

Top 10 Ways to Save Money in Your Office

In today's economic climate, it becomes more important that Practice Managers and Coding/Billing Specialists find ways to increase revenue and reduce the costs of practice operations. Many times we are forced to go back to the old Management principles and add our unique ideas to accomplish the goal of saving dollars in our offices/clinics. Through research, years of experience, and yes, trial and error, I will share with you the top 10 ways that I have found can help curb expenditures and improve revenues in many practices.

1. Setting and maintaining a reasonable fee schedule that reflects your costs of providing services.

You can do this by utilizing the RBRVS formula that was set up by CMS (which we each paid dearly for via Taxes) for assigning relative values for each procedure/service. You can also use published "Medical Fee Analyzers". Your standard fee schedule affects your "profile" and should be based on sound business costs principles taking into consideration your area of the country and your Specialty. A \$10 error in your fee schedule could potentially cost your Practice thousands of dollars.

2. Knowing your internal costs of providing your services.

The Government uses what they determine to be the "average cost" of providing each service/procedure in the Medicare Physician Fee Schedule by calculating the "relative value unit" for each CPT code. Therefore, it is important that your Practice knows the actual costs of providing the services you render. Again, you can utilize the "RBRVS" information to compute your own "internal conversion factor" that can be used when comparing the conversion factor being offered in the Managed Care contracts and in making the decision as to signing. As a matter of fact, you must know these costs in order to know which contracts are profitable. You can then extend your cost knowledge to "Cost per Procedure" so that you and your Physicians will know exactly what each of the main procedures that you bill out cost your Practice to provide. What's more - believe it or not - these calculations are fun and increase the depth of knowledge of your operations.

3. Setting up a sound Budget annually, monitoring deviations from the projections and amending as necessary.

By Budgeting, we can forecast revenues based on our current situation and our goals, and compute cost by categories. This provides a planning mechanism that forces us to monitor variations in actual vs. budgeted. I have yet to go into a Practice and break down significant cost categories and failed to have found ways to save the Practice thousands of dollars! One typical such expense category is Telephone expense. I have found lines being paid for monthly that were no longer in use by the Practice!

The knowledge you acquire preparing the budget is vital in making financial decisions for the Practice and provides you the opportunity to gain confidence in helping your Physicians make wise choices. Many times the Dr. just wants to know the "bottom line" and by participating in the Budget process you will have this vital information at your fingertips.

4. Communicating the important operational stats to Management, staff, and Physicians at least monthly.

You can set up "Flash Reports" that give the most important stats. Do you calculate and analyze monthly:

Gross collections ratio?

Net collections ratio?

Expense to Earnings ratio?
Revenue per Patient?
Cost per Patient?

This gives "at a glance" knowledge for the Physicians to review monthly to assess trends in the Practice's operations. It also provides you and your staff important information to track in order to make plans and decisions for departmental operations.

5. Keeping up to date on changes in regulations, insurance procedures and industry news.

Utilize each Carrier's website for information related to your specialty. Organize this information so that each department - Front Desk, Medical Records, and Clinical staff, Billing/Coding, Providers and Management - are up to date. This prevents careless errors on our part in providing services and billing out for these services.

Knowing the LCDs, NCDs, and individual Carrier's billing guidelines and sharing this information internally can have a huge impact on Practice revenue and costs. Unfortunately, we still do not have real standardization and, therefore, different Carriers require different codes and modifiers. We will not get paid if we do not keep up to date with each.

Additionally, we have an ongoing flow of new information that we must be aware of and monitor on a daily basis for Practice efficiency - i.e., the American Recovery Act provisions for technology, changes in HIPAA, the Red Flag Rules, Electronic prescribing, PQRI and many others.

6. Analyzing the Managed Care Contracts

Due to regulations, we cannot receive the amount of help that we previously received from the IPAs, PHOs and other organizations to help in negotiating Managed Care Contracts. Now, our Physicians must be aware of what they are signing off on and be aware of the fee schedule and negotiations in those contracts.

Being knowledgeable in this area alone can save your Practice thousands of dollars. We must have the Fee Schedules for each plan on site and utilize and communicate the parts of each contract to each department that affected by the provisions in the contracts.

7. Tracking claim denials and underpayments

A simple spreadsheet can be set up to ascertain any errors that the Practice may be making that are cause claim denials/underpayments. Perhaps your computer software provides this information for you. If so, it is important to review it monthly and determine any areas that we need to concentrate on to prevent payment errors.

Maybe we need more training at the front desk or in the back office. Often, practices don't have time to adequately train new personnel and this can cost your practice dollars. Your analysis may show that a particular insurance carrier is making errors in reimbursement and, if so, we should utilize the AMA's complaint process to report these carriers.

8. Maintaining and reviewing Policies and Procedures for the Practice.

One of the most important documents in the Practice is the "Financial Policy" which should be given to each patient to read and sign before the visit. A properly written financial policy given to the patient upfront to



Practice Support Resources, Inc.

point out what they should expect as far as payment for services and required medical and insurance information can prevent wasted time and uncollected funds.

Other General Policy and Procedures information spells out to the staff the Practice's standards, philosophies and goals in providing patient care and collecting for services rendered.

9. Implementing and adhering to a Practice Compliance Program

Does your Practice or Clinic have the "7 Step Compliance Program" implemented? This plan is recommended by the Centers of Medicare/Medicaid to show that the primary goal of your Practice is to provide quality patient care and, that in providing the care; it is your intent to follow all Federal and state regulations. Published in the Federal Register several years ago, it provides an outline for Physician practices to follow to address the important issues of fraud and abuse.

By setting up and following the "7 Steps" outlined in this plan, your Practice could possibly save thousands of dollars in penalty and interest if, upon audit, it is found that your billing is incorrect. By securing a "baseline" audit for your Practice, you can identify any areas of concerns in current billing and put into place a system to monitor potential risk areas.

We must prepare for the "RAC" audits as these Recovery Audit Contractors will be covering every state by 2010. There are limitations on the "RACs" that you need in front of you should you receive a demand letter. These auditors can go back three years to audit sums that have already been paid out to you. The intent is to recover funds for the Medicare Trust Fund that is found to have been paid erroneously at the time of payment. Feel free to email me if you are interested in receiving these fairly recent limitations on placed on these Contractors. It is important that you understand your rights and responsibilities as to the information that may be requested of you.

In addition, we have other Federal programs that have been established to scrutinize services provided and billed to a Federal program. These are normally concerned with medical necessity, fraud and abuse. One of the newer programs is called "HEAT" which has been implemented to concentrate on finding and investigating issues that cause additional or unneeded costs to the Federal programs.

It seems that one of the ways that the current administration believes that it can fund any healthcare reform is by tightening up on the medical necessity and quality of the services being rendered to Federal beneficiaries.

10. Establish and monitor a system of Internal Controls for your Practice.

By establishing a "checks and balances" system in your Practice, you are protecting the Practice and the employees. Unfortunately, we must have a system to prevent embezzlement and errors in processing the information on a daily basis.

I have audited several practices that do not have a system in place and this opens up the possibility of losing money for the practice as well as inefficiencies in operations and patient care. Controls must be established at the Front Desk and throughout the Office to provide a protocol for processing the large volume of information necessary in each Medical practice.

In the audit process, we normally start out with the sign-in sheet and/or Computer record and trace the

PSR

Practice Support Resources, Inc.

patient all the way through the process to the EOB and to the Bank to detect any flaws in the system.

Your deposits into the Bank must be balanced to the computer software system daily. This becomes a little more difficult but even more important with EFT remittances. Internal controls provide a method to monitor all processes in the office - ranging from the processing of superbills/encounter forms to scheduling and patient care and all the way through to the Accounting records.

Source: Maxine Collins

Products related to this topic on website www.practicesupport.com include:

- [Controlling Medical Practice Expenses](#)
- [Financial Management Policies for the Physician Office](#)
- [Practice Management STATS Quick Reference](#)
- [RVUs at Work – Relative Value Units in the Medical Practice](#)