Physician Practices– Competition Drives the Need for Efficiency

Presented by

MICI
EQUITABLE HEALTHCARE

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Webster's dictionary says competition is "a contest for some prize, honor, or advantage". Most of us know it as trying to win the swim meet, get a home run, or land a prized promotion. Winning a competition is a little league trophy, a Blue Ribbon pie, the infamous Green Jacket, or a place in the esteemed "Top 100 Doctors in America". Say what you like about the drive to win but one thing is for sure–competition is at the heart and soul of this country.

How is competition affecting your practice?

As physicians or practice managers, you know the challenges of successfully addressing patient care, staffing, coding, billing, hospital credentialing and facilities. Even when you have those issues under control, competition still looms large and you have to constantly worry about the out-migration of patients and leakage to larger tertiary centers. You also have to consistently maintain patient satisfaction and deliver quality care. As patients shop for the best practice and simultaneously insurance companies determine where they receive care, your reputation is the differentiator for your practice. In short, it has become a Rubik's cube of moving pieces.

However, there is a strategy that will directly address multiple competitive issues for a practice of any size. Surprisingly, that strategy involves revenue management and medical billing systems, and includes streamlining workflow, accurate and on-demand data, and increasing patient satisfaction. It works because just like competition is the machine that makes America run, a highly efficient medical billing system is the machine that makes a successful physician practice run.

An efficient medical billing system will increase your competitive advantage.

An efficient medical billing system is comprised of great technology with razor-sharp software used by certified and experienced billing and coding specialists. What characterizes an efficient medical billing system? First and foremost, it enables your practice to optimize profitability through speed.

1. Your billing software is precise and gives your staff command of billing and coding details.

a. Claims are pre-scrubbed to meet payer requirements, leading to fewer denials

b. Accurate, available and timely insurance coverage information is available to patients, increasing their likelihood (and willingness) to pay

2. Your medical billing software gives you a strategic approach

a. You have fully deployed electronic technologies for efficiency

b. You can proactively use denials defense strategies to limit your risk and exposure

c. You have the data needed for your practice to negotiate effectively

3. Your advanced medical billing software helps you with the complexities of managed care contracts

a. You know your contracted reimbursement rate

b. You know if your payment is less than the contracted rate

c. You appeal and receive the remainder owed to you, maximizing your revenue

Slow, information-poor medical billing and reimbursement practices will leave your practice in the dust.

As a result, you spend more time with your patients, and less time untangling an antiquated, inefficient and ineffective medical billing nightmare.

These are the strategies that we employ for our clients. It's not necessarily complex. It's a matter of hiring experienced professionals in command of the complexities of medical billing and reimbursement policies and practices, like the experts at MICI.

It's an understatement to say it's a fast paced world out there. If your practice has not implemented an electronic medical billing system with experienced coders, and if you don't have a highly effective revenue management system, you are behind in the race. Slow, information-poor medical billing and reimbursement practices will leave your practice in the dust. Just think, if your competition is at the front of the reimbursement line with accurately filed claims, where are you?

Optimizing profitability through speed

Your revenue management software should be precise and give your staff command of billing and coding details. It should improve your

revenue flow by increasing the speed with which your claims are reimbursed. How?

- **By providing data and information that will allow them to complete claims accurately**

- **By giving the billing staff immediate and accurate information on a patient's insurance coverage, thereby facilitating payment and/or a payment plan**

    ° **Remember, accurate, available insurance coverage information increases patient pay**

- **By providing continuously updated information on payer requirements and forms**

- **By pre-screening claims for accuracy and payer requirements before submission, increasing the likelihood of payment**

These assets are no longer "nice if you can afford them". You can't afford not to have them as an integral part of your billing and coding system. If you are not quickly and accurately processing claims now, how will you handle the changes coming with ICD-10 in 2015?

Before we move on, let's talk briefly about the fact that increasing patient pay can also increase patient satisfaction.

If at the time of the patient's appointment, your medical billing specialist can tell the patient what their insurance does and does not cover, a shared conversation begins. One-on-one with your staff, the patient understands his/her financial responsibility. Together they can establish a patient pay schedule. Arranging a mutually agreed upon pay schedule before the patient leaves the office will decrease the number of dollars that walk out your office door. It will also increase patient satisfaction.

Patients don't want to be surprised with bills they don't understand or don't expect to receive. Studies have shown that people are more apt to fulfill their payment responsibilities if they clearly understand the costs, are informed of them up front, and feel they have had input into establishing a payment schedule. It's important to implement this simple strategy in your practice, because the big reimbursement world out there is inequitable at best, "unfathomable" at worst, according to one national study*. Patients who understand their payment obligations pay faster.

We know that the claims-payer-reimbursement cycle is antiquated at best.

We also know that each payer has its own timeline for claims intake, processing and reimbursement. The best case scenario? If your claim is perfect it will take time to be reimbursed. The worst case scenario? If your claim is less than perfect it will take forever to be reimbursed and likely will flounder in the rabbit hole of inquiries, denials and appeals. Your revenue can be held up in this bottleneck for months. Meanwhile, any competing practices with efficient revenue management systems are receiving maximum reimbursement in a timely fashion (or as "timely" as it can be), allowing them to add providers to their practice and marketing to increase their patient panel.

Patient pay increases with a mutually arranged payment schedule and fewer $ walk out the door.

Ask yourself the following questions to determine if you have an efficient billing system in place:

1. Does your software inform you of changes in payer claim requirements?

2. Do your claims fit the payer's exact claim specifications? How do you know?

3. Can your medical biller obtain detailed information regarding patient coverage in advance?

4. Does your software streamline workflow for your coding and billing specialists?

If your medical billing system is not providing you with precise information and power packed data, you need a new system. To survive, you need brutal system efficiency with no excuses for delayed payments. MICI stands ready to help.

Every day we work with practices that face challenges just like yours. In fact, we find it takes strategies of military precision to protect your practice and improve your revenue management. We deploy electronic strategies for efficiency and denials defense strategies to limit your risk and exposure.

Reimbursement is not a level playing field

The reimbursement system used by payers is not a level playing field to begin with. Right now the more market power a physician group has, the higher the rates it can receive from private payers. That means that for the same service, the two-physician practice in a rural market is paid less than the 50-physician practice in the next town.

Inequitable reimbursements

The increase in consolidations of hospitals and physician practices has caused the rate of inequitable reimbursements to grow. Large health systems can negotiate higher reimbursements for their physicians because they have a larger market share. As large hospital systems increasingly buy up independent practices, they negotiate higher

rates and that in turn increases the overall cost of healthcare. It also leaves independent physicians and small practices out in the cold when competing for good rates.

There is a rising cry in some corners of healthcare to make physician reimbursements transparent to the public. Theoretically, if the curtain is lifted and the inequalities of physician reimbursements can be seen by everyone, the payers will begin to equalize those payments.

Fortunately, you do not have to wait for that day to come. You can employ strategies that help to ensure that you have maximized reimbursements now, not at some hazy date in the future.

Top dollar from managed care contracts

Managed care contract negotiations are some of the most important revenue-generating exercises you will ever participate in. The payments you negotiate will be a revenue cornerstone for your practice. MICI knows this. That is why we believe that one of our most important client fighting for top dollar in your managed care contract negotiations. We know the negotiation maze well, and we will help you to navigate it as a top performer. You need an expert in payer contract negotiations on your side, armed with effective data.

Your expert revenue management partners support your revenue:

a. They know if your payment is less than the contracted rate

b. They appeal so you will receive the remainder owed to you

It's an inequitable and complex world of payer payments out there.

At the very least, you need to be certain you are getting every dollar owed to you, and an efficient medical billing system will do that. At its best, a great medical billing system will give you leverage with your payers. A powerful system will give you the data, information and precision you need to get the reimbursements your practice deserves.

Technology is the key to unlocking the most equitable reimbursements possible. A strong strategy that maximizes your use of every technology means:

a. You have fully deployed electronic technologies, taking advantage of all state and federal grants and incentives, and any financial support your affiliate hospital may offer, for the adoption of EHR

b. Your medical billing systems give you a strategic approach through precise use of data and continuous updating of information

c. You have complete data available to you as you negotiate with payers for increased reimbursements

We know the record on each individual insurance company and their standard length of time for payment. We hold them accountable to that time.
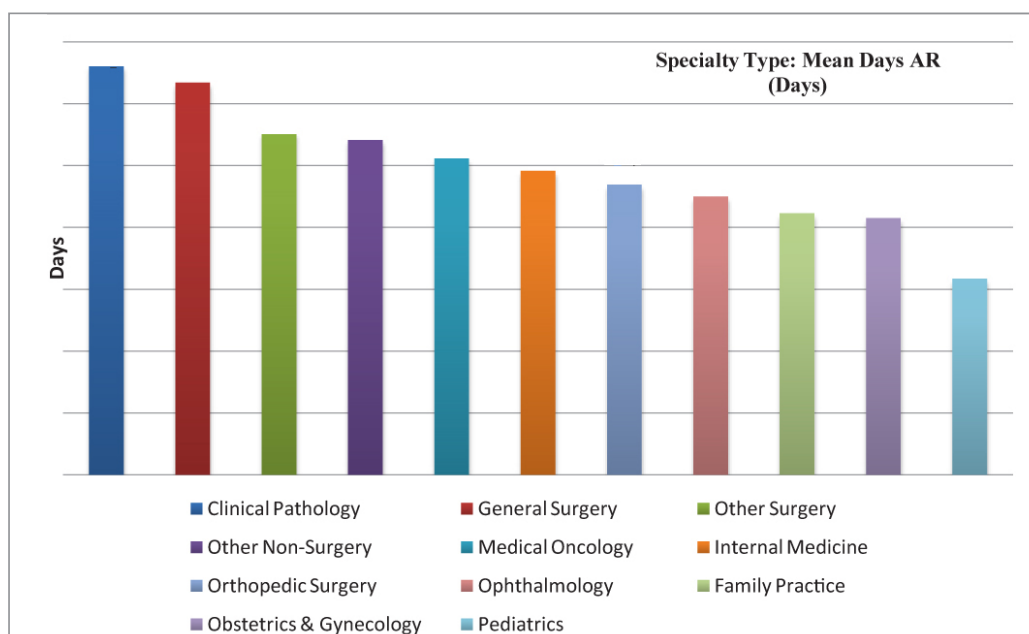
Your technology strategy will deliver the following:

a. An advanced medical billing system that helps you with the complexities of managed care contracts

b. The system reminds you of your contracted reimbursement rate and tracks if that was paid to you

c. Your practice has full access to data as needed to negotiate with payers

Different Specialties, Different Reimbursement Speed

When it comes to inequitable reimbursements, it's not just a problem of small versus large practices, or rural vs. city practices. In fact, it's not just a problem of accurate claim submissions. It's worse. Believe it or not, reimbursement speed differs from one clinical specialty to the next.

The American Research and Policy Institute in Washington, DC conducted a study of insurer payments to physician practices and it found "substantial differences in mean days/accounts receivable across physician specialties" and across different states. In other words, the amount of time in which you will receive payer reimbursement varies according to the state and specialty in which you practice. The report states that "clinical pathology can expect a revenue cycle (approximately 66 days) that is more than twice as long as that of pediatrics (approximately 32 days)." The study also looked at another factor "to determine whether a hospital or physician practice can count

Specialty Type: Mean Days AR (Days)

- Clinical Pathology
- General Surgery
- Other Surgery
- Other Non-Surgery
- Medical Oncology
- Internal Medicine
- Orthopedic Surgery
- Ophthalmology
- Family Practice
- Obstetrics & Gynecology
- Pediatrics

on a given payer to reimburse on a consistent time interval for services delivered." The most consistent reimbursement was for medical oncology and the reimbursement for obstetrics and gynecology was so erratic that the report called it "unfathomable".

Smooth revenue management greases the skids

This brings us back to the competition issue. If inequities in reimbursement are in fact baked into the current system, one of the best ways to combat that is to ensure that your revenue management system is highly evolved and incorporates precise, updated data from precise software. You can't fight "city hall" without power, and data is the power you need. That power will allow you to level the playing field. The right system knows payer timelines and will alert you when follow up is necessary for any individual claim. This is the power you need to keep your revenues flowing quickly, and continuously.

The first line of defense is a solid offense, and that means making the most of the technology in your office. If you do not have electronic medical records (EMR) implemented in your office, don't wait another second. Nearly every recent study conducted says that electronic medical records are the single most important tool in improving the accuracy of claims, and therefore the flow of revenue into clinical practices. We know EMR. We know how to optimize it for your practice.

Competition quickly sorts the playing field of any endeavor. The strong continue on and the weak are left to their own devices. This is also true in today's healthcare market. To thrive, you need smart business acumen and a willingness to change. We believe that with the right support and an intelligent approach to managing practice revenue your practice can be on solid financial footing, leaving you in a position of strength to move forward. After all, we know your mission is to care for the well-being of your patients. MICI is here to make sure you can do just that.

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