

The Business Side of Medicine™

Is your vein practice headed in the wrong direction?

By David Schmiede



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In the best of all worlds, physicians, whether in solo or group practice, would have the time to solve practice problems before they get big enough to have an impact on over-all performance. However, experience tells us otherwise. Physicians with clinical responsibilities have little time to dedicate to business matters.

For this reason, they tend to look at their practice with

a big picture perspective and are slow to identify signs of trouble. In some instances, physicians may not have the experience to know what to look for, let alone know what actions will bring a defined resolution. As a result, you are sometimes blind-sided with a sudden deterioration in the practice's performance.

Here are a few signs that your vein practice is headed for trouble:

A CHANGE IN ACCOUNTS RECEIVABLE TRENDS

Each month, prepare and update graphs that show you the numbers and trends of charges, adjustments, receipts and accounts receivable. When you see a sudden jump or decline that is not predictable, there may be trouble on the horizon.

For example, a sudden increase in adjustments may be an indication that accounts are not being followed-up or perhaps someone is being indiscreet in what they write off. If accounts are shifting into the 90-plus day aging, there may be a problem with lag time in submitting billings or perhaps one of the high volume third party (insurance) payers has become delinquent.

INCREASED OVERTIME

If overtime costs are suddenly rising, your office manager needs to justify the reasons why. It may be understandable if you just added a new physician or are going through an EMR upgrade. However,

if everything in the practice is running its normal course, overtime hours should be stable and very limited.

Sudden increases in overtime can mean something is wrong with your processes, procedures or staffing. It could be due to high absenteeism, which in itself can be an indicator of a bigger problem.

RISING OVERHEAD

If overhead is rising, it's a sure sign of a loss of control issue. It is likely to be a combination of poor administrative and clinical processes, lower productivity and poor financial management. It won't go away by itself, so dig deeper and gain a better understanding of the problems. You can start by calling your accountant, but a more detailed overview of the entire practice will require the assistance of a practice management consultant.

DISSATISFIED PATIENTS, STAFF

When patients start to complain about how they are treated or the inability to schedule appointments, it is time to start asking questions. If you have employees with an "attitude" perhaps it is coming from the top. Staff will generally emulate the attitude and behavior they are experiencing. If you are not there to solve their problems, they will not attempt to solve the patient's problems or meet their needs.

One obvious indicator of employee dissatisfaction is an increase in turnover. If you are experiencing out of norm staff attrition, it is likely that something is wrong in your work environment. It could

be unrealistic expectations, poor staff management or an inability to develop an atmosphere where people feel important and are proud of their accomplishments.

POORLY MANAGED APPOINTMENT SCHEDULE

Too often, physicians take it for granted that there will be an occasional no show and they will sometimes run behind. But if this is a pattern, not an exception, something is wrong. It may be a lack of well-designed scheduling templates, overbooking, or not predicting or allotting enough time for procedures.

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It may also be an indication that patient demands are greater than you are able to meet without compromising patient satisfaction. If you have “no shows” your productivity will suffer and the cost will mount rapidly. These issues can be resolved with a little effort, planning and a true commitment to take corrective action.

LATE CHARGES

When you are signing off on accounts payables, review the invoices to see if bills are being paid on time. If you see late charges, it may be an indication that revenue is dropping. This could be for a variety of reasons, such as a poor performing third party payer, lack of your Office Manager’s attention or a physician that has taken more time off than usual. At any rate, you need to explore this and make sure it does not affect the timeliness of paying your bills.

INCONSISTENT REPORTING

It is important to review each prior month’s performance and examine any indicators that affect your current or future competitive position in your service area. If suddenly your office manager isn’t giving you solid information about the practice’s performance each month, don’t let it slide by. Your office manager may not see this as a priority or may be attempting to avoid delivering unpleasant news about the practice.

Whatever the reason, you need to get a handle on it and demand practice performance reports each month, within three days of the month-end close. These reports should be reviewed with the office manager immediately after each month-end close.

What type of reports should you be reviewing? Start by requiring your office manager to distribute month-end reports to all providers in the practice. Standard reports include monthly and year-to-date production activity (charges, receipts and adjustments by provider), accounts receivable performance and aging reports, overhead analysis, and a summary of patients referred by key referral physicians.

SUMMARY

In less than two hours a month, the physician(s) and their office manager can review practice performance and make data-driven decisions that are prudent for the over-all stability and growth of the practice. If you aren’t doing this now, it’s time to get started. If you are experiencing any of these signs of trouble, start investigating the causes now. Begin by working with the office manager, who should be able to provide insight and help you understand the reason for the problems.

In addition, the physician(s) and their office manager may be able to formulate a strategic action plan to resolve the problems. However, if the problems seem to require more aggressive action, you may want to turn to outside advisors. You can obtain an unbiased report of the practice performance by hiring a practice management consultant to conduct a practice assessment.

The consultant will look at major aspects of the practice by reviewing reports, conducting an on-site assessment and examining processes, procedures and the culture of the practice. The costs will vary, depending on whom you hire and how extensive a survey is conducted. Such an assessment provides an excellent baseline to guide you in setting and achieving benchmarks for improvement. **VTN**

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