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**Physician Employment: Lessons Learned for
Successful Integration**
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Session Goal

Encourage an interactive session
whereby we actively engage and
learn from the diverse
experiences of one another and
share best practices



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Learning Objectives





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Learning Objectives

- Ascertain the priorities and critical success factors for physicians contemplating employment
- Identify the keys as well as potential pitfalls to a successful physician integration implementation

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Learning Objectives

- Articulate the planning necessary for an effective MD revenue cycle management function
- Recognize the value and importance of selecting the right partner to manage physician billing, follow-up and reporting


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Objective # 1

- Ascertain the priorities and critical success factors for physicians contemplating employment



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Who does employment appeal to?


- New/Recent Graduates
 - 80 hour work week
 - Work/life balance
 - Salary guarantee
- Senior Physicians
 - Been there, done that
 - Reduce administrative responsibility
 - Multi-year (guarantee) contract



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Who may employment not appeal to?

- Mid-Careerists
 - Independence/autonomy
 - Uniformity/conformance
 - Create own destiny
 - Extremely productive, well rewarded
 - Retirement/deferred compensation concerns
 - “One foot in, one foot out”



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Engage In Transparent Negotiations



- Earn trust by being honest and forthright
- Ascertain physician priorities early-on
 - Don't assume, may be different than you may initially think
- Be consistent and avoid (minimize) "one-offs"
- Beware of the "grapevine"
- Employ "collaborative problem solving approach"
 - Identify and work through each party's concerns



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Engage In Transparent Negotiations (cont.)



- Articulate and communicate clear and understandable expectations that are measurable and actionable
- Avoid the "We" and "They" trap/phenomenon



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Priority: Compensation

- “Past performance is not necessarily indicative of future results”
- Conduct appropriate and thorough due diligence
 - Compliance policies and procedures
- Align expectations and incentives/”up-side”
- Clear methodology for incentive that aligns and balances the interests of the parties
- Legal and compliance considerations



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Priority: Physician Benefits

- Health insurance
- Disability insurance
- Transportation/auto
- Long-term care insurance
- Malpractice coverage (tail)



Priority: Retirement

- **Types of Retirement Plans**
- [Individual Retirement Arrangements \(IRAs\)](#)
 - [Roth IRAs](#)
 - [401\(k\) Plans](#)
 - [403\(b\) Plans](#)
- [SIMPLE IRA Plans](#) (Savings Incentive Match Plans for Employees)
- [SEP Plans](#) (Simplified Employee Pension)
- [SARSEP Plans](#) (Salary Reduction Simplified Employee Pension)
- [Payroll Deduction IRAs](#)
- [Profit-Sharing Plans](#)
- [Defined Benefit Plans](#)
- [Money Purchase Plans](#)
- [Employee Stock Ownership Plans \(ESOPs\)](#)
- [457 Plans](#)
- [409A Nonqualified Deferred Compensation Plans](#)



Priority: Current Staff Members


- Physicians are very loyal to their staff
- Review staff complement
- Describe supervision and reporting matrix
- Discuss compensation and benefits structure
- Explain merit review and bonus potential
- Disclose union/collective bargaining rules
 - Recruitment procedures
- Overall staffing philosophy (**discussed later**)



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Additional Priorities

- Space requirements
 - Office
 - Clinical
 - O/R and Procedural
- Block time (if applicable)
- Capital budget items
- Equipment preferences



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Objective # 2



- Identify the keys as well as potential pitfalls to a successful physician integration implementation




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Keys for Success



- Initial and sustained engagement
- Draft competitive compensation plan that aligns interests
- Transparent and honest communication
- Clearly articulated and mutually agreed to expectations
- Systematic and regular feedback utilizing accurate data, preferably in real-time
- Meaningful reporting, strike the right balance
 - Dashboards
- Provide necessary administrative/practice management support

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Keys for Success

- PROJECT PLAN, PROJECT PLAN, PROJECT PLAN
 - Articulate integration steps in a very detailed manner with assignment teams and deadlines
 - “Operational” teams must be included
- Business Development Function
 - Key partnership with practice management function and/or administrator of recruitment area
- Six-month lead time (as much time as possible)
- Three-prong credentialing approach
 - State Licensing Requirements
 - Hospital(s) Credentialing
 - Governmental and 3rd Party Payors

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Keys for Success (cont.)



- Establish protocols up-front for “asks”
 - Additional staff
 - Equipment and supplies
 - Capital items
- Staffing requirements
 - May be different in an “employed model”
 - Anticipate higher workload (administrative and clinical)
 - Careful budget planning/consideration
- Logistical Planning
 - Office space
 - Clinic session space
 - O/R block time (if applicable)




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Keys for Success (cont.)

- Marketing - Internal
 - Intranet
 - Welcome profile “cards”
 - Emergency room introductions
 - Faculty meetings
 - Collaborative/ multi-disciplinary opportunities
- Marketing – External
 - Internet site updates/profiles
 - Network development
 - Referring physician communication
 - Patient access

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Compensation Plan (Strategic)

- Salary and Benefit Structure
 - Competitive salary, but provide an up-side
 - FMV
 - Survey Instruments, MGMA, AAMC, etc.
 - Clearly articulate expectations
 - Examples, 10% bonus
- Incentive Plan Design
 - Incentivize providers
 - wRVU's, outcomes/quality, patient access, lag time, medical record completion, citizenship etc.
- Transparent data that is accurate and timely





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Establish Compensation Plan that is “Fair” and Provides Incentives

- “Past performance is not necessarily indicative of future results”
- Conduct appropriate and thorough due diligence
 - Compliance policies and procedures
- Align expectations and incentives/“up-side”
- Clear methodology for incentive that aligns and balances the interests of the parties
- Legal and compliance considerations (FMV)

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Employment Agreement

- Four corners (don't assume)
- Trust, but articulate mutual commitments and expectations
- Outline compensation (base and incentive calculations, benefits, compliance, intellectual property, A/R, etc.)
- Legal and compliance considerations
- Non-complete (if applicable)
- Termination clause

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Physician Engagement



- Governance and decision-making
- Committee involvement
- Network development
- Satellite opportunities




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Potential Pitfalls

- Communication gaps
- Hire just to hire (buying spree)
- Under-valuing cultural integration issues
- Hospital expectations/bureaucracy
- Protocols and procedures
- Making assumptions/avoiding issues
 - “What do you mean, I can’t use my billing company?”

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Potential Pitfalls (cont.)

- Infrastructure challenges (practice management)
 - “Chicken or the egg”
- Failure to listen and fully understand physician priorities
- Treating physicians as “employees”
- Erosion of communication following contract execution



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Moving Forward: Additional Data Analysis





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Make Reasonable Volume Projections

- Be careful when reviewing prior year's volumes
- Different model may yield different volumets
- Conduct appropriate and thorough due diligence
 - Compliance policies and procedures
- Align expectations and incentives/"up-side"
- Clear methodology for incentive that aligns and balances the interests of the parties

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Volume Projections (cont.)

- Payor Mix
 - Shifts and trends
- Analyze and set schedules
 - Surgical OR and clinic considerations
 - Provide the necessary space to practice
- Factor in PTO (could be a new concept to MD's)
- Loss of ownership/employee impact

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Transparent Negotiations & Ongoing Dialog

- Earn trust by being honest and forthright
- Ascertain physician priorities early-on
 - Don't assume, may be different than you may initially think
- Be consistent and avoid (minimize) "one-offs"
- Beware of the "grapevine"
- Employ "collaborative problem solving approach"
 - Identify, respect and work through each party's concerns



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Objective # 3



- Articulate the planning necessary for an effective MD revenue cycle management function

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Revenue Cycle Planning

- Private practices have wide disparities of sophistication and performance
- Discuss and agree on decision-making process for revenue cycle activities/vendors
 - Billing, coding and clearinghouse vendor
 - “Local or centralized control” of front-end, eligibility, demographics, referral and authorization management
 - Charge posting/capture, contract management
- Carefully review billing and compliances policies and procedures
 - Notes (signed), lag time, audits





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Coding and Compliance

- Invest in a robust coding and compliance program
- Educate providers and administration on specialty specific coding requirements and opportunities
- Provide tools to promote increased accuracy
- Enhance charge capture, bill for services provided

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Automation and People

- Balance the two, neither is a substitute for the other
- Automation is an effective tool when used correctly and the data is appropriately **acted** upon
- **Manage** the output and make informed decisions

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Administrative Support Structure

- Establish administrative structure based on mission, vision, goals and objectives
- Practice management leadership
 - Administrator compensation model
 - Balance interests system and practice
 - Build collaborative working relationship
- Balance competing interests such as customer service and financial constraints
- Answer the question, “What is best for our patients?”

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Staffing – “Think Differently”

- Think “outside the box” when it comes to recruitment
- Have to do more with less
- Learn the fundamentals, “blocking and tackling”
- Opportunity for growth and development
- Accept and embrace “positive turnover”

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Staffing Assignments

Specific MD Assignment v. Decentralized Assignment

Advantages	Ownership/Accountability Patient Coordination MD Relationship/Synergy Principle Point of contact Big Picture	Subject Matter Experts Economies of Scale Consistency Training
Disadvantages	Training Variances "Expert" in Everything Absence Management Succession Planning	Less Ownership Patients Get "Lost" Disconnect with MD High Turnover

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Customer Service

- Face of the practice
- Key business development tool
- Word of mouth
- Customer service aligns with overall personal performance
- Customer service influences practice performance

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Plan Ahead –Revenue Cycle Begins Prior to Start Date

- Focus immediately on credentialing
- Credentialing variables
 - Experience, “previous issues” and time of year
- Facility credentialing
- 3rd party payor credentialing
- Avoid paying idle physicians
- MD and staff coding and compliance training
- On-going audit and education (frequency based on results)

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Appointment Scheduling & Registration

- Key strategic decision
- Practice level v. centralized scheduling
 - Competency requirements
- Surgical and medical nuances
- Customer service implications
- Revenue cycle impact

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Demographic Procurement

- Obtain traditional information at the point of schedule
 - Gather cell phone number(s) and e-mail addresses
- Demographics are good for “one encounter at a time”
- Update continuously otherwise garbage in, garbage out leads to a substantial increase in denials
- Confirm eligibility
 - Early and often
 - Obtain financial waiver
- Review, understand, and obtain patient co-payments and deductibles in a timely manner
- Have fees available to patients

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Referral/Auth Management

- Explain process and expectation regarding payment to patient
 - Create educational material for the patient
- Initiate immediately at the point of scheduling
 - Understand leverage
- Involve patient when necessary and appropriate
- Understand and be pro-active on medical necessity
- Elicit participation from clinical partners

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Capture All Encounters

- Establish processes to effectively identify and bill all encounters
- Perform charge audits
 - Review schedules
 - Every procedure
- Meet 3rd party designated deadlines

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Point of Service Collections

- Utilize front-end staff for collection efforts
- Prep outpatient clinics to include outstanding patient balances
- “Ask” for payment
- Increase collections, reduce collection costs
 - Repeated statements, postage, staff time, etc.

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Track and Analyze Lag Time

- Provider Dictation
- Coding
- Charge Entry
- Review/Audit
- Claim Review

<u>DOS</u>	<u>Dictation</u>	<u>Coding</u>	<u>Charge Entry</u>	<u>Charge Audit</u>	<u>Claim Scrubber</u>	<u>Total Lag</u>
1-Aug-14	2-Aug-14	5-Aug-14	7-Aug-14	8-Aug-14	9-Aug-14	8 Days

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Objective # 4

- Recognize the value and importance of selecting the right partner to manage physician billing, follow-up and reporting





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Selection Process

- Identify key stakeholders for selection process
- Prepare a RFP with input from MD's
- Draft and communicate goals and objectives early and often
 - Be explicit, do not assume, especially regarding staffing
 - On-site staffing alternative
 - Out provision
- Coding discussion
 - In-house or outsourced
 - Controls, monitoring, audits, appeals

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Selection Process

- Disclose corporate policies and procedures
 - Medical records restrictions
 - Coding, compliance, credentialing, etc.
 - System (PMS) requirements
 - Collection philosophy
- Review and discuss required and necessary interfaces

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Selection Process

- Sometimes “it’s better to be a big fish in a small pond”
 - Be the “priority client”
 - Require individual attention
 - “Know” the organization you are trusting with your revenue and more importantly your customers/patients
- Review vendor expertise and performance
- Key understanding of specific specialty(s)
- Culture synergy
 - “6AM updates”
- Screen and “approve” your designated client manager

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The Contract Negotiation

- The contract must outline key terms that will drive performance and achieve optimal outcomes
 - Four corners
 - Compensation/fees
 - Term/exit parameters
 - Negotiate an out provision
 - Staffing requirements
 - On-site and off-site
 - Communication methods and schedules
- Focus on terms that hold each party accountable to for their performance within the revenue cycle, i.e. BOTH front-end and back-end as they are not mutually exclusive

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Coding Discussion

- Effective coding significantly impacts the revenue cycle
- Coding is generally a key discussion topic
 - Internal, external (add'l 3rd party) or billing vendor
- Compliance, accuracy, and effective auditing
- Key discussion topic with regard to modifier usage and denials management
- Coding system review and timeline for response
- Legal implications on the practice/institution

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Fee Discussion

- Experience dictates, you get what you pay for...
- Percentage of collections
 - Existing A/R v. New A/R
- Menu of services
 - Insurance eligibility/patient registration
 - Referral and authorization management
 - Charge entry and payment positing
- Carve-outs
 - Self-pay, International, etc.

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Fee Discussion

- Expenses
 - Statements
 - Postage
 - Collection activities
 - System licenses
 - Maintenance fees

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“The Hand-off”

- Identify timeline
 - Generally 3 to 6 months planning and execution
 - Contract/notice provision
- Key variables impacting transition
 - Current state
 - Data integrity
 - Lockbox “location”
- Accounts receivable
 - Start fresh or assumption of current A/R

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Establish Successful Partnership Attributes

- Active management of the relationship
 - Outsourcing does not alleivate the need to manage
- Identify account manager, principle points of contact
- Establish a clear chain of command
- Set explicit communication and reporting requirements
 - Method, frequency and with whom
- Establish schedule of administrator/MD meetings

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Engage Partner, Now What?


- Key questions to address:
 - How are appeals managed?
 - Who is responsible for what?
 - What is the flow of information?
 - What is the frequency of information exchange?
 - How is the exchange documented?
 - What is the system accountability and who lead the effort?

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Monthly Reporting

- MD's are extremely data driven
- Data impacts behavior and accountability
- Identify key reporting metrics
- Report monthly
- Meet at least quarterly
- Utilize reports for identifying opportunities and to drive continuous improvement

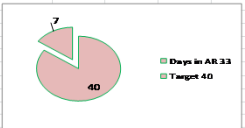


Monthly Dashboard

	Budgeted	Budgeted	Actual	Actual	Variance	Variance
Jan 2015 - Dec-2015	MTD	YTD	MTD	YTD	MTD	YTD
Patient Revenue	\$400,000	\$3,200,000	\$307,230	\$3,057,027	-\$92,770	-\$142,973
Patient Charges	\$175,000	\$1,400,000	\$239,365	\$1,919,048	\$64,365	\$519,048
Patient Adjustments	\$227,000	\$1,796,000	\$214,532	\$2,118,906	-\$2,468	\$382,906
Receipts & Adjustments	\$302,000	\$3,136,000	\$453,917	\$4,057,954	\$161,917	\$901,954
Collection Percentage	98.00%	98.00%	147.74%	105.22%	49.74%	7.22%
AR Change +/-	\$8,000	\$84,000	(\$146,007)	(\$200,328)	(\$146,007)	(\$200,328)
			77.91%	59.91%		

Days in A/R

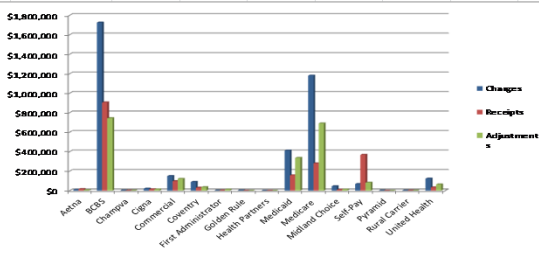
Days in A/R	33
Target	40
Variance	7



Days in A/R

Days in A/R	33
Target	40
Variance	7

YTD Charges, Receipts & Adjustments by Insurance Company



EDM Distribution - Consult & New Patients



Cat Code	YTD-Pat.	% Pat.	Target %	Variance
99201	0	0.00%	5.00%	-5.00%
99202	103	7.63%	27.00%	-19.37%
99203	240	17.78%	35.00%	-17.22%
99204	959	74.00%	10.00%	64.00%
99205	8	0.59%	3.00%	-2.41%
Totals	1350	100.00%	100.00%	0.00%

EDM Distribution - Return Patients

Cat Code	YTD-Pat.	% Pat.	Target %	Variance
99211	0	0.00%	5.00%	-5.00%
99212	161	4.18%	27.00%	-22.82%
99213	3,004	77.97%	35.00%	42.97%
99214	683	17.78%	10.00%	7.78%
99215	3	0.08%	3.00%	-2.92%
Totals	3853	100.00%	100.00%	0.00%

SHOW RATE

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Target	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%	96.00%



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Keys to Outsourcing Success

- Outsource does not mean ignore
- Establish and agree to billing protocols
- “System” of communication
- Culturally comparable
- Ownership and accountability is staple of partnership
- Relationship/partnership must be actively managed

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Takeaways

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Session Recap/Key Takeaways

- Successful MD acquisition begins with transparent communication, ascertaining MD priorities, pro-active planning and establishing an appropriate infrastructure
- Effective dialog will yield the keys to success and potential pitfalls providing the necessary foundation for a sustained and long-lasting integration
- Facilitating continuous revenue cycle improvement through effective reporting and analytics and “active” management of the “process”
- Continuous and sustained engagement managing the billing service relationship is essential to yield a successful partnership

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Thank You!



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