Podiatry During COVID-19: Financially Surviving the Pandemic

These techniques help make a bad situation manageable.

BY MARK TERRY

Although as of mid-June, many states are re-opening, it does not seem as if the COVID-19 pandemic is over. There are as of June 14, according to the Johns Hopkins University COVID-19 dashboard, 7,835,340 confirmed cases worldwide, with 431,141 deaths; and in the U.S., the numbers are 2,081,296 confirmed cases and 115,521 deaths. But for the most part, states are re-opening, largely in attempts to jumpstart stalled economies and to mitigate the financial damage to jobs and businesses.

Lower Capacity, Lines of Credit

As states shut down, podiatric practices, with some variations, found themselves mostly still operating, but at much lower capacity.

For example, Brooke Bisbee, a podiatrist in Rogers, Arkansas, says, "The first month (which in my area began about March 15th or so) was not so bad as we, of course, had monies coming in from the previous 30-60 days (mostly from insurance, but also from patient bills that had been sent out the month prior) and patients were keeping appointments despite what was occurring in other parts of the country."

This is consistent with what other podiatrists have noted. Because of the lag time in insurance reimbursement, while business slowed significantly in the latter half of March and into April, monies were still coming in from the previous two months. In that respect, it was May and June where the real financial deficits were likely to occur, as many practices report patient visits dropping 50% to 75% in March, April, and May.

John Guiliana, DPM, executive vice president of practice management consulting firm NEMO Health, found that with his clients, "it varied from a range of shutting down completely for four to six weeks to seeing just emergency patients and engaging in as much telehealth as possible; all the way up to operating at about the maximum of 80% production. Those types of practices tended to be more the wound care-focused podiatrists. They seem to have weathered the storm better than others, because of the essentiality of wound care compared to general podiatry."

David E. Gurvis, DPM of Avon Podiatry in Avon, Indiana, when asked how the practice managed financially during the height of the pandemic, said, "Pretty poorly, but I survived by immediately obtaining the PPP loan. I saw patients with appropriate screening and mask-wearing in emergencies, which I defined as pain, red, frank pus, inability to walk comfortably (not just my nails are long)."

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Some practices experienced different scenarios due to their size. Lowell Weil, Jr., president of Weil Foot & Ankle Institute in Des Plaines, Illinois and the surrounding area, heads a group of more than 30 podiatrists and 180 employees spread out over several locations. In Illinois, the initial lockdown occurred on March 20. The practices immediately eliminated non-essential patient care, minimizing the number of patients who came in. They also began employing screening processes.

Weil says, "At the tail end of March and even to some degree in April, we were still collecting our A/R from the previous month. In fact, for us, January, February and March, up until then, our revenue was up 20%. As the volume went down, our A/R from current patient visits started to dwindle and they are starting to go away because we stopped collecting it."

One of the things Weil's practice did that is a bit unusual was they drew down all of their line of credit. "And while that may seem a little bit of an aggressive move, for us we didn't feel like it was aggressive because with the uncertainty for the times, we'd rather have the money in the bank paying a little bit of interest than needing it six, eight, or 12 weeks down the road. We didn't want banks to say, 'Well, your financial situation isn't so good.' Or, you know, banks have a certain amount of money and its bigger companies starting to draw down on their lines and

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there's no money left. We wanted to make sure that we had money in the bank. So, we were already sitting on a pretty substantial amount of cash."

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PPP, EIBR and HHS Funds


Cindy Pezza

Although there were, in many cases, multiple government-funded loan programs, the majority of practices appeared to apply for the Paycheck Protection Program (PPP) loans provided by the U.S. Small Business Administration (SBA).

Cindy Pezza, president and CEO of Pinnacle Practice Achievements, a national practice management consulting firm, admits the first few weeks of the SBA programs were confusing and a moving target.

She says, "I took a totally proactive approach because I know doctors were worrying about a million-and-one little things and all the information that was coming out from the state, CMS, or from all these different sources was very confusing. So I used my resources and began doing a lot of research on my own. I began sending out emails, sometimes daily, sometimes multiple times a day, informing my email list of 7,000-some doctors' offices about changes as they were happening with telehealth services or about the PPP."

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Gurvis took the PPP loans and "HHS money, but nothing else. I was prepared to take money from home if necessary, but it didn't come to that thanks to the PPP loan." And because of the PPP loan, he was not forced to lay off anyone.

All physicians should have received an electronic payment as part of the Department of Health and Human Services (HHS) stimulus relief funds. Although there is some criticism over the language and details in the HHS's portal as laid out in the Terms and Conditions, all recipients were required to certify that the practice billed Medicare in 2019, provides or provided services after January 31, 2020, had possible or actual cases of COVID-19; is still participating in Medicare; and that the "payment will only be used to prevent, prepare for, and respond to coronavirus, and that the Payment shall reimburse the Recipient only for health care-related expenses or lost revenues that are attributable to coronavirus."

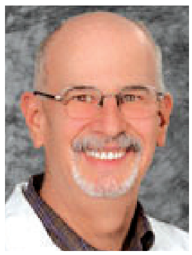
Another source of economic relief was the Economic Injury Disaster Loan Emergency Advance (EIDL) that allowed up to $10,000 to businesses. Few of the physicians interviewed took advantage of this, although Bisbee did, noting, "I was awarded the PPP grant and the EIDL loan (with the emergency grant portion of $9k)." Almost everyone had business interruption insurance but found they couldn't use it because they are not typically applicable to pandemics.

Moving Forward

It would be wonderful if the pandemic was, in fact, on the downside. It appears to be quite different on a state-by-state basis, with states that were hit hardest earliest—New York, New Jersey, Washington, Michigan—generally in a decline, while many states that were relatively unscathed earlier finding themselves on an upswing.

Nonetheless, many podiatric physicians are in the process of normalizing their practices and seeing more patients. So, keeping in mind that a second wave may potentially hit, or that there will be a resurgence in the fall and winter, or, that some other unexpected crisis will affect your practices, what should you consider?

Guiliana believes patient volumes are going to be slow to return. "Number one, for quite some time to come, there's going to be this public fear of the virus, so patients are not going to come out electively as much as they did in the past. Number two, people have been economically hurt by this, so there's going to play out what's known as the Paradox of Thrift, which economically means people are not going to be as aggressive consumers as they were in the past." What that means for podiatric physicians is they need to prepare for lower patient visits.


Dr. Gurvis

Comprehensive Patient Care

Guiliana's first suggested strategy is to "really rethink and reinvent your practice to be as comprehensive as possible. We can no longer simply focus on the chief complaint of the patient." Guiliana gives an example of dentists, who not only clean your teeth or take care of a specific tooth problem, but also conduct a full exam to look for anything that is "subclinical" the patient may not be aware of. In addition to increasing patient visit value for the practice, it's "going to be beneficial to the patients, as well," Guiliana notes.

Patient Care Coordinator

Pezza suggests a kind of practice restructuring that involves appointing

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a patient care coordinator. The idea is that with limits on the number of patients who should be waiting in a waiting room—because of social distancing practices—and because new patients are both the most time-consuming patients but are the life blood of a healthy practice, someone needs to handle the behind-the-scenes work.

“This new patient coordinator idea is, basically, you call a podiatrist with a problem and you make an appointment,” Pezza says. “The receptionist tells you that in order to limit your contact with other patients and other staff members and to expedite your visit, you’ll be required to have a pre-visit interview just like when you do for same-day surgery. So you have a 15-to-20-minute phone call ahead of your visit where everything is entered into the electronic health record and the reason for the visit is all triaged and entered. By the time the patient gets to the practice, the practice would already have identified the insurance coverage, deductibles, and be able to tell the patient what they’re going to owe at the time of their visit. Then they come in, sign their consent and HIPAA policy forms, pay their co-pay, and they’re immediately taken back to the treatment room.”


Dr. Weil, Jr.

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Improve or Develop Relationship with Your Accountant

Bisbee notes that her practice is pretty fine-tuned, with fewer than 2% of claims unpaid by 90 days after the visit, and has been collecting copays or the entire office visit at the same time of service for seven or eight years, which was a huge step in keeping down A/R and collections.

“Otherwise,” he says, “my three absolute biggest aides in this process were my banker, my accountant, and my national association—APMA! Lots of folks speak to their accountant once or twice a year and don’t have a personal banking relationship—these are two folks that every business owner should talk to on at least a monthly basis. Having them guide me along and be accessible on email and text, and the calls were so calming. If you don’t have an accountant that specializes in small professional practices such as medical/dental/chiropractic, get one now!”

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Consider Partners or Larger Group Practices

Perhaps not surprisingly, given that he is running a very large group practice, Weil says, "I think that the individuals, the small individual doctors, probably had the hardest time. I think when doctors band together, when they collaborate and work with like-minded people, it can be easier."

He points out that most physicians don't understand business and are trying to navigate patient problems while dealing with frontline workers and all the various aspects of small business ownership, dealing with employees, leases, accounts payable, and accounts receivable and so on."So people don't have to go out alone," Weil says. "There are opportunities to do things and find others to collaborate with and work with."


Dr. Guiliana

"It may seem a bit simple to say, but people need to relax and stress less—all stress does is make you and others around you cranky and shorten your life."—Brisbee

Think Through Your Changes

With a bad quarter (at least) and a likely drop in patient volumes, tightening your belt makes a lot of sense, decreasing your practice's bottom line and re-evaluating vendor contracts, leasing arrangements, and reconsidering some of the practice's "luxuries," if you have any. But make sure that the changes you make don't cause more long-term damage.

For example, Guiliana says, "If you aggressively cut your staff because it's a fairly large business expense, that's possibly going to be adverse to getting your practice out of hibernation and getting it moving forward as volume does return."

At the same time, Pezza notes that with the PPP loans, many physicians had to take a harder look at their payroll and discovered employees were milking overtime. It's possible there are other issues involved at your practice besides number of staff that can affect your biggest costs.

Disaster Planning, of Sorts

Typically, physician business owners had some level of a disaster plan to cope with possible issues, such as fire, earthquake, and hurricanes, depending on where they were located—pandemics, probably not. And it's hard to say whether, once this pandemic is over, practices will be preparing for another one or not. Perhaps, preparing for "anything-unexpected-including-recession/depression-and-loss-of-income" might require a different creative mindset.

Pezza, along those lines, suggests that you call your insurance companies, both personal and professional. "Call your insurance company and ask when was the last time they did a cost comparison for you? Look hard at your carriers. Try to understand the policies so you know what is being covered and what isn't. You don't always realize what you're paying for if you're not paying attention."

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Where Are We?

The COVID-19 pandemic, if anything, showed that unexpected things happen. It's impossible to prepare specifically for every crisis or bad scenario, but there are certain key business practices that can make weathering any future storms more likely—running lean, keeping overhead under control, not leaving money on the table, being agile and quick in your decision-making practices, and having a cash reserve or accessible line of credit.

Guiliana notes that the first phase of dealing with the pandemic was protecting cash flow, such as the PPP loans. "The second phase is rethinking about how to get your practice out of hibernation—are you doing the marketing you should, sending newsletters, social media, engaging with telehealth to keep patients engaged?"


Dr. Bisbee

He goes on to say, "The third phase is where I think we are now. We're flattening the curve, people are relaxing their social distancing and re-entering as consumers, but it's going to be extremely slow. This third phase is where I really believe doctors have to practice differently because of the patient volume dilemma. If we focus on the third phase, it's about practicing differently, continuing doing the marketing, working your A/R to keep the cashflow up and containing nonessential costs."

Bisbee adds, "It may seem a bit simple to say, but people need to relax and stress less—all stress does is make you and others around you cranky and shorten your life." **PM**

Mark Terry is a freelance writer, editor, author and ghostwriter specializing in healthcare, medicine and biotechnology. He has written over 700 magazine and trade journal articles, 20 books, and dozens of white papers, market research reports and other materials. For more information, visit his websites: www.markterry-writer.com and www.markterrybooks.com.