Learning Objectives

Thrive — Don’t Just Survive

• Identify Trends in the Healthcare Marketplace Impacting Medical Practice

• Highlight Challenges and Opportunities for Medical Practice Success

• Top Survival Success Strategies!
The only thing that is constant is change.

*Heraclitus*
Rising costs

- U.S. healthcare spending $2.6 trillion annually
  - 17.9% GDP
- “Everyone” agrees that services (costs) must be reduced
  - NIMBY
- Lifestyle choices
  - 1 in 5 adults smoke
  - 1 in 4 eat less than recommended fruits/vegetables
  - 2 in 3 get too little exercise
Who funds our health system?
  - 27% federal government
  - 27% households
    - Premiums
    - Co-insurance and deductibles
    - High-deductible plans
      - Provider role in funding
    - May climb with mandatory health insurance
Trends in Healthcare Marketplace

- Public expectations
  - Instant gratification
    - Ease and convenience
    - Affordability
    - No rationing
  - Direct consumer marketing
  - Internet exposure
    - WebMD
    - Self-diagnosis
Trends in Healthcare Marketplace

“Safety in numbers”

<table>
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<tr>
<th>Fewer small practices</th>
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<td>Larger independent practices</td>
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<td>Resurgence of Independent Practice Association (IPA) development</td>
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<td>Mid-level provider expansion</td>
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<td>Practice acquisition by hospitals</td>
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“Without the security of a partner, its (Clark & Daughtrey Medical Group) current growth spurt probably would have been followed by a long delay as the medical group essentially caught its breath.

Now it (our group) can anticipate continuing growth with less financial uncertainty.”

Comments on the merger of Lakeland Regional Health Systems and Clark & Daughtrey Medical Group
Adil Khan, Chief Administrative Officer, June 2013
Hospital losses with employed physicians

- $150,000 - $250,000
  - Per provider
  - Per year
  - First 3 years

Source: New England Journal of Medicine, as reported by Becker’s Hospital Review, 1/7/2013
“Losses caused by low physician productivity, excessive physician compensation, poor coding practices, inadequate revenue cycle management, high facilities expense, and more – all in the name of downstream revenues – simply can’t be sustained in today’s climate.”

Marc D. Halley
“Avoid Costly Mistakes of the Past”, HFM Journal, March 2013
“You’re going to be seeing more hospitals buying physician practices to control referral sources and to have a better and bigger say in quality as they start to get penalized for readmissions.”

Stephen M. Monroe
Editor of Health Care M&A Report
Trends in Healthcare Marketplace

Emerging practice models
- Accountable Care Organizations (ACO)
  - Employment or alignment
- Professional Services Agreement (PSA)
- Co-management Agreement
- Patient Centered Medical Home (PCMH)

Drivers in every scenario?

Improve delivery of care.

Reduce costs.
Trends in Healthcare Marketplace

Regulatory climate

• ACA
  ▪ Effects here to stay
• CMS rules and regulations
  ▪ Larger than the Internal Revenue Code
• False claims risk
• Meaningful use requirements – each stage
• E-prescribe
• P4P
  ▪ Each payer is unique
Trends in Healthcare Marketplace

Revenue streams influx
- Leverage in third party payer market limited
- Traditional fee for service streams disappearing
- Value based payments at forefront
  - Clearly outlined?
- Bundled payments
- Shared savings programs
  - Mixed results
Revenue cycle management is critical

- ICD-10
  - Implementation October 2015
- Process automation
- Clearinghouse vs. banking services
- Payer complexity
  - UHC 83,000 unique claim edits
Projected physician shortage

10,000 Americans turning 65 everyday for next 20 years
• Source: Association of American Medical Colleges, 2013

1 in 5 U.S. licensed physicians are age 65+
• Source: American Medical News, 2010

Physician shortfall of 90,000 by 2020
• Source: Association of American Medical Colleges
Trends in Healthcare Marketplace

- **Our population**
  - **Aging**
    - 10,000 Americans turn 65 daily
    - Medicare payments already $536 billion
  
  - **75% health care costs due to chronic conditions**
    - Attention is primary and preventive care
Trends in Healthcare Marketplace

- **Prevalence of technology**
  - Critical foundation
  - Nearly 600 certified medical software programs
  - EMR and PMS
  - Electronic processing
    - Clinical
    - Business
  - Portability
  - Communication
  - Interoperability

Figure 3: Intermediate HIE

[www.onhealthtech.blogspot.com](http://www.onhealthtech.blogspot.com)
What Do These Trends Mean for Us?

Challenges and Opportunities

Challenges

• Identify which trends are the most critical
• Determine your objectives
• Stay focused in an ever-changing situation
• Stabilize revenue in an unstable environment
• Acknowledge short term pain for the greater long term gain
What Do These Trends Mean for Us?

Challenges and Opportunities

Opportunities

• Clearly define your practice’s strengths and direction
• Capitalize on trends that are innovative
• Adapt technology that improves patient care
  ▪ Sets your practice apart from others
• Develop revenue model to sustain your practice into the future
• Improve your practice for the long term
Top Success Strategies for Medical Practices

#1 Develop a Plan for Success

- Know where you want to be in 5 years
  - If independent
    - Current practice; larger practice
    - ACO
      - Health system
      - Payer
    - IPA/MSO
      - Join, form
Top Success Strategies for Medical Practices

#1 Develop a Plan for Success

- Know where you want to be in 5 years
  - If employed
    - Health system
    - Larger group
    - Local or relocate

- Until you know where you want to be
  - You can’t build your success plan
Top Success Strategies for Medical Practices

#1 Develop a Plan for Success

- Know where you want to be in 5 years
  - If retiring
    - New partner or associate
    - Mid-level provider
    - Build practice value now
      - Reinvest
Top Success Strategies for Medical Practices

#1 Develop a Plan for Success

How will you get there?

• Write it down
• Attach financial numbers to the plan
• Develop interim steps
• Whose support do you need?
  ▪ Internal
  ▪ External
#2  Focus Your Practice on Quality Patient Care

- Not enough to provide quality patient care
  - Document it
  - Prove it
  - Communicate it
- Documentation, proof and communication
  - Simpler with EHR
Top Success Strategies for Medical Practices

#2 Focus Your Practice on Quality Patient Care

- Primary care
  - Principles of PCMH
  - Care teams

- Non-primary care
  - Evidence-based clinical protocols
  - Care teams

- Proactive workflows
  - Test results
  - Active listening
Top Success Strategies for Medical Practices

#2 Focus Your Practice on Quality Patient Care

- Patient satisfaction surveys
  - On-time starts
  - Turn-around time
- Quality measures
  - Office
  - Hospital
Top Success Strategies for Medical Practices

#3 Create Financial Viability

- Accelerate your cash flow
  - Eliminate missed charges and under-coding
  - Automate everything
    - Eligibility and check-in
    - Coding and charge entry
    - Payment posting – ERA
    - Back office follow-up
      - “Touchless” claims adjudication
  - Minimize your self pay cycle
#3 Create Financial Viability

- Streamline your operations
  - Analyze clinical and office workflow
    - Remove redundant tasks
  - Know your costs
    - Re-evaluate expenses annually
    - Eliminate waste
  - Right-size staff and facilities
    - Enough staff to effectively achieve your goals
    - “Top of license” expectations
Top Success Strategies for Medical Practices

#3 Create Financial Viability

- Physician compensation that appropriately incentivizes moves your practice forward.
  - Aligned with strategic goals
  - Supported by revenue generation
  - Flexible for new revenue models
  - Promotes accountability
  - Transparent and fair
Top Success Strategies for Medical Practices

#3 Create Financial Viability

- Reinvest in your medical practice
  - Resist withdrawing everything at year-end
  - Plan for retained earnings
  - Tie reinvestment to 5 year plan
Top Success Strategies for Medical Practices

#4 Manage Your Risk

- Compliance risk is real
- Human resources
- Annual training requirements
  - HIPAA
  - OSHA
#4 Manage Your Risk

- Financial risk at many levels
  - ACA
    - Payment risk
  - Insurance
    - Professional liability
      - Improve documentation and communication
      - Use technology
  - Internal controls
#4 Manage Your Risk

- Payment and reimbursement risk
  - New payment models require acceptance of risk
    - Not traditional capitation
    - Value based payments
    - Know your risk tolerance
  - New payment models require collaboration
    - Payers
    - Health systems
#4 Manage Your Risk

- Payment and reimbursement risk
  - Identify your best partners for payment collaboration
  - Know yourself
    - Patient population
    - Costs
    - Technology and reporting strengths
    - Reporting capability
  - Actively pursue options
#4 Manage Your Risk

- Payment and reimbursement risk
  - ICD-10
    - Payment risk in October 2015 is real
    - All payers
    - Expect minimum 60 day cash flow lag or stoppage
      - Planning and training – start now!
      - Post-implementation audit and reimbursement recovery October 2015 – March 2016
Top Success Strategies for Medical Practices

#5 Embrace Technology as Your Practice Foundation

- Cornerstone of entire practice
  - Business operations
    - Practice Management System
    - Eligibility software
    - Payment monitoring tools
  - Data analysis
    - E-prescribe
    - P4P reporting
Top Success Strategies for Medical Practices

#5 Embrace Technology as Your Practice Foundation

Clinical workflows

• Make your technology work for you
  ▪ PCMH workflows
  ▪ Staff tasking
  ▪ Automated scheduling with external organizations
  ▪ Clinical dashboards
  ▪ EMR portability to improve documentation
    – Improve patient access
Top Success Strategies for Medical Practices

#5 Embrace Technology as Your Practice Foundation

Communication
- Patient access
  - Portal
  - “My Chart”
  - Convenience
- Website
- Social media
Top Success Strategies for Medical Practices

#5 Embrace Technology as Your Practice Foundation

- Financial functions
  - Accounting, payroll, tax
  - Financial reports
  - Banking tools

- Benchmarking
  - Monitor results
    - “You cannot manage what you do not measure.”
      - *In Search of Excellence, Tom Peters*
Top Success Strategies for Medical Practices

Embrace Technology as Your Practice Foundation

*Without it you will be left behind.*
Your Keys to a Successful Practice

- Develop a Plan that Means Success to You
- Focus Your Practice on Quality Patient Care
- Create Financial Viability
- Manage Your Risk
- Embrace Technology as Your Practice Foundation
Anders Health Care Services optimizes staff, resources and revenue for hospitals and physicians by offering solutions and direction to complex practice management issues.

We provide an integrated approach from the financial, operational, compliance and strategic perspectives.
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