

Illinois State Medical Society
Running a More Profitable and
Efficient Medical Practice

Presented by:

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CPAs / ADVISORS



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About Blue...

DIRECTOR

KAMERON H. MCQUAY, CPA, CVA



Mr. McQuay is the Director of Blue & Co., LLC's Physician Specialty Service Group and is responsible for coordinating all services to physicians and their group practices.

Mr. McQuay has more than 19 years experience in consulting in the healthcare arena. For the past 17 years he has worked exclusively with physicians and their practices. Mr. McQuay has consulted on all aspects of healthcare management including revenue enhancement, coding and billing compliance, analysis of practice procedures, start-up of new practices, accounts receivable management, managed care contracting and healthcare networks as well as providing general financial and tax support.

Mr. McQuay also oversees all corporate compliance and HIPAA activities for the firm and is a frequent speaker on healthcare topics to state and national groups.

About Blue...

- Blue & Co., LLC is one of the 90 largest accounting and consulting firms in the United States. Our firm was founded in 1970 through the successions of two old and distinguished practices located in Indianapolis, Indiana. The founding partners recognized the need for an accounting firm that provided the same quality of service as a national firm, but with a local presence and emphasis on the special needs of health care, closely-held businesses and growth companies. For the past 30 years, we have made it our business to serve a select group of health care organizations throughout Indiana.
- Blue & Co. is a proven advisor with the experience and resources available to assist health care providers. Our health care professionals have first-hand knowledge of medical practice operations and are able to offer the comprehensive resources of one of the largest public accounting firms in the United States. Still, you will find our team management approach responsive, offering innovative strategies with unique personalized attention. We measure our success through the success of our clients.
- **We can be reached at (317) 633-4705 or (877) BLUE-CPA.**

Effective Management

State of the Union – 2007

- Words of Wisdom:
 - Good practices are more like plow horses.
 - Know the art of abandonment.
 - **Become revenue focused.**
 - **Niche services are a start.**
 - Address the brutal facts of reality.
 - **Focus, absolute focus on your core services.**
 - **Understand satisfied patients leave.**
 - Use technology as a means, not an end.
 - Sub-sub specialties are now forming.
 - **Market to the almost wealthy.**
 - Hire well or don't hire at all.
 - **Average talent produces below average results.**
 - Motivating people is a waste of time.

State of the Union - 2006

■ Words of Wisdom

■ My list for 2006

- ✓ Execution is more important than strategy
- ✓ Cost cutting is back in vogue
- ✓ Hire slowly, fire quickly
- ✓ Hire based on the three C's: Character, Competence and Compliment
- ✓ Extraordinary people do not claw their way to the top, they are carried there
- ✓ Physicians are now making harder choices in the way they practice
- ✓ Physicians must look at any and all types of ancillary service opportunities
- ✓ Pay-for-performance is just around the corner

Strategies for the Year 2007

1. Continue to look for multi-specialty opportunities
2. Incorporate ancillary services opportunities
3. Adopt a Corporate and HIPAA compliance plan
4. Group practices – ensure you have strong agreements
5. Consider using physician extenders
6. Develop a sense of humor
7. Fully fund practice retirement plan
8. Continue to work your receivables
9. Focus on leadership
10. Benchmark your practice operations
11. Incentive based compensation
12. What is old is new again – patient service

Practice Management

How to Run an Efficient Office

- Stress collections at the time of service
- Greet patients promptly and courteously – be polite
 - Customer focus
 - First impressions
- Train receptionist
 - Scheduling, nature of visits
 - Advice – qualified to handle
- Educate patients
 - From initial phone call through visit to payment

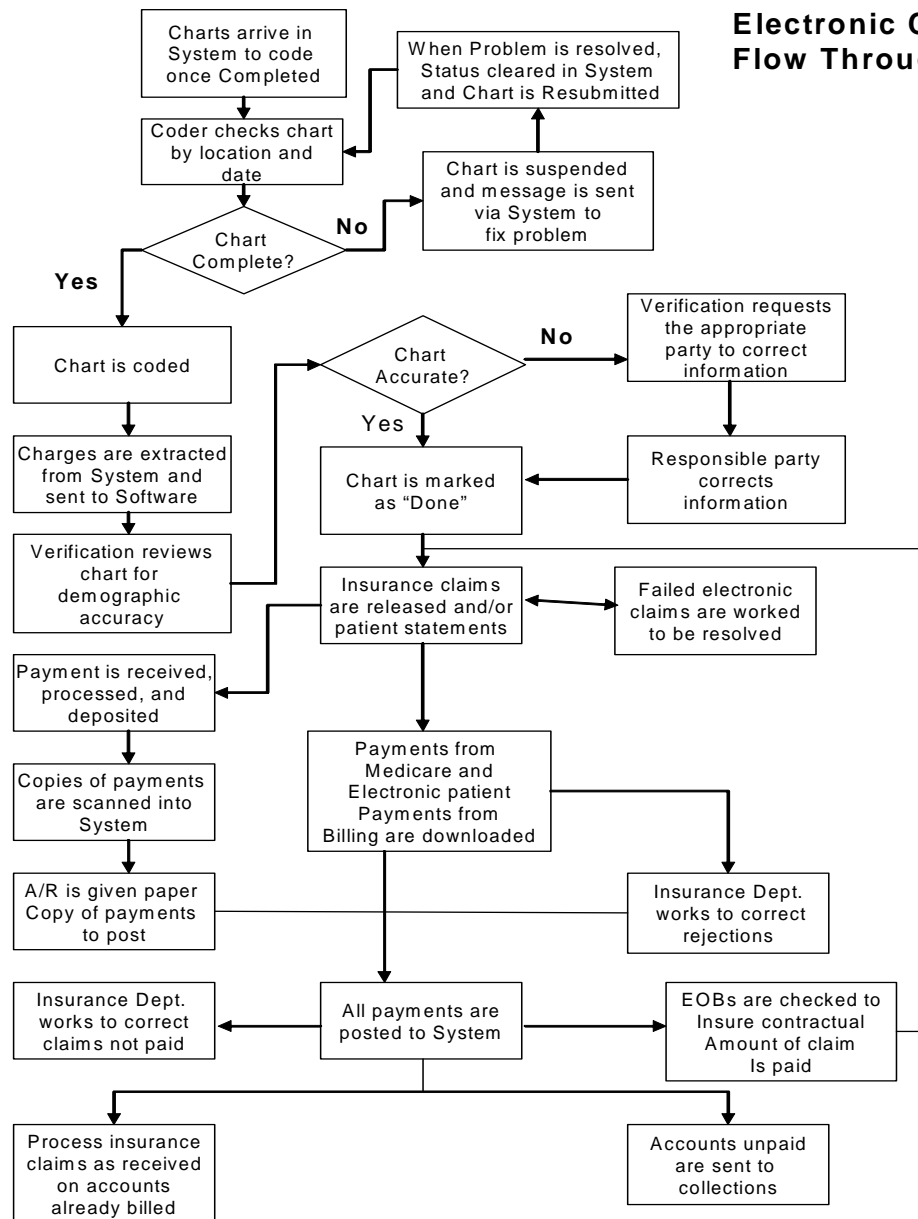
How to Run an Efficient Office

- Develop procedures for everything
 - Patient charts, workflow, etc.
- Standardization
 - Personal service culture
 - Need to leverage personal time
 - Identify expected (desired) results
 - Systematic approach
 - Establish closed loop systems
 - Output standards versus Input or Activity Standards

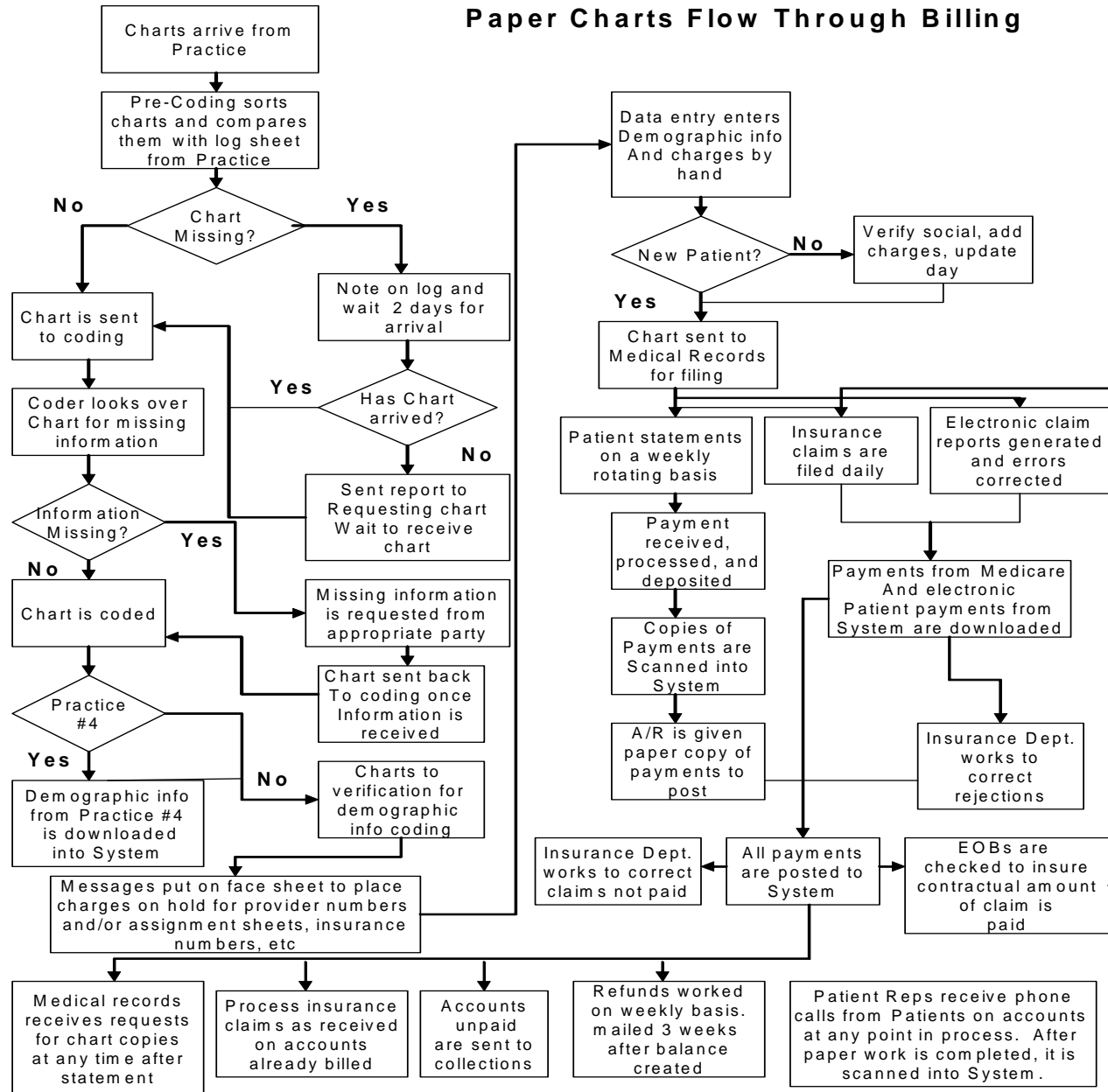
How to Run an Efficient Office

- Invest in billing and coding systems
 - E-claims a must
 - Effective biller worth weight in gold
- Set up and follow strict payment rules
 - Co-pays, payment plans, collection agencies, patient termination
- Emphasize documentation
 - Procedure documentation as well as patient chart documentation
- Stress communication
 - Staff meetings
 - Work flow

Electronic Charts Flow Through Billing



Paper Charts Flow Through Billing



Key Management Elements

- Strategic Planning and Vision
- Personnel
 - Reception activities
 - Team Spirit
 - Fantastic employees
- Work and Patient Flow
 - Appointment scheduling
- Physician productivity

Key Management Elements

- Billing and Reimbursement
- Cash Management
- Risk Management
- Out-of-the Box Thinking
- Providing a Roadmap for change

Key Practice Indicators

- Patients per day
- Accounts receivable aging
- Gross/Net collection percentage
- Fee schedule
- Financial statements
- FTE ratio
- Changes/Receipts per day



First Time Managers

Practice Management:

■ Financial

- Charge Entry
- Coding
- A/R Management
- Collections/Follow up

■ Personnel

- Staffing
- Effectiveness
- Accountability
- Culture

First Time Managers

- Maximum charge capture
- Account Follow up
- Contract Management
- Claim Denials
- Outcome Measurement

First Time Managers

Key Indicators:

- Charge Volumes
- Patient Appointment Status
- Practice Productivity
- Cash Collections
- Billing Production
- Claim Production
- Denials/Rejections
- Edit Levels
- Unbilled Volume
- A/R Days
- Staff Productivity
- Patients/Charges Per Day

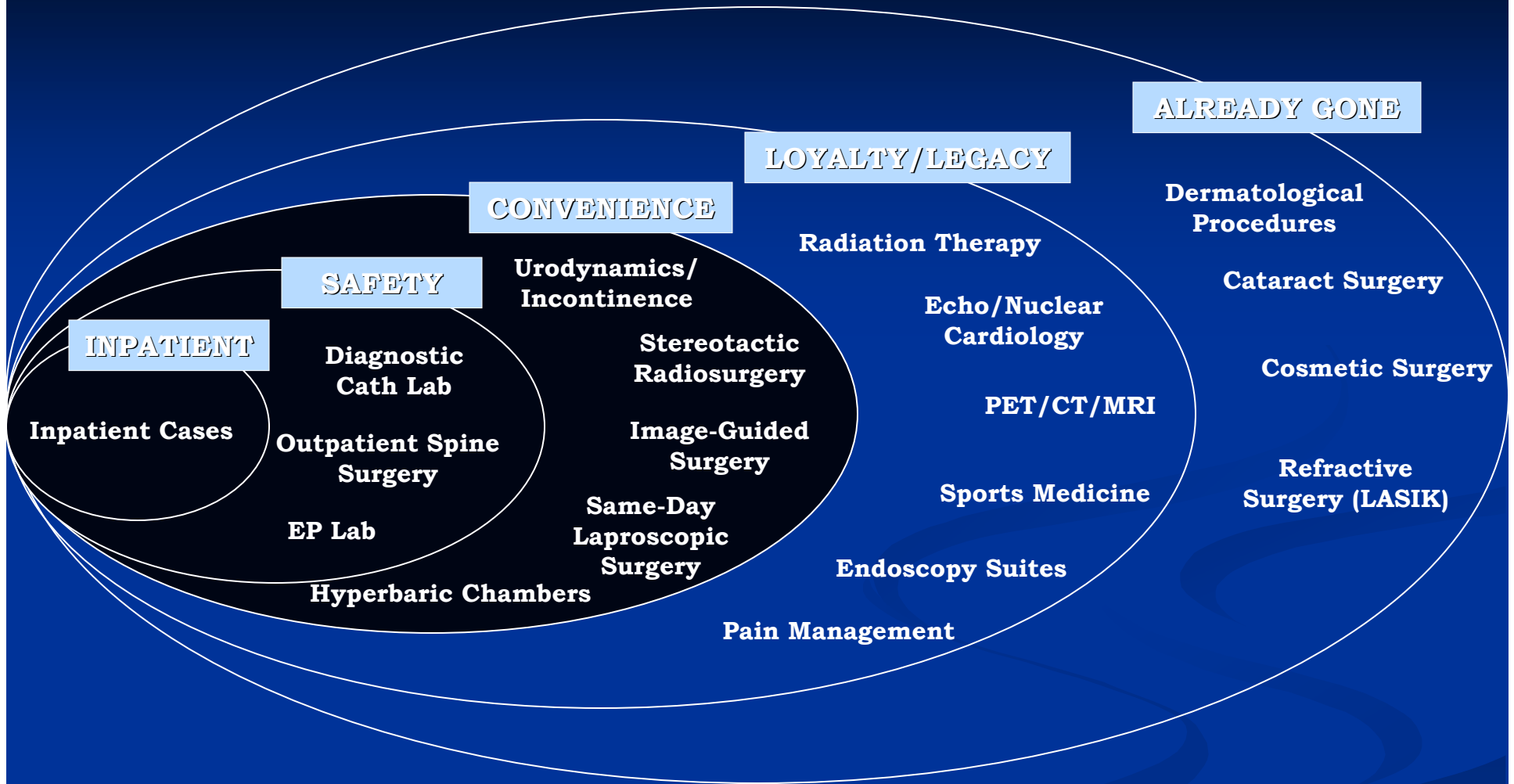
Successful Medical Practices

By: Kameron H. McQuay, CPA

- Hire the best staff possible
- Hire high-energy people-oriented staff who are willing to take responsibility and make things easier for patients
- Quality is Job #1
- Marketing is not a four letter word
- Patients should find the experience enjoyable if they have to wait
- Mail readable billing statements
- Collect all fees at the time of service
- Keep your overhead costs in line
- Plan what you do and do what you plan
- Work your receivables
- Become a niche provider of some service and charge higher than average for that service
- Work the appointment book

How to Grow Your Practice

Service Continuum



A New Division of Markets

Goods Category	New Luxury	Middle Market	Old Luxury
Apparel	Diesel	Gap, Levi Strauss	Brooks Brothers, Chanel
Autos	BMW, Mercedes-Benz	Pontiac, Ford	Cadillac, Rolls-Royce
Beer	Sam Adams	Coors, Miller	Heineken
Coffee	Starbucks	Maxwell House	Blue Mountain
Kitchen Appliances	Viking Range	Hotpoint	Aga
Leather Goods	Coach	Wilson's	Louis Vuitton
Lingerie	Victoria's Secret	Maidenform	La Perla
Personal Care	Aveda	Suave, Revlon	Keihl's
Pet Food	Nurto	Alpo	Sirron
Restaurants	Panera Bread	Burger King	Morton's
Retailing	Pottery Barn, Williams-Sonoma	Sears	Neiman Marcus
Spirits	Belvedere, Grey Goose	Absolut, Smirnoff	Bombay Sapphire

How to Grow

- Service excellence
- Processes and procedures
- Take it to volume
- Marketing and sales
- Physician etiquette course
- Proper incentives
- Feedback cycle

Practice Revenue Enhancement Opportunities

- Coding/Coding study
- Accounts receivable
- Productivity improvement
- Patient satisfaction
- Employed physicians
- Physician extenders
- Referral network
- Capitation
- Ancillary services – lab, x-ray, MRI
- Hospitalist
- Ambulatory Surgery Center (ASC)
- ASC joint ventures
- Marketing
- Extended office hours
- In office PT, OT and DME
- Computerization
- Provider contract negotiations
- Fee schedule adjustment
- Niche provider
- Employ primary care physicians

Practice Review Enhancement Opportunities

- Pain Management
- Marketing
- Extended Office Hours
- In Office Physical Therapy (PT), Occupational Therapy (OT), Diagnostic ME (DME)
- Fee Schedule Adjustment
- Niche Provider
- Alternative/Holistic Medicine
- Leverage Time
- 360° Care Cycle

PART I - OBJECTIVE

Address Key Question

- What are the key factors driving us to do something?
- What are the benefits and challenges with revenue diversification options?
- How should you approach new business development?
- What are alternative structural models and legal issues?
- Are there and resources and tools to guide you?

Hiring and Personnel Management

Hiring

- Job analysis
- Job description
- Position Specifications
- Identify the top three job performance expectations

Interview Checklist

- Hire based on the three C's
 - Character
 - Competence
 - Compliment
- Involve affected staff in the interview process
- Consider mission, philosophy and the goals of the Practice

OPERATIONS

Silent PPOs

- A silent PPO (also known as a phantom PPO, blind PPO, or non-direct PPO) operates when payors apply PPO discounts when reimbursing providers for services rendered to non-PPO patients.
- How does a silent PPO work? When a doctor treats a patient with indemnity coverage the physician's office typically submits a bill to the patient's insurer for the usual fee. However, when the EOB (explanation of medical benefits) comes back, a PPO discount has been applied and the doctor reimbursement is reduced. More often than not, the physician's office accepts the reimbursement without question.
- Somehow, the payor has become aware not only of the physician's membership in the particular PPO but also of the specific fee discount in effect. In most cases, the payor has received this information directly from a PPO that has sold or leased its membership list.