

THE HEALTHCARE BUSINESS LETTER

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21 Questions for Improving Your Practice in the 21st Century

Tough Practice Management Questions You Should Be Asking

By James A. Muschler and Bruce A. Hupfer

What should be done to prepare for the future?

Here is a list of 21 strategic questions on practice operations you should be asking. Covering the key areas of practice operations, they provide a solid indication about how well a practice is performing and whether it is facing any potential disasters. Successful management requires constant monitoring, critical evaluations and continuous improvement. The first step in this process is to ask the right questions.

Here are the 21 questions to determine if your practice is ready for the 21st century:

Human Resource Development Strategic Questions:

1. Do you have clearly defined practice goals and objectives, a mission-vision statement, and a strategic plan for accomplishing them?
2. Do you have the staff with the needed skill sets to attain cost-effective and efficient performance in accomplishing your defined practice goals?
3. Does your staff utilize state of the art communications, scheduling, patient relations, and interpersonal skills to produce consistent, positive, results?
4. Do you have a comprehensive training program to provide staff with the fundamental skills to work at their highest potential?

We must remember that our staff is an important investment that will pay solid dividends each day if appropriately trained and managed. With human resources, it pays to hire quality staff. Effectively trained, well-focused staff are confident in their jobs, proficient in their dealings with patients, and efficient in business operations. Ongoing training is of

paramount importance. Properly trained and motivated staff can translate into low employee turnover, higher patient satisfaction scores, improved efficiency, and increased profits.



Practice Management Strategic Questions:

5. Are you using professionally designed forms, procedures, and verbiage in communicating the practice's financial policy to patients and staff?
6. Is training reinforced with policy and procedures manuals, patient interaction scripts, and written staff communications?
7. Are staff motivated through a competency-based performance and incentive compensation plans?

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- 8.** Do you have an effective strategy for utilizing strategic business partners to accomplish your goals?

A key to improving practice performance is acquiring and implementing industry “best practices.” This can be accomplished through either a “Make” (ongoing continuous quality improvement program) or “Buy” (adopting processes with proven results in comparable applications). These can include the development of forms, procedures, and written guides to communicate practice policy, or practice manuals for staff training. These can also include programs for organizational development, process review, needs assessment, and the development of strategic alliances for identifying and implementing improvements.

With the practice’s financial policy so important in obtaining timely collections, it essential that financial policy be clearly communicated to both patients and staff. Good communications translate into motivated staff who tend to find ways of continuously improving the practice, reducing costs, and improving the bottom line.

**Practice Resources, Software, and Systems
Strategic Questions:**

- 9.** Are your practice resources, including capital, equipment, staff, consultants, and computer software adequate to accomplish your practice goals?
- 10.** Are your practice resources allocated properly, including the use of outsourcing and partnering to achieve the greatest efficiencies?

The computer systems and software installed at the practice are key to maximizing the efficiency and effectiveness of the staff. We must continually evaluate how well various practice assets are working. Outdated software, systems, office furnishings, or location may be sending the wrong message to your patients. It may also be sending the wrong message to staff about how well you support them. If practice assets are not performing (providing the efficiency and effectiveness needed), then updating or replacing them is in your practice’s best interests.

Business Development/ Marketing Strategic Questions:

- 11.** Have you identified strategic geographic/demographic targets and the mix of needed services to position your practice?
- 12.** Are you benchmarking your practice against other high performance practices in your market and identifying the features that make them successful?

- 13.** Do you have a marketing plan for effectively managing and implementing marketing/ business development efforts?

- 14.** Do you have the appropriate mix of marketing, sales, and business development resources to attract new and maintain existing patients?

To survive in today’s environment, a practice needs to be continually growing. The only way to assure growth is with marketing. Marketing enables the practice to target its efforts on those segments of the market which are most in need of its services, best able to pay for the services, or most likely to repeat as patients/customers. Even the practice that wishes to simply maintain its size needs market growth, if only to ensure replacement of patients lost to natural attrition. For marketing efforts to be most effective, you need a plan consisting of a budget, goals and objectives, and a strategy of implementing your marketing efforts.

One way to develop a marketing plan is through benchmarking your practice against other high performance practices in the marketplace. Identify the features that give them a competitive advantage and make them successful. This will help you focus on those features that are most appreciated by the patients in your market. After identifying these targets, develop a marketing plan. Develop the mix of strategies that will sell your services, develop and attract new patients, and maintain existing patients.

All too often professional practices get overly concerned about the need for newsletters, brochures, media campaigns, and even web sites without asking the most important question: “Who are our customers and where do we find them?” Well-targeted marketing materials that are integrated into a comprehensive marketing program get the most satisfactory results.

Customer Service, Patient Satisfaction, Program Evaluation Strategic Questions:

- 15.** Do you have an ongoing customer service improvement program utilizing patient satisfaction surveys, training, and quality of service incentives for staff?
- 16.** Do you have key performance indicators to evaluate the success of your business development, customer service, and medical outcome initiatives?

We must never forget that a medical practice is in the business of satisfying its customers. We are truly in the “people business” with customer service quality improvement as our core concern. In today’s era of managed care it is the customer who determines the quality of care/service received. This is true whether it is the

patient, the employer, or the insurance company paying the bill. Monitoring mechanisms to determine customer satisfaction scores are becoming increasingly more sophisticated. The penalty for poor service is the loss of the patients, and the revenue which goes with them. Each practice must have programs to monitor the performance of patient service, medical outcomes, and compliance.

Coding and Compliance Strategic Questions:

- 17.** Is your practice in full compliance with E/M documentation guidelines to pass impending compliance audits and OIG visits?
- 18.** Does your practice have a functioning compliance program including ongoing training, internal audits, and reviews by certified procedural coders?

OIG has stepped up their compliance enforcement efforts. This has created tremendous urgency for medical practices to assure they are in compliance. With penalties that include devastating fines and even imprisonment, coding and compliance has become a major risk management issue. It is also essential that you develop a compliance program. A Compliance Plan should consist of training, routine internal audits, and the use of a certified procedural coder. Your compliance program must be designed to ensure not only that the practice is in full compliance with the law but also monitor the practices and incentives created for your staff.

Billing and Collections Strategic Questions:

- 19.** Does your practice monitor all EOB's to assure appropriate reimbursement from managed care and third party payors?
- 20.** Does practice employ strategic collection outsourcing vehicles (i.e earlyout, precollection, and payment monitoring services)?

Your billing and collections strategy can literally make or break your practice. We must ensure that our financial policy is clearly and professionally communicated to patients, that co-payments are collected at time of service, and that the appropriate collection measures are utilized when needed. It is generally more cost-effective to use a mix of outsourcing vehicles (earlyout, precollection, payment monitoring) to get the optimal collection results.

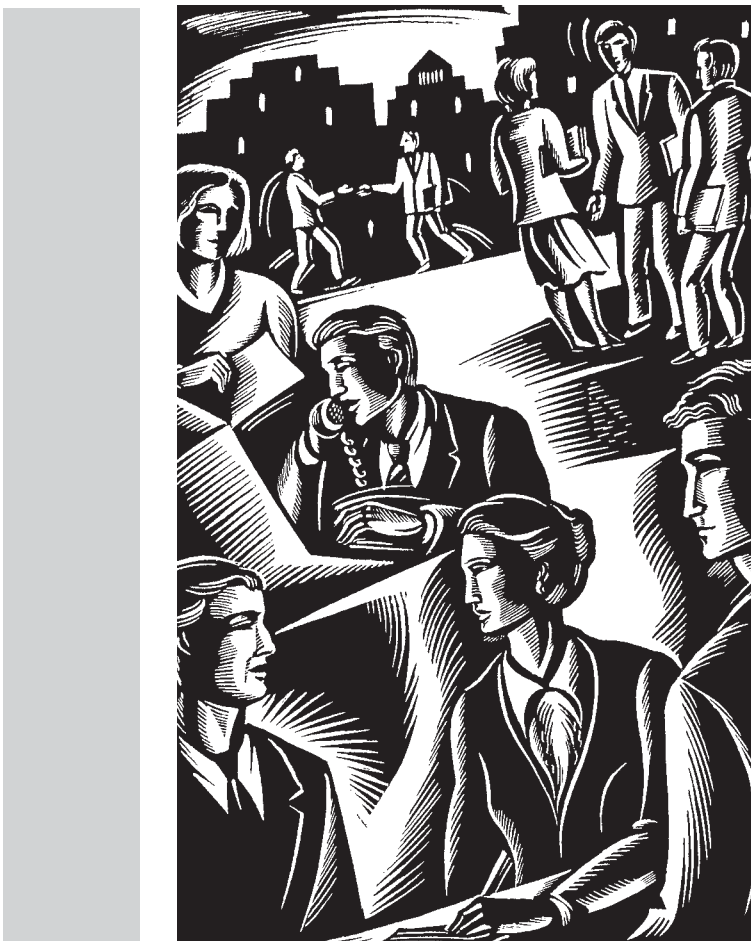
Insurance and Financial Services Strategic Question:

- 21.** Have you recently reviewed your practice's mix of financial services (banking, insurance, investment, etc.) to assure a maximized rate of return?

In today's highly competitive financial services market, medical practice should not be paying "too much" or receiving "too little" in financial services. You should routinely evaluate the services you are receiving from your bank, trust company, and insurance providers. You will be surprised at how quickly services, rates, and fees can change.

As we continue in this new century, asking these twenty-one questions will determine how well your practice is prepared. One thing that will be different in the future is that everything will happen faster and problems left unattended will more quickly become major crises. For this reason, you should also be asking, "When was the last time we brought in a practice performance doctor or

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consultant to help us identify those items that are preventing us from attaining the results we need? When was the last time we brought someone in to help us improve practice performance, upgrade staff training, develop a new business, or evaluate revenue enhancement opportunities?"

If it has been more than a year ago or if you have identified more than two or more deficiencies among the twenty-one questions, seek out a professional practice management consultant.

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