

# PRACTICE Notes

Winter 2009

A MANAGEMENT  
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DOCTORS  
MANAGEMENT

“Leave the business of medicine to us”

## From the President

Paul L. King



Stormy economic times have come for an extended stay in many industries and healthcare is no exception. On page 5 of this issue of PRACTICE Notes, you will find an article containing great suggestions for ways to help you ride out the economic storm. When you read the article, you may be thinking “nice article,” “good suggestions, but easier said than done,” or “we’re not experienced in marketing, dealing with managed care payors or a bunch of information technology stuff.” You may say, “Our staff is already over-

worked and we don’t have the manpower to do all those things—so what are we suppose to do?” Let DoctorsManagement put your mind at ease. One of our goals is to help you find the right way to implement those suggestions that are right for your practice.

We treat each of our customers as they are – unique. There are some things that are constant across the board for any healthcare provider, and for those, we have processes and methods that are proven successful. But we know that there is always a story – a set of circumstances for each practice that requires special attention and direction. And we know that your practice is like a living body – constantly changing.

Your DM consultant and our specialized departments will take into account the state of your practice, your goals, and your resources and will develop a plan and then help you implement the plan. For example, if you say you don’t know anything about marketing or media outlets, that’s okay! Our business development (marketing) department can provide an analysis of what is available and what is working in your market area, along with a specific timeline and cost associated for execution of the plan.

You may think the financial resource to support that marketing effort is not there, but maybe it is and you just are not tapping it to the fullest. With the help of our Coding and Reimbursement department and our Managed Care department, your DM Consultant can help you fine tune your internal operations to get third-party payor contracts in better order and to make sure procedures are properly documented and billed for correct reimbursement. Our Coding Department recently conducted a Coding & Billing Audit for a new client. Through this audit we were able to identify that the practice could have billed higher levels of service on a consistent basis for the current patient base and that money was left “on the table” by the billing department due to services filed with/without appropriate modifiers. Working through proper documentation and while maintaining complete compliance, our audit uncovered the potential for close to an additional million dollars of revenue annually for this practice! Not every success story ends with an additional million dollars of found revenue, but many end with our auditing services unveiling under-billing and/or new streams of practice revenue.

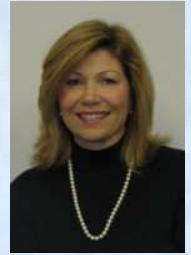
These are just a couple of examples of how DM is helping our customers across the country. On the last page of our PRACTICE Notes, you will see the many departments and individuals who are ready to hold the umbrella for you until this economic storm passes and sunny days are here again!

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## Contracting Tips Surgeons Can't Afford To Miss

By Psyche Wimberly  
Director, Managed Care



Helping physicians demystify managed care contracts is one of our favorite endeavors at DoctorsManagement, LLC. Besides the fact that everyone enjoys rooting for the underdog, smart contracting strategy is actually quite logical; with attention to details and determination, you can make significant improvements to terms and safeguard reimbursement.

First of all, understand that successful contracting hinges on the willingness to negotiate terms. Physicians never benefit by simply signing on the dotted line.

This is especially true for surgeons. One surgical case often means billing for six or more CPT codes that may require, or be exempt from, an array of modifiers. Complex billing scenarios demand an organized approach and careful review of contracts.

Before adding a signature, surgeons are wise to review contracts and be able to answer these five preliminary questions:

### 1. Does an "all-product" requirement exist?

The all-product clause is something to be aware of and avoid. Acceptance means a provider can automatically be enrolled in low-paying HMOs when signing up for more attractive PPO and indemnity plans. Surgeons across the country have dropped HMO contracts due to low reimbursement and cumbersome regulations. Reserve your right to participate in only those plans you feel are beneficial to your practice.

**TIP:** Review the cover letter as well as the contract; important information such as an all-product designation is often included there.

### 2. What are the terms for opting out of the contract?

Often contracts are "evergreen" and automatically renew each year on the anniversary of the effective date unless notice of termination is provided 30-90 days in advance. Make sure the deadline for notification is clear and look for the ability to terminate without cause at any time, not just annually. That

way, you preserve your right to opt out whenever you determine the contract is no longer profitable. Too often practices determine the contract is not advantageous only to discover they are stuck with it for another ten months.

**TIP:** Mark contract notification deadlines in your Microsoft Outlook (or similar) calendar. Set the alarm to ring and remind you to analyze and make a determination on renewal.

### 3. How does reimbursement compare to Medicare rates as well as other contracts?

Request....and request and request the reimbursement schedule. While this process seems cumbersome, it is absolutely essential and worthy of extraordinary time and effort. Many payors offer to provide rates if you fax them a list of ten CPT codes at a time. That's fine – fax ten a day and see how many days it takes before they tire and offer to send the complete schedule! Remember to submit codes you perform most often.

**TIP:** Run a CPT frequency report to determine which codes should be submitted.

Once in hand, review and determine the payment methodology. If the payor claims reimbursement is a percentage of Medicare, check to see that the percentage is consistent for *all* codes, not an average across the board.

For example, a payor might offer rates that are "150% of Medicare," but after careful analysis you discover they pay only 145% for a service you do often and 155% for a service which you do rarely. The average is in fact 150%, but you are in effect losing 5% potential reimbursement on a procedure you perform frequently.

Whenever a payor says, "payment is based on Medicare," Practices should ask:

- What is the percentage (or conversion factor)?
- Which year's RVUs are used?
- Is the GPCI (Geographic Practice Cost Index) utilized?

## Contracting Tips

### Surgeons Can't Afford To Miss (cont.)

By Psyche Wimberly  
Director, Managed Care

The GPCI allows physicians in certain areas like San Francisco to receive slightly elevated compensation to account for higher than average cost of living expenses as compared to, say, Somerset, KY.

Some payors do not pay based on Medicare and, instead, create their own schedule. You can still compare these rates to Medicare to arrive at an average percentage of Medicare if you are handy with formulas and an Excel spreadsheet.

**TIP:** Many time-pressed managers opt to outsource this analysis. To learn more about DoctorsManagement's contract analysis service, please call 1-800-635-4040 or visit <http://www.drsmgmt.com>

#### 4. What are the deadlines for claim submission, payment, audits, and appeals?

Clarify how quickly you are required to submit charges and how far back the plan can retroactively audit and recoup overpayments. Ideally, these deadlines are reciprocal to the time by which the plan must pay you and the window you have to resubmit and appeal payment denials.

For academic-based surgeons, this is especially critical. Medical center charge-capture lags, the time elapsed between date of service and date billed, often reach three to four weeks. Some HMOs require charge submission within 30 days – an aggressive deadline that could be missed and result in complete nonpayment.

Be sure to communicate the audit and appeals windows to your billing staff so they can watch for inappropriate take-backs as well as write off accounts past the appeal deadline.

**TIP:** Many states have enacted Prompt Pay legislation that mandates how quickly plans must pay.

#### 5. Which code sets, modifiers and payment guidelines are used to determine reimbursement?

Unfortunately, most contracts are silent on these critical issues. Rarely will the contract specify that current versions of CPT, HCPCS and ICD are accepted code sets, that CCI edits are followed, and that all modifiers are acknowledged and paid according to Medicare guidelines—all issues that directly impact reim-

bursement for surgeons.

Once you've answered the five preliminary questions, the next step is to list your requests – many of which will specify reimbursement rules and guidelines. Surgeons will want to negotiate the following terms in their contracts:

- ▶ Any add-on code listed in Appendix A will be paid in full per CPT designation. No multiple procedure discounts apply.

**Why is this important?** Add-on codes, designated by a "+" sign in CPT, and their RVU values have already been reduced. Per CPT, these codes are exempt from further discounting. These "additional level" codes are extremely common in surgery and constitute a common revenue leak. Protect your reimbursement by specifying payment guidelines for these critical codes.

- ▶ Any code deemed by CPT to be exempt from multiple procedure adjustments will be paid in full per CPT designation. No multiple procedure discounts apply.

**Why is this important?** These codes, signified in CPT by the "-" sign, are not add-on codes but have been deemed by CPT to be exempt from multiple procedure adjustments. Again, protect reimbursement by specifying guidelines to be followed in the contract. Once agreed to, contract terms are enforceable via legal action if necessary.

- ▶ Surgical procedures subject to the multiple procedure discount (as evidenced by the -51) will be paid at 100% for the first procedure, 50% for the second, third and fourth procedures, and 25% for any subsequent procedures.

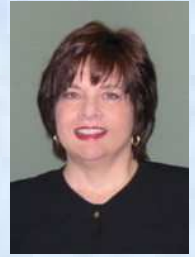
**Why is this important?**

Now that you've specified which codes are exempt from these discounts, be sure those affected are paid at a discount schedule that is reasonable. If not specified, payors may resort to 100% for the first, 50% for the second, and 25% for all subsequent procedures, which seriously diminishes reimbursement on complex surgical sessions.

(continued on page 4)

# Medical Sharps Injury Prevention

by Ann Bachman  
Director, HIPAA, OSHA, CLIA, AAPOL



OSHA requires all medical offices and facilities to protect employees from exposures to bloodborne pathogens. Most exposures involve sharps injuries, which can be prevented by using sharps with engineered sharps injury protection. This includes but is not limited to needles and blades that are self-sheathing or retractable.

In October 2006, Tennessee OSHA, or TOSHA, implemented a targeting initiative to reduce sharps injuries in healthcare. The initiative started with information gathering and collecting sharps injury logs from hospitals and ambulatory surgical centers. They offered thirteen free training seminars and conducted focused inspections in several hospitals and ambulatory surgery centers.



The goal is a 10% reduction in sharps injury over a five-year period. The first year resulted in a 3.4% reduction. The current statistic is a reduction of 6.1% for year two. With three years left in the program, they are well on their way to success!

TOSHA continues to focus on hospitals and ambulatory surgery centers, with an emphasis on safer sharps regulations. However, they do cite for other hazards as well. At this time, they plan to expand the initiative to include doctors' offices.

Other states have had similar initiatives. Pennsylvania inspected doctors' offices a few years ago, then targeted ambulance services. California has an ongoing sharps injury reduction program.

For more information, visit OSHA's website at [www.osha.gov](http://www.osha.gov) or contact DoctorsManagement's OSHA Department at 1-800-635-4040.

## Contracting Tips Surgeons Can't Afford to Miss (cont. from page 3)

- Office visits with a -25 modifier (separately identifiable E&M service on the same day of a procedure) will be paid for new and established patients when a separate visit is justified and documented.

### *Why is this important?*

Many surgeons, especially those involved in pain management, give injections in conjunction with an office visit. Protect your right to bill for both services when supporting documentation exists.

- Payor will follow and pay according to the most current quarter's CCI bundling edits.

### *Why is this important?*

Who hasn't been the victim of a plan's mysterious bundling rules? Clarify guidelines to follow up-front to ease appeal hassles on the back end.

Not every surgeon will be able to negotiate all of these terms to their advantage, but certainly no benefit will accrue to those who shy away from negotiating altogether. If requests for across-the-board rate increases are met with silence, try for specific payment guidelines like those listed above. In many cases these protections afford a comparable lift in reimbursement and they certainly ease the burden of appeals for your billing team.

## How Your Medical Practice Can Weather An Economic Recession

by Valora Gurganious, MBA  
Senior Management Consultant



The conventional wisdom in our society is that health-care is “recession-proof.” Despite that perception, medical practices are businesses and are as susceptible to economic cycles as other small businesses. The physician/owner must prepare to weather an economic storm that will lead to declining practice revenues, growing accounts receivable and tighter cash flows within the practice. How does the physician prepare to ride out this storm? Here are a few suggestions:

**Market the Practice.** Many people assume that when patients have less money to spend, businesses should cut back on marketing, branding and image creation in the marketplace. This can, in fact, be the best time to promote your practice. Other advertisers often cut their ad budgets during lean times, making the cost of print, Internet and broadcast media advertising cheaper than ever. Moreover, your message will stand out and be more memorable without competing with the “clutter” of ads which appear during boom times. When the economy rebounds, your practice will be foremost in the minds of patients, who will now seek your healthcare services.

**Work Your Existing Patient Base.** It is much less costly and far easier to encourage an existing patient to return to your practice and to refer their family and friends to you. Gather patient e-mail addresses and send them a kind note indicating that it was your and your staff’s pleasure to care for them. Send birthday or holiday greetings to their home, and when they refer a patient, send a thank-you note. Also use this opportunity to publicize new professionals that may have joined your practice as well as new equipment or new services that will enhance the quality of their healthcare experience with your practice.

**Keep Costs Down.** Reassess your staffing levels. If patient volume has declined, consider moving some staffers to part-time or staggered four-day workweeks. You avoid layoffs and retain valued employees until the economy picks back up.

Investigate group purchasing organizations to achieve cost savings on office supplies, equipment or medications that you order each month. As a small practice, the quantities you order rarely qualify you for the volume

discounts available through your state medical association, IPA or other affiliate’s group purchasing organization. Inquire with those groups about how you may be eligible for 10-40% discounts on the very same items you order every month.

**Go Electronic.** If you are not currently “paperless,” consider the cost and benefits of converting to EMR. With EMR, your biller, front desk staff, insurance clerk, MA and Office Manager can all have access to a given patient’s information at the same time, making it possible to get their jobs done without tracking down or waiting to access the same paper chart. In addition to increasing efficiency and reducing costs in your practice, you will also save the expense associated with storing paper charts over time.

**Keep an Eye on Cash Collections.** Cash is king. During a downturn, it is expected that account aging and bad debt will increase as money becomes tighter. Insurance companies may slow their payments as well. For this reason, pay close attention to collecting co-pays, co-insurance and deductibles up front, and be prepared to postpone patient appointments until such payment can be made.

**Consider Outsourcing.** For services that do not involve direct patient care, consider an outside provider rather than a full-time employee. Billing, bookkeeping, transcription, payroll and accounting could all be outsourced, making the expense variable, based on your patient volume.

**Consider an “Office Mate.”** In the case of physicians who are out of the office two or more days per week, consider sharing expenses with another physician by alternating office days. You may be able to cut your rent, payroll, and utility expenses considerably.

**Negotiate Insurance Savings.** Some medical liability companies offer discounts just for taking a risk management course. You may also reap discounts for consolidating all of your insurance with a single carrier.

Economic recession is difficult for both patients and physicians. With smart planning, an eye on controlling expenses, and creative promotion of your practice, you can not only weather the storm, you can thrive in spite of it!

# Thank You!

*"We appreciate our clients referring our services to their colleagues. We continue to be honored with this manner of obtaining new business and are grateful to each of you."*

Paul King, President

## New Business

Orthopedics	North Carolina
Orthopedics	Georgia
Vascular Intervention	Florida
Endocrinology	Alabama
Dermatology	North Carolina
Ear, Nose, Throat	Florida
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Endocrinologist	Alabama
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OB/GYN	Florida
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