

Surviving the Financial Pitfalls of Practicing Medicine in Today's Healthcare Arena

By Richard Maglin, CPA

Lower reimbursements, poor cash flow, especially at the start of the year (due to the high deductible of out and in-network policies as a result of a new product design by the carriers), higher medical practice costs, such as staff salaries, medical insurance premiums and supplies, even inclement weather as we've had to endure this harsh winter – are just some of the constant concerns of our medical practice clients. These - in addition to the complaints about the implementation of EHR, which is distracting them from their focus on the patient and forcing them to capture medical data, slowing their number of patient encounters and negatively impacting cash flow - are challenges faced by the vast majority of medical practitioners today.



Our clients ask, "How can we handle all of these operational issues, including dealing with the co-regulatory issues that are becoming more and more complex?" Physicians must understand the rules and regulations dealing with billing issues, e.g., the Stark Law, the Codey Law, HIPAA, ICD 10, Meaningful Use, Phase II and a myriad of other compliance requirements.

Yes, the business of medicine calls for physicians not only to understand and perform at their highest efficiency and practice quality and cost effective medicine. They must also be innovative to inspire and motivate patients to be engaged in their own healthcare. In fact, the Affordable Care Act calls for patients to participate in their health decisions. Additionally, physicians must be aware of the latest technology along with the most advanced research within their specialty, in order to practice evidence-based medicine.

With so much of their time spent practicing and keeping current with new protocols and modalities in their fields, many have not established their personal or medical practice goals and objectives. They have not taken the time to develop a vision or strategy for the future. Sometimes, I hear, after the fact, that they have joined a mega group because their colleagues have done so. This even though they have not performed their own due diligence, which includes asking what happens if they are dissatisfied with the "new" corporate culture and finding out how they can unwind.

Yes, there are many options our medical clients have, such as join an existing single specialty group, join an existing multi-specialty group, become a retainer or concierge practice, start a new single specialty group (presently, we are involved with practices in three specialties that are combining to form large single-specialty groups), sell to a national or public company (what many Anesthesia, Pain and Ambulatory Surgery Centers groups are doing in New Jersey) or become part of a hospital - physician alignment. Our firm has been involved in more than 25 alignments with New Jersey hospitals ranging from employment to Professional Service Models. We have educated and coached our clients based upon real life experiences, which has given physicians a greater insight and understanding of the complexity of hospital - physician alignments. By providing this knowledge and insight and also by working in collaboration with our clients' healthcare attorneys, we have currently been able to create many successful alignments.

Presently, some of our clients are still unsure about how they want to proceed but they now have the tools and understanding to make an informed decision. This brings clarity, less anxiety and the ability to truly develop a strategy and business plan for the future. Many recognize that in order to be successful and stay independent, they have to meet the challenge head-on. Working with all of the stakeholders including partners, office administrators and their experienced healthcare advisors, physicians can develop a well-planned strategy. Many of our physician clients who want to remain independent have set these strategy meetings in motion.

We recommend that during these meetings physicians should develop a strategic plan:

- Outline your goals and objectives
- Develop a vision as well as a mission statement
- Develop an action plan with a timeline
- Invest in your staff
- Develop an organizational chart
- Invest in informational technology (Data! Data! Data!)



Watchful Waiting is not an Option is our mantra to our physician clients.

Additionally, if you are a specialty practice, part of your overall strategy should be to become recognized by the National Committee for Quality Assurance (NCQA) as a patient- centered specialty practice (PCSP), under its new innovative program for improving specialty care which maintains a set of standards that describe clear and specific criteria.

We believe the carriers recognize an efficient, cost effective, quality practice. Thus using your resources to become recognized by the NCQA program will lead to improved quality, the elimination of waste, improved coordination and patient outcomes and an excellent patient experience, which should result in an improved financial report card for your medial practice.

These are challenging times with little visibility. However, this is your opportunity. Do not fear it. Plan, strategize, investigate and execute!



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