Private Equity, Group Practice, and Choosing the Best EHR "Partner"

Value trumps price as a selection criterion.

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Private equity investment in healthcare is nothing new, yet its long-term impact on healthcare is still unclear. But what is clear is that healthcare is being consolidated. From hospital mergers to private practice acquisitions, providers are actively engaging in deals to improve their market, enhance their profitability, provide a better quality of life for themselves, and arrive at a reasonable exit strategy.

Private equity firms and podiatry acquisitions could provide a favorable exit strategy for many practices. Some podiatrists may be skeptical about this strategy, but others are receptive. Acquisitions are increasing in pace and volume throughout the country, and there are several reasons. Benefits that a podiatric practice may see with outside private equity investment include improved billing and administrative efficiencies, IT adoption, market expansion, and increased profits due to economy of scale.

While there are many fundamentals to consider during practice "roll-ups" and consolidations, an important consideration involves using a cohesive technology platform designed to provide efficiencies, reporting, and data that can be leveraged to assist in understanding provider behavior and the goal of cost-effective, comprehensive quality care.

The Ideal Group Practice Technology Platform

To maximize the goals associated with private equity investments, centralization of the clinical, financial, and operational aspects of the practices is essential. This may necessitate the use of an all-in-one cloud solution that works to improve communication, collaboration, and visibility.

Naturally, the solution should be podiatry-specific and include podiatric medical content that helps create comprehensive chart notes. As providers document, the technology should capture the level of risk, medical decision-making, review of systems, and MIPS measures without adding lots of time or clicks. Using this data, it should suggest ICD-10, CPT and modifier codes, auto-generate suggested notes and bills, and display estimated MIPS scores. This can help physicians document to support their coding levels and finish charting before the patient leaves. Additionally, the software should allow for the creation and sharing of cohesive clinical protocols to support providers in optimizing uniform patient care.

To keep patients satisfied and involved in their care, the ideal technology should offer robust tools that can help the team save time and improve patient satisfaction. These tools should include a fully functional and easy-to-use patient portal, automated patient reminders to reduce the "no-show" rate, kiosk capabilities, and patient surveys.

An ideal group practice technology should provide the administrator with a 360-degree view of the organization's health. An interactive analytics platform should use structured data to provide actionable insights, allowing for a mix and match of key filters that drill down from enterprise

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to patient level and compare outcomes with peers in near-real-time. This will allow the organization to potentially improve operations and lower costs.

Identifying and Benchmarking Key Performance Indicators

An essential function of the ideal technology is to provide a high-level analysis of the group's strengths, weaknesses, opportunities, and threats (SWOT Analysis). This analysis should include operational, clinical, and financial metrics.

From an operational and financial perspective, a group needs technology that is capable of evaluating productivity by provider, location, and CPT or ICD-10 code, computing each provider's average per visit revenue (PVR), learning which referring physicians contribute most to the bottom line, tracking referrals, and more.

The CEO and administrator need access to charges, payments, and adjustments by payer group, and they need to be able to monitor key performance metrics to detect potential revenue gaps. The software should help spot trends in reimbursements before they can affect the practice's cash flow, and it should track accounts receivable aging.

From a clinical perspective, the technology needs to identify specific patients lost to follow-up for high-risk diagnoses (such as diabetic foot care), analyze the clinical and financial impact of treatment decisions over time, and evaluate how costs and outcomes compare to national benchmarks. It is also important to identify providers who are potentially underperforming, and examine which codes and modifiers the providers use more or less than their peers. The platform should also support compliance with MACRA initiatives and participation in MIPS.

Revenue Cycle Management

The ideal group practice EHR is a fully integrated system comprised of charting, scheduling, and practice management/billing platforms. While revenue cycle management should be optimized through the use of advanced technology containing artificial intelligence, large groups tend to favor outsourcing the somewhat complicated task of complete revenue cycle management.

Why outsource billing? As economic pressures gain a grip on medical practices and stress their resources, addressing the concept of "opportunity cost" becomes instrumental. In microeconomic terms, an opportunity cost is the cost of an alternative that must be foregone in order to pursue a certain action. Examination of opportunity costs reveals the benefits you could have received by taking an alternative action.

Medicine is rapidly becoming a hybrid of medical care (patient care) and non-medical care (business management, billing, etc.). Unfortunately, unless resources are unlimited, we cannot devote time to one without sacrificing time devoted to another. That is the applicable opportunity cost.

Performing in-house billing often comes with a large opportunity cost. When resources are used to tackle claim processing and its ever-increasing challenges, there is a diversion of those same resources from other important tasks. As the labor market tightened in response to COVID-19, those practices that have chosen to outsource revenue cycle management may be less likely to experience cash flow-related issues caused by stretched billing resources. The ideal group practice EHR should offer full-service revenue cycle management, performed by billers who are experienced in podiatric billing.

Your Group's EHR Decision and Price Versus Value

While electronic health records contribute to the cost of running a medical practice, when comparing one software system to another, the marginal utility or value (additional value achieved) must be considered over and above the price when evaluating an alternative. As consumers, we frequently get "hung up" on the price of something. Instead, by focusing on the marginal value that the decision might bring, the actual cost of an item could potentially be muted... and could even approach a cost of less than zero!

Often, providers make decisions solely based on price and not value. When we ignore value, the cost of the software provides no additional benefits over another competing choice. The software perceptually becomes a fungible commodity, with one choice being equal to another. But in today's world of advanced technology, that's simply not the case. You MUST evaluate marginal value.

No two electronic health record systems are the same. Instead of focusing solely on price, you must ask yourself some questions when evaluating a potential change:

1) Will the change allow for less, very costly resource exhaustion? This added value may allow you to redeploy staff towards more revenue-generating opportunities or perhaps even streamline your payroll.

2) Will the change allow for more efficiency in the charting process? This added value may allow you to spend more focused time with the patient or improve your quality of life.

3) Will the change allow for the incorporation of other important processes for which you are currently missing or paying for separately? This added value has a direct financial impact on your practice since it eliminates some of your current costs or allows for missing tasks that can improve your revenue.

A group's choice of electronic health records is as important as choosing a partner. Vendors can vary between those who provide a one-size-fits-all platform for a variety of specialties, and those who deliver robust specialty-specific content, with an "open ear" towards the development and evolution of the content as the podiatry profession continues to change. That's a true partnership! **PM**

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