

THE BOTTOM LINE

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

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Contact Information

10351 Dawson's Creek Blvd
Suite D
Fort Wayne, IN 46825
260-969-1950
260-918-2137 Fax

mdoepke@medoptima.net

Is Outsourcing Billing Right for Your Practice?



Melissa Doepke, Vice President
Client Services

I have always been a “do-it-yourselfer.” I’m willing to take a shot at fixing anything. One day the garbage disposal backed up. Everything I did seemed to make matters worse. Finally, I threw in the towel and called an expert. With his know how and my decision to outsource, the plumber quickly had the situation under control. I wish I’d called sooner!

As a MedOptima consultant, I meet many physicians who like handling the billing themselves. Yet they find that the complexity of this business-critical task is nearly impossible to manage. This is unfortunate because without a constant, focused effort, collections can lag, mistakes can be made, and a practice’s income can quickly tumble, particularly during this time of change.

Outsourcing billing is a lifesaver for many medical practices. Let me share the following reasons for outsourcing.

1. The specialized skills of medical billing experts optimize billing revenue and compliance.

Third party payer rules, CPT codes, diagnosis codes, and government regulations change each year, making compliance difficult for medical practices. If you don’t keep up with the changes, your income will suffer. Outsourcing billing allows physicians to focus on the core competency of the medical practice, delivering high quality clinical care, without the pressure of keeping up with critical administrative changes.

2. Outsourcing saves time and money.

Research published in 2009 in Health Affairs calculated that the annual cost of performing billing-related tasks is about \$85,276 per physician per year, or about 10 percent of operating revenue. Even with electronic medical records, the complexity of billing imposes a hefty administrative workload and cost on medical practices. Moving to a reputable billing service significantly reduces the amount of time physicians and practice managers spend on billing issues.

3. Outsourcing relieves medical practices of the expense of purchasing and maintaining billing technology.

Not only is practice management software and other technology expensive, so is its “care and feeding.” Training staff, installing upgrades, maintaining control files, and troubleshooting problems consume time and money. Most medical practices cannot afford to purchase and maintain multiple software platforms. Even if the practice invests, technology has limited value if it is not utilized effectively. Billing companies provide access to sophisticated software without the expense of purchase and the headaches of training and maintenance. The billing company assumes the responsibility of keeping software current and performing at peak efficiency.

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Healthcare Reform Physician Survival Guide

Now that Congress has passed President Obama's healthcare reform bill, details—and the challenges and opportunities they represent—are beginning to emerge. There's no doubt life will be different. MedOptima recommends physicians be proactive and adapt their practices to the new normal. Here are three survival strategies:

1. Optimize billing effectiveness.

The first essential task is to identify and plug all revenue leaks. Start by reviewing the practice's revenue cycle management for opportunities for improvement. Key objectives should include:

- Optimize billing processes through lean manufacturing principles to improve efficiency and effectiveness.
- Ensure complete and accurate charge capture for all services rendered.
- Optimize physician coding and documentation of all services.
- Make certain that all accounts receivable and denials are timely and effectively resolved by billing staff.
- Maximize patient collections at the time of service through aggressive collection of patient co-pays and deductibles, checking insurance eligibility, and credit card preauthorization for estimated charges.
- Ensure good payer contract monitoring and management.

2. Maximize cost efficiency and physician time utilization.

Reducing the cost structure of the practice and allowing physicians to focus their time on the highest value services/procedures will be essential for financial success in the future. Unless there is a compelling reason otherwise, a physician should never do anything that a physician extender or another staff member could do. The underlying goal is to have the lowest cost qualified person perform a given task or service. Some general guidelines for maximizing physician time on the highest value services include:

- The physician is the most valuable asset in the practice and his/her time must be carefully guarded and conserved for the most valuable activities.
- Schedule patients to maximize physician effectiveness and efficiency. This may involve bunching like services together (such as clinics which focus on certain procedures or diseases) or mixing new and established patient visits into a balanced "assembly line."
- Redesign patient throughput such that staff focus on collecting patient information and data. This will allow the physician to focus on the highest value work such as performing a pertinent history and exam; providing findings, interpretations and medical decision making; and evaluating patient indications for treatment and further work up.
- Minimize physician distractions. Electronic medical record software that automatically creates a queue of physician

tasks is often very effective at allowing the physician to perform tasks when it fits into his/her daily routine rather than by being continuously interrupted.

- Utilize technology such as an electronic medical record to provide the physician with exactly the right information and data he/she needs in the right format and at the time needed.

3. Identify hospital collaboration opportunities.

The healthcare reform law is designed to reward collaboration between healthcare providers that results in better care and lower costs. A new Center for Medicare and Medicaid Innovation has been created to allow local health systems to test innovative payment and service delivery models to reduce program expenditures. Some of the current models currently being tested include pay-for-performance, hospital and physician payment bundling, episodic payment bundling, and shared savings through an accountable care organization. Also, an Independent Payment Advisory Board was established to reduce the rate of Medicare growth by altering the business models and organizational designs of many hospitals and health systems. Hospitals and physicians will become more interdependent in the future and can create mutually beneficial structures and models.

Medicare will place more emphasis on effective chronic disease management in the future, requiring more cooperation between hospitals and physicians in multiple specialties who care for individuals with chronic diseases. Also, care which is evidence-based, does not have unwarranted variation, and which is coordinated through information technology will be critical to both financial and clinical success in the future.

While many hospitals believe they need to employ physicians to achieve care coordination, physicians who prefer to maintain their independence can design alternative physician-centric and patient-centric care models in collaboration with one or more hospitals. MedOptima is currently exploring the development of a co-op model to provide physicians with the expertise, cost-efficiency, and scale necessary to provide a new physician-led care coordination model.

To learn more about how your practice can successfully adapt to healthcare reform legislation, contact Eric Beier, MD, MBA, MedOptima President, at 260.969.1950 ext. 101 or ebeier@medoptima.net.



CLIENT PROFILE: Internal Medicine Associates

Unique solution retains billing staff, avoids software expenses, yet enhances revenue cycle management

Internal Medicine Associates (IMA) located in Merrillville, IN, is a multi-specialty practice with cardiology, gastroenterology and pulmonology. According to Dr. Dan Hurwich, as the practice grew, making sure it ran smoothly became a challenge. “With ten physicians in three specialties, our billing department was overwhelmed by the growing and diverse caseload, frustrated by the bureaucracy of payers and challenged to keep up. Our physicians didn’t have the time or expertise to provide the necessary oversight,” Dr. Hurwich explains.

IMA engaged MedOptima on a consulting basis after experiencing billing operations issues that negatively affected cash flow. Rather than take on the challenge of implementing MedOptima’s recommendations themselves, IMA decided to outsource its billing to MedOptima. The engagement began in July 2008.

There was a roadblock to the new relationship however. IMA employed a number of highly experienced and valued billing staff it didn’t want to lose by outsourcing to an out-of-town company. (MedOptima is based in Fort Wayne, IN.) The win/win solution was that MedOptima opened a new office in Merrillville and hired many of the IMA billing staff. MedOptima and IMA benefited from the knowledge and experience of the IMA billing staff, and the IMA staff became more effective once they were integrated into MedOptima’s billing processes, monitoring metrics and management systems.

IMA realized another significant benefit: access to MedOptima’s advanced practice management software from Allscripts. Not only did MedOptima host the sophisticated software for IMA thus enabling them to avoid a major expense, it helped IMA migrate from its legacy system to the new software. This included the conversion, staff and physician training, and support. MedOptima’s experience in setting up the database and utilizing the functionality of Allscripts Professional PM software provided IMA with a streamlined, hassle-free software conversion, the cost of which was included in MedOptima’s billing fee.

Today, IMA is experiencing 99 percent first pass clean claims, achieving better revenue and has lowered its days in accounts receivable—all for a cost lower than when it performed billing internally. Dr. Hurwich is highly appreciative of the relationship and the results. “Since going with MedOptima, we’ve implemented electronic billing and a more systematic approach to claims processing and collections. There’s been a great improvement in collections. MedOptima has taken a weight off my mind; I am now able to focus on patient care again.”

If you know of a medical practice that could benefit from MedOptima’s expertise, contact Eric Beier, MD, MBA, MedOptima President, at 260.969.1950 ext. 101 or ebeier@medoptima.net.

Practice management software upgrade will help capture more revenue for MedOptima clients

MedOptima is leaving no stone unturned to ensure clients maximize their earning potential. In April, we upgraded our Allscripts Professional PM practice management software, which strengthened our ability to capture more revenue for clients and boost practice efficiency. The upgrade added three key enhancements:

- 1. More robust collection module.** New revenue cycle management features allow MedOptima to work past-due accounts in queues and with special filters, and provide automated unpaid and pending claim processes. Outstanding balances will be processed more efficiently and effectively, helping speed collection.
- 2. New coverage status for uninsured patients.** As part of the real time eligibility verification software, a new coverage status has been created for patients without insurance. This will allow practices to quickly identify patients with appointments who do not have active insurance coverage. Not only will this save front-desk staff time when verifying insurance eligibility, it enables practices to better identify and collect patient payment responsibilities at the time of service. Practice staff will also be able to secure real time eligibility information for secondary and tertiary payers.
- 3. New Red Flag Rule security features.** The Federal Trade Commission requires businesses and medical practices to adopt written Identity Theft Prevention Programs to detect potential identify theft. Called “Red Flag Requirements,” our new software upgrade includes security features to help practices prevent patient identity theft.

If you have questions about the new software upgrade, contact Amy Eavey, MedOptima Director of Software Applications, at 260.969.1950 ext. 102 or aavey@medoptima.net.



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4. Outsourcing counteracts the slow pay/no pay mentality of payers.

Like it or not, payers are increasingly in the business of not paying. Physicians need the advanced expertise, systems and up-to-date sophistication of a billing professional to counteract these practices. Although outsourcing may not always translate into direct cost savings, outsourcing can significantly enhance billing performance and quality and accelerate claims processing and payment.

5. Outsourcing gives medical practices more control over their financial destiny.

Although some physicians fear a loss of control, outsourcing typically results in far greater control over the practice's financial performance due to advanced reporting and meaningful feedback. A quality billing company is capable of providing detailed financial reports, which help identify challenges and opportunities and ultimately leads to better practice performance.

If you are concerned about the financial performance of your practice, you should consider outsourcing your billing. Naturally, I would suggest MedOptima, and would be happy to discuss it with you. I would also encourage you to visit our website, www.MedOptima.net, to learn more about our company and outsourcing. You can reach me at 260.969.1950 ext. 118 or at mdoepke@medoptima.net.

MEDOPTIMA SERVICE ENHANCEMENT Patient Payment Assurance

New software may cut patient receivables in half!

It's fairly typical that when checking into a hotel, guests provide a credit card imprint to cover any expenses incurred during their stay. The card is not charged until checkout. Hotelier and guest are happy with the arrangement.

MedOptima now offers a similar solution to clients in the form of new Allscripts software that allows medical practices to secure pre-authorized payment on patients' credit cards at the time of service for the portion of services the patient must pay. Here's how it works. The estimated cost is authorized on the patient's credit card at the time of service, but the charge is not applied until the insurance company specifies what the patient owes.

The benefits are tremendous. Cash flow from patients is greatly improved while bad debt is significantly reduced. Patients generally respond well to this new technology, since most have a credit card and appreciate the financial transparency of knowing what they will owe. The software developer reports that medical practices can see their patient receivables drop by more than 50 percent within weeks after implementing this solution.

There is a small fee associated with this service. However, MedOptima makes it available to clients at a discounted rate.

If you would like to implement Patient Payment Assurance in your practice, contact Amy Eavey, MedOptima Director of Software Applications, at 260.969.1950 ext. 102 or aeavey@medoptima.net.

