

THE BOTTOM LINE

Information and insight to advance the financial performance of your practice.

Conquering your top concerns in 2011

Medicine has faced its share of challenges these last few years. A survey conducted by the Medical Group Management Association (MGMA) in mid 2010 identified the top three concerns of medical practice managers to be:

- Handling rising operating costs;
- Managing finances amid uncertainty over Medicare physician reimbursement rates;
- Implementing an electronic medical record (EMR) system.

While these issues won't disappear in 2011, there are ways to successfully manage through them. An audit of your practice's operational processes may reveal inefficiencies that can be replaced with new, streamlined processes. Implementing a healthcare business intelligence tool can help you identify and address poor payer performance and other issues to better manage finances.

Gaining the perspective and expertise of an outside consultant can make implementing an EMR system less costly, less invasive, and help ensure it interfaces with those of partner providers.

What are your concerns? MedOptima would like to help you conquer them. Contact us at 260.969.1950 or info@MedOptima.net

Bringing "Claritee" to the Complex: MedOptima's new healthcare business intelligence tool makes accessing and applying critical data fast, easy

You know it's out there: information on payers who are masters of delay, data on unprofitable procedures and avoidable coding errors, and historical trends on clinical, financial, and operational performance. The problem is how to get your hands on this treasure trove of information.

Until now, MedOptima is employing a powerful healthcare business intelligence tool called ClariteeBI that gives our hospital and medical practice clients more immediate access to data that supports better decision-making, identifies positive and negative trends, and ultimately helps optimize financial performance. This includes:

- Accounts receivable
- Charges, payments and patient demographics
- Quality of care/clinical outcomes
- Payer performance
- Practice benchmarking
- Profitability

While there are other healthcare business intelligence solutions on the market, ClariteeBI is superior because it allows us to access and aggregate data from virtually any practice management, electronic medical record and accounting system. We also can pull data from multiple physical locations, a major advantage for multi-site practices or hospitals with multiple owned medical practices.

ClariteeBI is immediate; data is updated daily, rather than monthly, which is what other solutions do. Finally, we have the ability to create custom dashboards based on the client's

desired key performance indicators (KPIs) and provide automatic updates. We can get as universal or as granular as clients want in our reporting, responding quickly and definitively to requests for ad hoc reports.

Another major advantage is that ClariteeBI gives us incredible insight into payer performance. We can track individual payers to ensure accurate, timely reimbursement and determine issues before they become a threat to your financial performance. Having detailed access to payer data is invaluable during contract negotiations or when addressing disputes over reimbursements. We also analyze receivables so that negative payment trends by payer or procedure can be identified and resolved quickly so positive cash flow is maintained.

MedOptima is focused on optimizing the business of medicine and ClariteeBI has truly become our 'holy grail' for financial reporting due to its flexibility, ease of use, and ability to bring clarity to the complex.

Control your world with information.





GROWING YOUR PRACTICE

Developing a Business Plan Gives You Greater Control Over Your Financial Destiny

In the film *Field of Dreams*, Kevin Costner's character believes if he builds a baseball field, players will come. Medical practices often operate in the same way, believing that simply by opening their doors, patients will come.

That may be true in Hollywood, but in today's competitive world, even the best medical practices can't expect to attract patients and thrive financially without a plan of action. Yet very few practices take the time to develop, let alone follow, a business plan.

So why do you need a business plan? The most important reason is that it gives you greater control over the financial destiny of your practice. It serves as a roadmap that helps navigate issues affecting your practice and personal income such as healthcare reform, payer performance, investing/implementing electronic medical records (EMR), recruiting/retaining physicians and staff, and attracting/retaining patients. Practices that take the time to develop a business plan have clear goals and objectives for the year and are better prepared to respond to challenges and opportunities. They are better positioned to thrive financially.

A business plan doesn't have to be lengthy or complicated to be effective. Keeping it short, sweet and succinct—three to five pages at most—makes it easier to follow.

At a minimum, your business plan should include:

- A **summary of the practice**, including the target geographic service area, major services offered, and key differentiators from other practices you compete with for patients;

- A **SWOT analysis** of the practice (Strengths, Weaknesses, Opportunities, Threats);
- An **environmental analysis**, including local and national reimbursement trends, three-year payer mix trend for the practice, local hospital competitive strategies and changes, and other environmental factors that may impact the practice;
- A **marketing plan** which describes one- and three-year growth goals for the practice, strategies and tactics to grow patient/referral volume and expand key service offerings, strategies to cooperate with local hospitals for mutual gain, and plans for promoting the practice such as advertising, speaking engagements, and web site tools;
- An **operational improvement plan** that includes target areas and strategies for process improvement and information technology (IT) investment;
- And a **financial plan** that includes an operational budget for the year, capital budget for investments in new equipment and IT, and a financing plan.

If your practice does not currently have a business plan, you should. Yes, it takes time and will cost money. However, having a clear plan for your practice will give you greater control over your financial destiny, which is worth its weight in gold even in the best of times.

Would you like assistance developing your medical practice's 2011 business plan? MedOptima can help. Contact Eric Beier, MD, MBA, at 260.969.1950 ext.101 or ebeier@MedOptima.net.

BETTER PERFORMERS MAKE MORE MONEY

In annual Medical Group Management Association (MGMA) surveys, the medical specialty groups deemed "better performers" in profitability and cost management earned a median revenue after operating costs per fulltime employee that is significantly higher than non-better performer peers. In the 2008 MGMA Cost Survey, physician-owned multi-specialty groups that had the best financial performance were not only more productive, but had physician compensation and benefits that were 26.5 percent higher than the less productive physician practices.





Uncertain about the Future? Get in the Game!

A physician client recently voiced her displeasure over the economic paralysis that has gripped healthcare and the country for the last two years. “Who knows what’s going to happen? I just focus on the patients I have to see today and to heck with the future.”

I could certainly feel her pain. However, not being one to throw in the towel, I suggested to her that even in this prolonged recession, organizations are finding creative ways to turn things around and turn a profit. Look at Ford. More surprisingly, look at GM.

Admittedly, healthcare providers are not selling cars, but there are commonalities: the need to cut costs and boost efficiency, be proactive and adaptive rather than reactive, and be more competitive in a fiercely competitive world. And if healthcare providers are going to emulate the surprising success of Ford and GM in 2010, you can’t sit on the sidelines. You have to take action. Here’s how to get started:

Step 1: Define your beliefs about the future.

Healthcare reform is a primary cause of paralysis. One way to get unstuck is to define possible, yet distinct scenarios of how reform might play out and how it will affect your organization. Keep in mind reform is about three things: cost, quality, and access. No matter how much politicians threaten to repeal or hinder it, these issues must be addressed. Be practical when defining your scenarios and choosing the one you think is most likely to happen.

Step 2: Establish goals for 2011 (and 2012 and 2013).

In the past it was OK to operate on autopilot. Not any more. The stakes are too high. You have to establish annual goals and the means to achieve them. This includes creating metrics such as a target number of patients for the overall organization and by practitioner, procedure volumes, and reimbursement by patient and procedures. Use these metrics to chart progress and create accountability within your organization.

Step 3: Determine the capabilities—and limitations—of your practice, hospital or clinic.

To be successful, you have to be brutally honest about strengths and weaknesses. Do you have

the providers/services needed to attract target patients? Are you retaining patients? Are competitors doing something you’re not, but should be? When assessing capabilities, also consider whether or not you have the clinical resources and information technology you need to be successful. Your capabilities and strengths are what create opportunities for differentiation and growth.

Step 4: Recognize you’re not a free agent; strategic alignments are critical.

Healthcare is a team sport. Now more than ever, you have to choose your teammates and play well together. If you’re a medical practice, this may mean considering a merger or acquisition strategy, or joining a medical co-op. If you’re a hospital, it may mean cherry-picking new medical practices that address current weaknesses, or developing a new model for affiliating with medical practices. At a minimum it requires evaluating relationships with referral partners and asking if you have the clinical/technical/personal/professional assets to make you an attractive referral partner.

Step 5: Commit to creating and implementing your plan.

No one said this would be easy. Some organizations can do it with internal resources; others find it’s easier and more expedient with the help of an outside consultant. One thing’s for certain, when the stakes are as high as they are now, no one can afford to sit on the sidelines. You have to get in the game.



Mark Steingold
Steingold Consulting

Mark Steingold is president of Steingold Consulting (www.steingoldconsulting.com), an Indianapolis-based consulting firm that assists healthcare organizations with strategic planning, integration of merged and acquired medical practices, healthcare reform, research, and operational efficiency.

MedOptima consults with medical practices, health systems, and community hospitals on optimizing financial and operational performance. Consulting engagements can be focused on specific issues such as coding or developing business plans, or address more complex issues such as medical practice integration, software implementations or physician billing office or CBO re-engineering. Visit www.MedOptima.net for information or contact MedOptima President Eric Beier 260-969-1950 x101 or ebeier@medoptima.net.

FOR HOSPITALS

To Bill or Not to Bill *That Is the Question*

Physician coding and billing is an entirely different animal from hospital coding and billing. Each medical specialty has its own billing and coding nuances, needs and pains. Individual medical practices also have idiosyncrasies that drive their revenue performance to be better performers or underachievers. All of which can pose significant challenges for hospital finance departments.

Faced with the need to quickly and successfully integrate medical practices, hospitals are faced with these questions. Should we:

- Retain and integrate the medical practices' existing billing staffs to the current central billing office?
- Re-engineer the current central billing office to achieve better efficiency and performance?
- Outsource some or all physician billing?

Each hospital's situation is unique. However, the best place to start is with a thorough, objective assessment of the hospital's current physician billing operation and any newly acquired medical practices along with their IT assets, processes, billing staff, and current financial standing.



MedOptima's Beier addresses Indiana HFMA on Optimizing Physician Revenue Performance



Dr. Eric Beier

Last October, MedOptima President Dr. Eric Beier was a speaker at the Indiana Healthcare Financial Management Association's (HFMA) fall meeting. He provided valuable insight on how hospitals can optimize the financial performance of acquired medical practices. He introduced four key components of success:

- Maximizing IT and automation,
- Aggressively streamlining and "leaning" processes using proven business strategies,
- Creating a culture of accountability for employees, and
- Establishing clear operational metrics so managers and staff know what's expected and how they are doing.

If you would like a copy of Dr. Beier's presentation, contact Marilyn Rufner at 260.969.1950 x114 or mrufner@medoptima.net

TALK BACK

Here's What MedOptima Clients Are Saying

"Our Physician Billing Office and emergency medicine physicians had differing views on what cases qualified as a Level 5 billing code. Dr. Eric Beier from MedOptima provided education to our Emergency Department physicians on proper documentation and coding. Since this engagement, we have had no further concerns with these billing and coding issues."

Rebecca Conen, Manager
Deaconess Hospital Physician Billing Service
Evansville, IN