



Reduce Errors to Speed Your Processes and Reduce Your Costs

The key to solving this problem is to prioritize it.

BY JON A. HULTMAN, DPM, MBA

The front desk of a busy medical practice can appear chaotic—often resembling complete pandemonium. On a typical day, patients are waiting in line to speak with the receptionist who is checking people in, answering the phone, and making return appointments—all at the same time. For most practices, this “check-in” area is the point at which all patient demographic and insurance information is entered into the database and where many errors occur. The concurrent phone distractions and “in-person” interruptions experienced by the data entry person send the odds for making mistakes soaring.

“Small” mistakes made at the front desk are generally tolerated because they are seen as an unavoidable consequence of this turmoil. The problem with tolerating this imprecision is that these small errors compound over time, and later, many man-hours are required to “find and

fix” them. This “fixing process” creates a delay that results in lower collections and a “need” to increase staff. While no process is ever 100% error-free, these high error rates should never be accepted as “nor-

fixing problems, whereas companies operating almost error-free (6 sigma) spend less than 5% of their revenues performing the same tasks. The excessive costs associated with the time spent finding and fixing errors in a

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mal.” With proper focus, the number of errors made at the front desk can be reduced, resulting in a dramatic impact on both the quality and profitability of a practice.

Errors and Revenue

Research has shown that companies operating at a one to five percent error rate (3-4 sigma) spend 25% to 40% of their revenues finding and

medical practice are generated by the necessity to increase staffing ratios (costly payrolls) and the resultant decrease in time available for staff to perform productive tasks. This all ultimately results in lower profit.

These errors at initial contact create extreme variance in the length, cost, and end result (collections) of the billing process. When patients

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check in, the ideal is for demographic and insurance information to be input correctly. This can be performed by staff, but, alternately, patients themselves can enter data directly into tablets in the reception room—or at home on computers, with staff subsequently confirming all input.

At check-out, staff collect patients' co-pays and submit insurance. When information has been submit-

resulting in insurance payments that are never received.

Error rates typically increase as a practice becomes busier. Because billing staff's first priority is to "stay current" (focusing on the ever-growing number of today's claims), the increasing "do-over pile" is tackled only when staff feels "caught up." The typical practice eventually hires more personnel to deal with this growing backlog. The size of the staff hired to tackle this problem can become needlessly large—especially in

leading to increases in both patient satisfaction and collections.

Improving our error rates in order to improve the quality of our practices and increase our collections will only happen when improving them becomes a high priority. Lowering these rates requires that doctors create new reports for measuring the number and sources of errors in their practices. Without such reports, there is no way of knowing what a practice's error rate is, where the errors are occurring, and whether their number is increasing or decreasing. As quality management guru W. Edwards Deming once said, "Without data you're just another person with an opinion."

As noted, the majority of data input errors can be avoided by providing front desk staff with sufficient time to enter information correctly and to double check for omissions. Additional time can be created in multiple ways. As mentioned earlier, one way is to cross-train staff. Another is to have patients input their own data in the office on tablets, or at home on computer, before arriving for their appointments. Such strategies can reduce the number of interruptions and eliminate unnecessary tasks. If you are considering an increase in your number of "front office" staff, you should focus on positions at the initial point of check-in—those who can help to avoid errors, rather than "downstream"—those needed to find and fix them. When errors are decreased at the "front end" of the billing process, backlogs are reduced, and the cycle time is significantly shortened, resulting in better cash flow and higher collections. With error data on hand and error prevention as a priority, a practice can reduce the "big effects" of "small" errors. **PM**



Dr. Hultman is Executive Director, California Podiatric Medical Association, President, Medical Business Advisors, specializing in practice evaluations, valuations, and mergers. He is the author of *Reengineering the Medical Practice* and *Medical Practitioner's Survival Handbook*.

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ted accurately, the practice receives payment in a timely manner. This flow is ideal because it includes only a few steps. With accuracy, the practice's collection ratio will be optimum, staffing ratios can be kept low, and little backlog will develop. When a mistake is made, however, this ideal process is disrupted. The initial mistakes made during the input of demographic and/or insurance information are compounded at check-out when front desk staff do not have the necessary (or correct) information to collect co-pays and submit insurance forms.

As a result, 1) claims are rejected, 2) rejected claims are set aside for follow-up, 3) patients' charts are later retrieved, 4) errors or omissions are identified, 5) patients are contacted to obtain correct or missing information (which can require leaving messages, often resulting in a lengthy process of phone tag), 6) accurate information is retrieved, 7) correct data is re-entered, 8) insurance forms are re-submitted, 9) invoices for co-pays are mailed, and finally, 10) correct payment is received. What is potentially a three-step process, completed in one day, can easily become ten steps, extending over many weeks. This delay lowers collections and creates a need to hire more staff. The possibility exists too that errors or omissions may never be identified,

group practices. This is an unnecessary cost you want to avoid.

Alleviating the Inefficiency

How can we alleviate this potential inefficiency and reclaim the consequential lost profit in our practices? A friend of mine who works for Hughes Aircraft once told me that when something was done incorrectly at Hughes, the engineers would say, "There is never time to do it right, but always time to do it over." This statement hints at our own "error problem" as well as its solution. As doctors, we know it is better and less expensive to prevent disease than it is to treat it. We need to address the clerical errors in our practices using this same principle.

When we afford staff sufficient time to enter data correctly and check for errors at the initial point of contact—before moving forward (e.g., such as cross-training back office staff to help schedule return appointments), we, in turn, save costs created by the copious amount of staff time required to later find and fix mistakes. This also eliminates the concurrent delay in billing created by these mistakes, leading to higher collections. A practice must hire and/or cross-train a sufficient number of staff to handle the front end of the check-in process effectively. This will prevent errors and avoid backlogs—