

Strategies for Increasing Profit

Efficient practices are your best alternative to seeing more patients.

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For decades, physicians have been faced with the challenge of adapting to declining fees and escalating overhead costs that decrease profit. In an attempt to counteract these two forces, most physicians utilize strategies that are targeted at increasing patient volume. While this can be effective, increased costs can come along with increased volume, and these two combined have a negative impact on both the quality of care and patient satisfaction. It is important to recognize that while the most common tool used to address decreasing profitability is a focus on patient volume, this is not the only strategy that can be effective. Let us take a closer look at other drivers of profitability that should be on your check list when addressing this issue.

Increase Both Patient and Service Volumes

While a focus on increasing patient volume is the foundation of most strategies aimed at increasing profitability, keep in mind that a practice should also be focused on increasing the volume of its services. Typically, a doctor seeing a high number of patients is rushed and, therefore, often focuses solely on “fixing” each patient’s chief concern while overlooking—or putting off until later—the examination and treatment of any secondary complaints. This results in the delivery of fewer services per patient, which, in turn,

can lead to a decrease in patient satisfaction. This is because it is quite common for a patient’s secondary

chronic problem as well. One benchmark you can look to if you want to know how you compare with your

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complaint to be a chronic issue—one which s/he has been putting off for some time. Often, the development of a more acute problem is what prompts the patient to come into the office. Once there, the doctor now has the opportunity to address this

peers in the area of treating secondary complaints is your ratio of CPT codes billed, per patient visit. If this ratio is closer to 1.0 than to 2.0, you are probably not following up on secondary complaints.

Code Correctly

Most studies show that doctors, as a group, tend to be “under-coders.” Some say that they prefer to code conservatively in order to stay “under the radar” for fear of being audit targets. Others simply do not know the coding rules, do not keep up with changes, or fail to take the time necessary to document everything they do for their patients (a must for justifying appropriate codes). The goal is to neither under-nor over-code, but to code correctly. This is what it takes to receive appropriate reimbursement for the necessary services one provides. Since the coding process begins with

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the doctor when s/he marks the diagnosis and treatment at the point of care, there are no excuses for “getting it wrong.” This is one area that is under the doctor’s complete control, and today’s technology can literally put the necessary information for appropriate coding “at the doctor’s fingertips.”

Capture a Larger Percentage of Charges

Doctors would be surprised to learn that most of them fail to capture a significant percentage of the charges for services that they have provided. One of the reasons for this is that rather than marking charges for each patient as they “go along,” physicians often put this task off until later—sometimes much later—virtually guaranteeing that a percentage of billable charges will be delayed, with many “falling through the cracks.” This is the point at which an electronic medical record which simultaneously pulls treatment codes and charges through

errors at check-in and when marking charges, and following up on all claims that are denied or that pay less than expected. Implementation of any of these policies will increase a practice’s collection ratio. Significantly, upon switching to electronic capture of charges at the point of

practices further exacerbate this delay by following a policy of first billing third-party insurances, and then waiting to receive payment before sending bills to patients for their portions of the balance. Insurance payments may be received as late as 90 days following a visit. Imagine a

Mergers offer the opportunity to utilize efficiency principals to maximum advantage.

care (whether through use of an electronic medical record or an electronic superbill), most practices see an increase of at least seven percent in their collection ratios. Calculate what seven percent of your gross billings amounts to, and you can see how profitable the time you spend implementing such a protocol can be—a protocol which will make your entire billing process both more time-efficient and error-free.

patient’s consternation when s/he receives the bill for his/her portion of a visit that occurred more than 90 days earlier. Data from collection services show that when a delay of this length occurs, 28% of the patient’s portion is never collected. In today’s market in which patients pay an ever-increasing portion of the bill, this 28% can represent a substantial sum.

Strategize Your Payer and Service Mix

There is an extremely wide variation in the revenue, per patient visit, that doctors within the same specialty actually receive. While part of this variation is governed by the volume of services rendered, per patient, it is also driven by each practice’s specific mix of payers and services as well as by the rates paid by its negotiated contracts. Reimbursement levels for an identical service can vary, depending on what type of third-party coverage a patient has. Also, each type of service is reimbursed at its own specific rate, reflecting the relative value of that service. Variations among practices in both payors and services are the reason why revenue can vary widely between practices.

Certainly, if you develop a marketing plan, it would make sense to target patients at those companies which reimburse fairly. You could also increase the range of services that you offer. It helps to stay current with new treatments and procedures. You can do this either by attending CME programs and workshops or visiting and collabo-

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out the documentation process can add value. A well-designed system increases the percentage of charges captured. Of course, optimum capture of charges will result only if documentation is completed in a timely manner—ideally, before moving on to the next patient.

Increase the Collection Ratio

Nothing will impact a practice’s revenue more immediately than increasing its collection ratio. No practice collects 100% of what is possible, but most collect substantially below the possible. In addition to the timely documentation and making of charges discussed above, there are many other policies that affect the ultimate collection ratio. Some of these include: checking eligibility prior to patient visits, avoiding data entry

Implement Effective Cash Collection

The percentage of charges that need to be collected in cash from patients continues to increase. The amounts apportioned to both co-pays and deductibles have grown, and some services are simply no longer covered. If prior balances and current co-pays are not routinely collected at check-in, and deductibles, non-covered services, and deposits are not collected at check-out, the percentage of the patient’s portion of the bill that will ultimately be collected declines substantially with each week that passes. Many practices are unaware of the amount a patient owes at check-in or at check-out on the day of a patient’s visit. Delayed collection of this cash guarantees that less will ultimately be collected. Some

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rating with peers who provide services with which you are less familiar. A doctor may also have had little training in any one particular area—such as biomechanics, sports medicine, or wound care. Perhaps, s/he lacks

skill in rearfoot and/or ankle surgery, which are both common in today's residency programs. This doctor has an immediate opportunity to increase the array of services his/her practice can provide by adding an associate to the practice. There are also opportunities in podiatric medicine and surgery

to incorporate ancillary services. While some doctors develop ambulatory surgery centers or incorporate physical therapy into their practices, an even easier place to start is to offer products for sale. This benefits patients who then do not have to go elsewhere to buy these necessary products.

Implement Efficiency Principles

Efficiency improvement has a positive impact on treatment quality, especially as a practice increases in volume and complexity. It impacts revenue and costs, as well as treatment—making efficiency a strategy that can potentially provide the “biggest bang for the buck.” Efficiency improvement offers the broad ability to expand capacity, increase productivity, reduce staffing ratios, reduce errors, and provide doctors and staff with more time to spend in treatment and completing necessary paperwork. The end results of these combined outcomes are greater patient satisfaction, decreased costs, and increased revenue.

Mergers offer the opportunity to utilize efficiency principals to maximum advantage. A large number of podiatric physicians are in practices of one or two doctors, and merging such practices with efficiency in mind offers these practices the immediate ability to spread a larger number of patients over relatively fixed costs. This lowers the average cost-per-patient, which in turn, increases the profit margin for all members of the newly formed group.

Given the fact that making improvement in all of the above areas can significantly increase profit—without requiring doctors to work “harder”—doesn't it makes sense for you to re-examine the efficiency of your processes on an annual basis? **PM**



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