Facilitating Finance

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If you are a physician mystified by finances and uneasy about your practice's apparent lack of efficiency and profitability, you are not alone. Many of your colleagues experience the same frustration trying to get a handle on their medical practice's finances. An individual practitioner has to deal with many areas of financial management in order to have a successful, i.e. profitable, practice. Those include, but are not limited to: contracting, capturing charges, charge reporting, revenue recovery, accounts receivable management and internal controls. Group practices have the same responsibilities, only multiplied by the number of physicians in the practice.

Getting paid for the services you provide remains the principal concern for a physician to stay in business. And yes, unfortunately, this is a business. Each area of the financial management of a physician practice must be addressed in order to optimize cash flow which provides the resources to meet business and personal goals.

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Contracting.

- Negotiate fees and terms. Before committing to the insurance company's standard fee schedule, request the plan's fee schedule for your practice's most utilized codes and compare those to rates of other payers.
- Evaluate and monitor your payer's actual reimbursement. Accepting inaccurate reimbursement can cost a practice thousands of dollars per month.

Capturing charges.

- Consider Electronic Medical Records software (EMR). EMR can reduce lost charges, denied claims, and time-to-billing rates by using automated charge capture at the point of service. Switching from a paper-based system to an automated charge-capture process can result in a decrease in lost charges, denial rates, and days between service date and billing date.

Charge reporting.

- Review the charge ticket at least annually. All codes should be updated to comply with the latest CPT/ICD9 code versions. This should be done for both hospital and office charge tickets.

Coding.

- In the best of cases, each physician practice would have a coding expert on staff. It stands to reason that billers who hold this certification would have a more comprehensive understanding of the medical billing and coding policies and procedures.

Revenue recovery.

- If you have taken the necessary steps to ensure your practice is capturing all charges and coding accurately, accurate and timely electronic claims submission will result in improved cash flow. This should include tracking claims rejection, submitting claims immediately, prompt claims receipt, electronic deposit of funds and prompt documentation of the billing process.

Accounts receivable management.

- Review aged accounts receivable reports and work outstanding A/R. This is an area where so many practices are deficient. Just getting the bills out seems to be the goal of too many business offices. But, in reality, getting the bill out is a waste of time if the money doesn't come in.

Monitor performance.

- Quarterly chart audits should include all the areas above, from capturing charges to maximizing reimbursement through proper coding and education of the physician, from timely claims submission to prompt payment according to guidelines.

Internal controls.

- Lastly, but not in any way less important, ensure your office has in place processes that will minimize the likelihood of unaccounted monies. Unfortunately, because of the nature of the business, cash can be a sizeable percentage of your collections. Safety measures should be established to minimize the potential for unaccounted-for cash.

Now that you know the scope of financial management in medical practice management, you can well understand that it may make good sense to outsource one or more areas to an outside practice management consultant.

Tammie E. Jones, CPA is CFO of The 80/20 Group, LLC. In additional to providing financial management consulting services to physician practices, she provides tax and accounting services as part of the full menu of services offered to physicians in private practice. Contact the 80/20 Group, LLC at 210.616.9990 for a free initial consultation.