

# The Rubicon Group

## Professional Services Agency

# **THE BUSINESS OF MEDICINE**

## **Increasing Revenues + Decreasing Expenses**

Presentation to

## **Association of Future Healthcare Executives**

Michael E. D'Eramo, MHA, FACMPE

[mderamo@trg-rubicon.com](mailto:mderamo@trg-rubicon.com)

614-499-0667 (c)

614-246-8508 (o)

614-246-8500 (f)

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# **THE BUSINESS OF MEDICINE**

**Increasing Revenues + Decreasing Expenses**

## PROGRAM AGENDA

Health Care Market Overview

REER

The Agency Model

Benchmarking for Success

# **THE BUSINESS OF MEDICINE**

## **Overview of Practice Management Environment**

- Declining Reimbursement
- Increasing Operating Expenses
- Increased Legislation
- Requirement to Work Smart and to Work Hard
- Increasing MCO Penetration/Hassle Factors/Poor Claims Processing
- Economic Credentialing

# **THE BUSINESS OF MEDICINE**

## **Overview of Practice Management Environment**

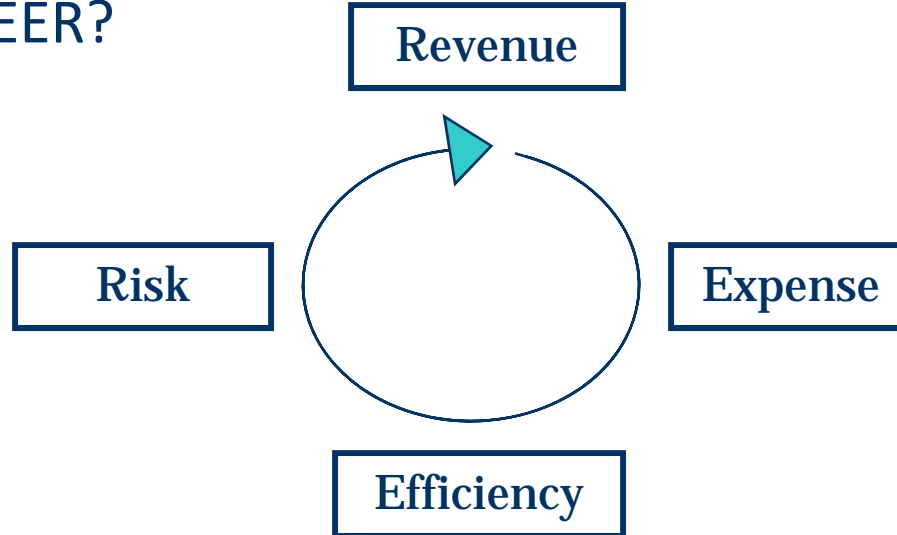
- Hospital Closures
- Physician Development of Ancillary Services
- Development of Specialty Hospitals and ASC's
- Predatory Hospitals Exploiting the Physician Condition
- Development of Physician-Physician Partnerships
- Increased Consumerism – The “Web” Presence

***Practice Management has become a key element of The Business of Medicine***

# THE BUSINESS OF MEDICINE

Increasing Revenues + Decreasing Expenses

WHAT IS REER?



# THE BUSINESS OF MEDICINE

## CORE BUSINESS PROCESSES - WHAT YOU NEED TO SUCCEED

- Business Process
  - Physician Leadership
  - Management
  - Staff
  - Operations
  - Accounting
  - Legal
  - Insurance
  - Financial Advisor

**PURPOSE: BUILD WEALTH and PROTECT ASSETS**

# **THE BUSINESS OF MEDICINE**

## **CORE BUSINESS PROCESSES - WHAT YOU NEED TO SUCCEED**

- Business Process - Physician Leadership
  - Control the Clinical Process
  - Serve as Medical Director
  - Physician Peer
  - Train in Business Development and Management

# THE BUSINESS OF MEDICINE

## CORE BUSINESS PROCESSES - WHAT YOU NEED TO SUCCEED

- Business Process - Management
  - Hire a Professional
  - Managers - Not Martyrs
  - Don't Skimp on Investments
  - Get Help
  - MGMA - Core Competencies / Body of Knowledge

# THE BUSINESS OF MEDICINE

## CORE BUSINESS PROCESSES - WHAT YOU NEED TO SUCCEED

- Business Process - Staff
  - Hire for Attitude - Train for Skill
  - MGMA - “More with More - Less with Less”
  - Encourage Growth and Development
  - Know your Costs - Training versus Turnover

# Revenue Cycle Management

**Pre-Registration / Registration**

- Phone Training Support and Patient Schedule Management

**Insurance Verification**

- Patient Management
- Data Reconciliation

**Arrival & Registration**

- Front Desk
- Cash Collection
- Data Updating / Management

**Charge Capture**

- Total Activity
- Accuracy of Service
- Accuracy of Records
- Time Analysis

**Coding**

- Knowledge Base
- Data Elements
- Cross-Reference with Hospital

**Billing/Claims**

- Claims Accuracy
- Promptness
- Review of Criteria

**Collections**

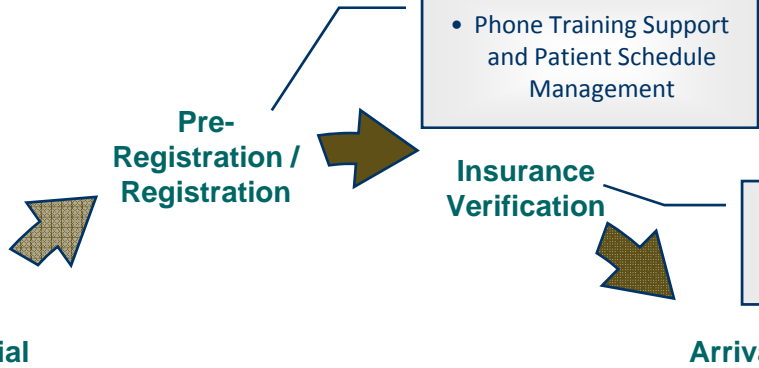
- Patient Interaction
- Physician Interaction
- Staffing for Financial Counseling

**Accounts Receivable Management**

- Insurance Management
- Allowed amounts
- Time
- Resources

**Financial Reporting**

“If you don’t know where you are, you can’t know where you are going.”



# THE BUSINESS OF MEDICINE

## CORE BUSINESS PROCESSES - WHAT YOU NEED TO SUCCEED

- Business Process - Insurance Contracting
  - Know Your Payors
  - All Contracts are Negotiable
  - Know Your Rates
  - Master the Coding
  - Don't Change Your Medicine for Managed Care, **EVER**
  - Claims Submission
  - Provider Manual
  - Termination
  - Amendments
  - Rates

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**REER: Focus on Revenue**

## STRATEGIC PLANNING CONTINUED:

- Stay the Course
- Team Focus – No “I” in Team
- Financial Discipline
- Physician – Administrator Teams
- Achieve Target Results
  - Performance
  - Manage by Numbers, Trends, Targets and Benchmarks
  - Communicate, Communicate, Communicate

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**REER: Focus on Revenue**

## TYPES OF REVENUE

- **ACTIVE REVENUE:** Continuation of Practice, Physician has “Active” Control over Generation of Revenue.
- **PASSIVE REVENUE:** Revenue that Builds Wealth Management, Creating Additional Assets based on the Overall Practice of Medicine. Passive Income Creates an Income Stream Outside of Professional Services.

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**REER: Focus on Revenue**

## ACTIVE REVENUE STREAMS

- A Word About Physician Extenders
  - Physician Assistants
  - Nurse Practitioners
  - Mid Level Providers
  - RNFA's
  - Radiology
  - Nutritionists
- *Don't Use Extenders Until You are Over-Extended*

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**REER: Focus on Revenue**

## PASSIVE REVENUE STREAMS

- Ownership/Involvement in Assets that Build Wealth
  - Real Estate
  - Equity Position in Ambulatory Facilities/Specialty Surgical Hospitals
  - Pension/Profit Sharing Plan Strategy
  - Consulting Services/Service Line Management
  - Pharmaceutical Lectures & Speaking Engagements
  - Research Initiatives
  - Facility Fees
  - Interest Income

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**REER: Focus on Revenue**

## UNDERSTANDING & PRESENTING FINANCIAL STATEMENTS

- Income Statement
- Balance Sheet – Assets/Liabilities/Debt Position
- Cash Flow Statement
- Management Trends

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**REER: Focus on Revenue**

## The Value of Knowing your ACCOUNTS RECEIVABLE

- You Need to Know
  - Collections at Time of Service
  - Time to Generate a Claim
  - Claim Turnaround
  - EOB Review – Are you getting Paid per your Contract
  - Your Key Indicators

# THE BUSINESS OF MEDICINE

**REER: Focus on Revenue**

## The Value of Knowing your ACCOUNTS RECEIVABLE

- Your Process Controls
  - It all starts in your Front Office/Front Desk
    - Demographic Entry
    - Training
    - Collection of Co-Pays
    - Verification of Insurance Coverage
    - Encounter Tracking
  - Don't Underestimate Charge Entry
    - Encounter Tracking
    - Balancing – Daily Posts to Claims Submissions
    - Electronic Claims Submissions

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**REER: Focus on Expense**

MANAGING EXPENSE IS NO HARDER THAN MANAGING YOUR G/L

- What are your G/L Accounts?
- Budget, Budget, Budget
- Track Expenses by G/L (both Summary and Detail)
  - Month to Date
  - Prior Month to Date
  - Year to Date
  - Prior Year to Date
  - Budget
- Explain Your Variances

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## REER: Focus on Expense

- Staffing (About 20-25% of Revenue and 50% of Expense)
  - Where are the Resources?
    - Nurses and MA's (Clinical)
    - Business Staff (Operational and Business Functions)
    - Ancillary (Revenue Producing)
  - Best Applications
    - Manage, Trend, Report, Understand...
    - Manage Your Date
    - Manage Your Processes
    - Manage Your Patient
    - Manage Your Staff - Know Your Ratios
    - Control Your Benefits

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**REER: Focus on Expense**

- Purchasing (Supplies and Services)
  - Always Shop
  - Form Buying Consortiums
  - Maintain Relationships, but Set Standards
  - Know the Market

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## REER: Focus on Efficiencies

- Efficiencies - Build Your Team
  - Accountant
  - Attorney
  - Financial Advisor
  - Retirement Plan Administrator

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**REER: Focus on Risk**

## RISK: PROTECT YOUR CORPORATION

- GOVERNANCE STRUCTURE
  - Physician Leader(s)
  - Physician - Administrator Team
    - Balance Clinical versus Financial/Operational
    - Understand Your Roles
  - Executive Committee Development
    - Who Serves
    - What Roles
    - Value to Administrator

# THE BUSINESS OF MEDICINE

**REER: Focus on Risk**

## RISK: PROTECT YOUR CORPORATION

- PHYSICIAN EMPLOYMENT AGREEMENTS
  - Compensation Structure
  - Sickness & Disability
  - Patient Files/Records
  - CME Stipulations
  - Malpractice Requirements
  - Expense Obligations of Physician Employee
  - Income Continuation - Beneficiary Notice
  - Third Party Audit
  - Non-Competes

# THE BUSINESS OF MEDICINE

**REER: Focus on Risk**

## RISK: PROTECT YOUR CORPORATION

- UNDERSTANDING RISK
  - Real Estate Transactions
  - Insurance Requirements
    - Life
    - Disability
    - Group Disability
    - Health
    - Professional Liability
    - Buy/Sell
    - Key Person

# THE BUSINESS OF MEDICINE

**REER: Focus on Risk**

## RISK: PROTECT YOUR CORPORATION

- Physician Compensation and Perks
  - Base plus Bonus Model
  - Don't Underestimate Perks
  - Look at the "Quan"
  - Buy-In's: Time versus Money

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**REER: Focus on Risk**

## RISK: PROTECT YOUR CORPORATION

- Coding Compliance
  - Medicare
  - Medicaid
  - Contract Specifications
  - Income

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**REER: Focus on Risk**

## RISK: PROTECT YOUR CORPORATION

- Human Resources
  - Correct and Accurate Personnel Files
  - Maintain the Manual
  - Consistency, Consistency, Consistency
  - Don't Hire for Hope
  - Manager must Maintain
  - Document, Document, Document

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## The Agency Model

General Philosophy:

**Physicians**

*Love* Sharing Costs

&

*Hate* Sharing Revenue

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## The Agency Model

“I will not sleep”

# **THE BUSINESS OF MEDICINE**

## **The Agency Model**

**“Show me the money”**

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## The Agency Model

**“Nobody said winning was cheap”**

- The Management Team
- The Office Staff
- The “Front Desk”

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## The Agency Model

**“The key to success is personal relationships”**

- Meet with Doctors Early and Often
- Your Manager is Their Manager
- What is Their Personal Goal?

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## The Agency Model

- **“How can I make your life better?”**
  - Understanding each Physician Client
  - What are “Happy Employees” ....?
  - What is Enough?
    - Enough is never enough
    - Beyond the dollar

# **THE BUSINESS OF MEDICINE**

## **The Agency Model**

**“Help me help you”**

# **THE BUSINESS OF MEDICINE**

## **The Agency Model**

**“Working for you is an up at dawn, pride  
swallowing siege”**

# THE BUSINESS OF MEDICINE

## The Agency Model

- “Sports Agent” for Doctors
- Why?:
  - Maximize Wealth
  - Limited Income Life
  - At Risk
  - Highly Volatile
  - Client Approach
- Buying Together
- Prying Together
- No Expense is Spared
  - Insurance
  - Banking
  - Accounting
  - Legal

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## The Agency Model

- You are in the Doctor Care Business
  - “Take me back to the future”
  - “Can I be a doctor again?”
- Manage the Business, Care for the Patient

# THE BUSINESS OF MEDICINE

## KNOWING YOUR CORE COMPETENCIES - YOUR BODY OF KNOWLEDGE

### TECHNICAL & PROFESSIONAL KNOWLEDGE AND SKILLS

- Governance and Organizational Dynamics
  - Lead and Manage Organizational Change Process
  - Construct and Maintain Governance Systems
  - Evaluate, Improve Governing Bylaws, Policies, Processes
  - Stakeholder Needs Assessments
  - Staff Development and Teaming
  - Physician Acceptance and Understanding of Good Business Management
  - Develop and Implement Quality Assurance Programs

# **THE BUSINESS OF MEDICINE**

## **KNOWING YOUR CORE COMPETENCIES - YOUR BODY OF KNOWLEDGE**

### TECHNICAL & PROFESSIONAL KNOWLEDGE AND SKILLS

- Planning and Marketing
  - Develop Strategic Plans
  - Create Business Plans
  - Create Marketing Plans
  - Monitor and Evaluate Effectiveness of Plans
  - Establish Partnerships and Strategic Alliances
  - Community Outreach, Public Relations and Customer Relations

# **THE BUSINESS OF MEDICINE**

## **KNOWING YOUR CORE COMPETENCIES - YOUR BODY OF KNOWLEDGE**

### TECHNICAL & PROFESSIONAL KNOWLEDGE AND SKILLS

- Information Management
  - Conduct Information Systems Needs Analysis
  - Facilitate Information System Procurement and Installation
  - Develop and Implement Systems Training and Support Programs
  - Oversee Database Management and Maintenance
  - Development Information Network Security Systems
  - Provide Access to Electron Education and Information
  - HIPAA Compliance

# THE BUSINESS OF MEDICINE

## KNOWING YOUR CORE COMPETENCIES - YOUR BODY OF KNOWLEDGE

### TECHNICAL & PROFESSIONAL KNOWLEDGE AND SKILLS

- Risk Management
  - Maintain Legal Compliance with Corporate Structure
  - Maintain Corporate History and Develop Record Keeping Procedures
  - Develop Conflict Resolution and Grievance Procedures
  - Assess and Procure Insurance(s)
  - Establish Personnel and Property Security Plans
  - QA and Patient Satisfaction Programs
  - Confidentiality Policies - HIPAA
  - Audits of At-Risk Financial Activities
  - Professional Resource Networks for Risk-Related Activities
  - Negotiate/Comply with Contractual Arrangements
  - Compliance with Government Contractual Mandates

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## **KNOWING YOUR CORE COMPETENCIES - YOUR BODY OF KNOWLEDGE**

### TECHNICAL & PROFESSIONAL KNOWLEDGE AND SKILLS

- Business and Clinical Operations
  - Business Operations Planning
  - Staffing Analysis and Scheduling
  - Ancillary Clinical Support Services
  - Purchasing Procurement and Inventory Control Systems
  - Facilities Planning and Maintenance Programs
  - Patient Flow Processes
  - Patient Communication Systems
  - Clinical Pathway Structures
  - Monitor Systems for Licensure, Credentialing and Recertification

# **THE BUSINESS OF MEDICINE**

## **KNOWING YOUR CORE COMPETENCIES - YOUR BODY OF KNOWLEDGE**

### TECHNICAL & PROFESSIONAL KNOWLEDGE AND SKILLS

- Professional Responsibility
  - Advance Professional Knowledge and Leadership Skills
  - Balance Professional and Personal Pursuits
  - Promote Ethical Standards
  - Conduct Self-Assessments
  - Engage in Professional Networking
  - Advance the Profession
  - Develop Effective Interpersonal Skills

SOURCE: MGMA, The Guide to the Body of Knowledge

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THANK YOU!

Michael D'Eramo