing a good job
What is your health?

- Cold
- Flu
- Curable Disease
- Cancer
- Critical Condition

Every stage can be made healthy, however any stage if left untreated can and will result in critical condition.
• 5% or more unexplained reduction in patient volume
• 5% or more unexplained reduction in revenue
• 5% increase in expenses
• No formal financial checks & balances
• No formal policies or procedures
• Increased A/R over 120 days
• Staff turnover
• Untrained staff / no accountability
• 10% or more unexplained reduction in patient volume
• 10% or more unexplained reduction in revenue
• 10% increase in expenses
• Increased A/R over 120 days
• Use of business line of credit to pay for day-to-day expenses
• Have not identified the problem(s)
• No corrective action plan in place
• Staff turnover
• Untrained staff / no accountability
Curable Disease

- Unable to identify the disease or root of the problem, or have and no corrective action plan in place to cure it
- No formal financial and operational checks & balances
- Use of business line of credit to pay for day-to-day expenses
- Increased A/R
- Challenges meeting financial obligations
- Lack of financial knowledge of the business
- Challenges with workflow
- Increased staff turnover
- Untrained staff / no accountability
- Patient complaints
• Owners are taking a reduction in compensation
• Revenue down 15% or more
• Lack of planning and infrastructure to support day-to-day operations
• Lack of capital to build and to support day-to-day operations
• Unable to implement and manage corrective action plan to solve issues
• Relying on business line of credit to pay for day-to-day expenses
• A/R increasing monthly
• Not current in daily billing procedures
• Lack of patient volume
• Significant increase in staff turnover
• Untrained staff / no accountability
• Owner receives no compensation and uses personal finances to support practice
• Cannot meet payroll commitment
• Exhausted line of credit
• Inability to see volume of patients
• 90 days behind on paying business expenses
• Poor leadership
• Poor follow through on corrective action plan
• Staff abandonment
Where to start?

How do you prioritize, what’s the most important, how do you get started?

- Review all internal processes
- Identify the problem(s)
- Gain buy-in from the owner(s) and the staff
- Develop a corrective action plan
- Develop a timeline for implementation
- Drive the change
Drive the Change

How you can present recommendations to the physicians, what to do if you aren’t being heard?

- Schedule a formal meeting with the decision makers
- Provide the owner(s) with a real prospective of what is going on and what is needed
- Layout the issue(s)
- Always present a solution when addressing a problem
- Always present support documentation with your recommendation (Example: Jan 2008 saw 94 new patients, Jan 2009 saw 68 new patients)
- Present system reports to support the issue(s)
- Prepare an action plan with timelines, proposed outcomes and estimated cost to implement

Physicians are known to make decisions based on emotions not always business facts.
<table>
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<th>Keep in mind: sometimes it takes cash infusion to make these changes</th>
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<tr>
<td><strong>Treatment Plan</strong></td>
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<tr>
<td>- Identify critical symptoms</td>
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<td>- Organize opportunities for improvement</td>
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<td>- Create a Plan of Action with measurable results and timeline</td>
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<td>- Assess progress weekly and monthly</td>
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<td>- If you do not meet the desired goals make immediate corrections</td>
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<td>- Once you have met your desired outcomes, continue to keep the new practices in place</td>
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<td>- Seek the advice of a practice management consultant</td>
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A Healthy Practice

Even a healthy practice needs to ensure they maintain their health with daily vitamins (business processes and routine audits), or a cold will creep up on you.

Don’t be afraid to ask for help.
The value of working with a Consultant

- A partner relationship
- Focus on the patients
- Maximize every dollar
- Organize your business for success
- Provide expertise
- Experts in new business development
- Additional resources
QUESTIONS?
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