



Medical Billing Made Easy™

Presents



Managing Your Medical Billing Team: Get the Performance You Expect

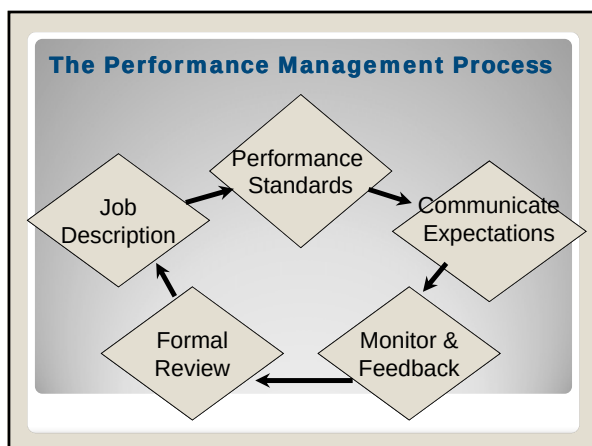
Sara M. Larch, MSHA, FACMPE
www.Kareo.com

Today's Objectives

- Describe the Performance Management Process
- Connect the team's expectations with the medical group's goals
- Evaluate your own management skills via a takeaway tool
- Measure staff productivity and staff costs

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The Performance Management Process

- Job Description
 - **Job Description Manual for Medical Practices, 3rd edition,** Easily implement and keep staff job descriptions up to date with customizable samples for 100 of today's top medical practice positions; Includes a CD with sample job descriptions you can use to customize, print and put into action immediately! www.mgma.com
- Performance Standards
- Communicate Expectations
- Monitor & Feedback
- Formal Review

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Set Performance Standards & Communicate Expectations

Standard: Every medical group staff member must be able to read and understand the patient's insurance card.

New Employee Orientation: XYZ Insurance Card

1. Name of Plan?
2. Insurance Good for Today's Services?
3. Group Number?
4. Co-pay?
5. PCP?
6. Employer?
7. Insurance ID number?
8. Medicaid ID number?
9. What type of plan?



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Monitor & Feedback: Billing & Collection Competencies

Payment Posting: Evaluate using 1-2-3 Scale

1. Posting Personal Payments
2. Posting Insurance Receipts
3. Posting Insurance Recoupments/Take backs
4. Posting Capitation Payments
5. Creating and Posting Refunds
6. Posting Collection Agency Funds
7. Determining Contractual Adjustments
8. Determining Non-Contractual Adjustments
9. Flagging EOB's for Secondary Billing
10. Flagging EOB's for Low or Zero Payment
11. Printing and Balancing Receipt Summaries

1=satisfactory; 2=unsatisfactory; 3=satisfactory with retraining

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Formal Review

- Best practice: every six months
- Minimum: every twelve months
- Consider "mini-reviews" on one topic every quarter
- Annual reviews: no surprises!
- "When giving feedback: criticize behaviors, not people."
 - "The Truth about Managing People...and nothing but the truth" by Stephen P. Robbins
- Example: 'You have a bad attitude' versus 'You have arrived to work late the last two days.'

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Hints For a Great Formal Review

- Your employee needs to have been given a job description beforehand.
- Your employee should have a blank copy of the evaluation prior to the review as well.
- There should be certain goals outlined for this evaluation.
- Make sure that you don't do all of the talking.
- Employees should be permitted to write an alternate point of view in their file if there is something that you disagree about.
- Try to put your employee at ease.
- Have any metrics or performance data on hand to back up what your evaluation states.
- Don't just focus on those areas that need improvement.

Source: www.awesomework.com, accessed on 9/5/11.

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Performance Management

"Get the right people on the bus, the wrong people off the bus, and the right people in the right seats."



- Jim Collins, "Good to Great: Why some companies make the leap...and others don't", 2001.

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Performance Management

"What is our goal? The right number of staff, in the right place, with the right skills, at the right cost, with the right behavior, with the right rewards, with the right outcomes. No more, no less."

"Rightsizing: Appropriate Staffing for Your Medical Practice",
Deborah L. Walker and David N. Gans

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Four Generations at Work

- The Veterans/Silents (1922 - 1943)
- The Baby Boomers (1944 - 1960)
- The Gen Xers (1961 - 1980)
- The Nexters (Gen Y) (1981 - 2000)

Source: Zemke, Raines, Filipczak: Generations at Work, 2000

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Values Are Different

Source: Zemke, Raines, Filipczak: Generations at Work, 2000

Veterans	• Dedication, Sacrifice, Hard Work, Respect, Duty, Honor, Adherence to Rules
Baby Boomers	• Optimism, Teams, Personal Gratification, Work and Involvement, Health & Youth
Gen Xers	• Diversity, Techno Literacy, Self-Reliance, Fun Balance, Global Thinking
Nexters	• Optimism, Civic Duty, Confidence, Achievement, Morality, Street Smarts, Diversity, Sociability

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Developing Employee Loyalty

- Accept the fact that the value systems of your employees may be quite different than yours.
- Look at your policies and procedures from the perspective of your employees.
- Ask employees why they stay (survey or interviews).
- Communicate your policies in a language style that is compatible with your employees' value systems.
- When recruiting, consider the values of those who stay and match accordingly.
- Eliminating the negatives and accentuating the positives is a process, not a short term project.

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"You get what you expect!"

- Sara Larch



People Want to Know 3 Things:

1. What is expected from them.
2. How they are doing.
3. What they can do to improve.

Modified from MGMA breakout,
"Coaching Successful Self-directed Practice Teams", Linda Smith, FACMPE

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Expectations Example: Medical Group's Goals = Increase Profit at the Bottom Line



Improve net collection rate



Increase # of new patient visits



Reduce cost per visit

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Group's Goals	Medical Billing Team's Goals	
Increase net collection rate	Increase cash collections	Decrease non-contractual adjustments
Increase # of new patients	Improve CPT coding accuracy	Audit charge capture in the physician office
Reduce cost per visit	Reduce denials and rework	Increase patient throughput with no new staff

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Example Two: Turning Goals into Actions You Can Track

Group's Goals

- Increase cash collected during patient visit
- Increase number of accounts that follow-up staff resolve
- Reduce errors at front desk
- Increase new patient visits

Track

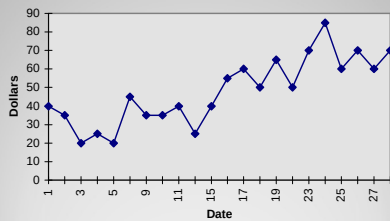
- Cash collected each day at front desk
- Accounts resolved by staff member each day
- Denials due to errors at front desk
- New patients visits % total patient visits

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Tracking: Increase Cash Collected at Time of Service - Measure Daily Cash by Collector

Cash At Time of Service

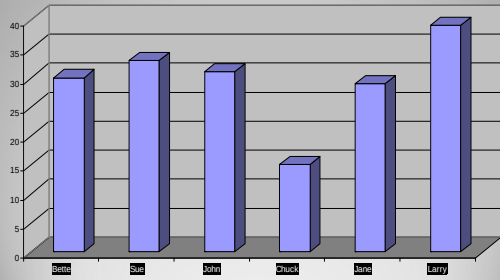


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Tracking: Average Daily Accounts Worked

Don't forget about Quality!



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Tracking: Front Desk Monthly Denial Report

Denial Reason:	Percentage of Average Claims/Month		
	Main Office	Satellite Office	Total
Patient not eligible on date of service	5%	2%	4%
Claim filed in error to wrong payor	4%	1%	3%
No referral	1%	5%	2%
Services not covered	1%	1%	1%
Duplicate claim	2%	2%	2%
Claim returned - need additional info	1%	0%	1%
Total Denial Rate	14%	11%	13%

Interpret the Data and Take Action. For example:

- Satellite office has reduced their denials by improving their registration quality.
- Main office has not made progress in registration areas – more training will be held; individual registration audits will be completed this week.
- Referral management needs more attention at satellite office. Referral coordinator from Main Office will spend 1 day/week at satellite office.

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Tracking: Increase New Patients

Group's Goal =
Increase new
patients as
percent of total
patients in next
six months to
35%

	New Patients	Return Patients	Total Patients	Percent of Total
May 3-10	15	60	75	20%
May 11-18	30	155	185	16%
May 19-26	36	96	132	27%
Total	81	311	392	21%
		Goal		35%

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Distributed to: all physicians and posted in
staff lounge on bulletin board

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Creating Purposeful Work

"To truly engage staff members in the work of a medical practice, it is important for them to actually connect their work and effort to the patient."

"Work = I submit claims"
versus

"Purposeful Work = I am the liaison between the patient and the payer and essentially serve as the patient's financial advocate. I help patients understand what their insurance will and will not pay and serve as a resource to the patients."

Source: "Innovative Staffing for the Medical Practice"
Deborah Walker Keegan, PhD, FACME, 2011, www.mgma.com.

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Expectation: Performance has Consequences

Poor Performance	Good Performance
Positive Consequences	Positive Consequences
Poor Performance	Good Performance
Negative Consequences	Negative Consequences

Source: Christine Hipple, University Physicians, Inc., Baltimore, MD

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Effective Leaders Know....

- The only definition of a leader is someone who has *followers*.
- Someone whose followers do the right things. Not someone who is loved or admired. Popularity is not leadership. *Results* are.
- Leaders are highly visible. They set *examples*.
- Leadership is not rank, privileges, titles, or money. It is *responsibility*.

• according to Peter Drucker

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Team Leaders Need to:

- Build trust and inspire teamwork
- Foresee and influence change
- Delegate effectively



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How to Build Transactional Trust

Competence Trust
"Trust of Capability"
•Acknowledge people's skills and abilities
•Allow people to make decisions
•Involve others and seek their input
•Help people learn skills

Capacity For Trust

Contractual Trust
"Trust of Character"
•Manage expectations
•Establish boundaries
•Delegate appropriately
•Encourage mutually serving intentions
•Keep agreements
•Be consistent

Communication Trust
"Trust of Disclosure"
•Share Information
•Tell the truth
•Admit mistakes
•Give and receive constructive feedback
•Maintain confidentiality
•Speak with good purpose

Source: Trust & Integrity in the Workplace: Building Effective Relationships in Your Organization (1999, Bernard Koslowski, Publisher) Published in: Harvard Management Update

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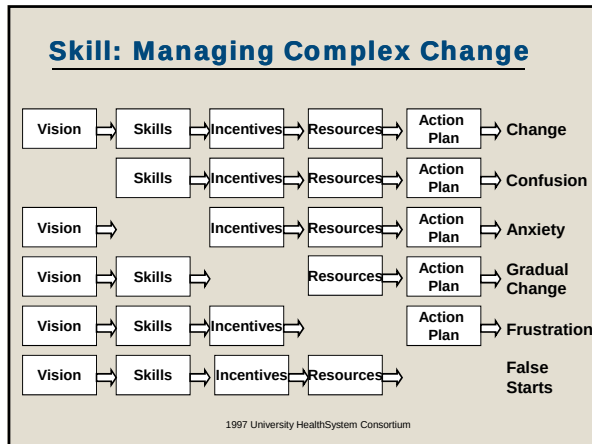
Key Leadership Areas of Focus

- Clarify what should never change
 - What do we stand for and why do we exist?
- Promulgate the genius of AND
- Decide not only what to add, but also what to remove
- Reject survival as your primary goal
 - Stimulate change and progress as an opportunity to create new and better methods of contributing to the health and well-being of those you serve.

Source: James C. Collins, author "Built to Last"

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Why Medical Practice Managers Fail to Delegate

1. They are perfectionists.
2. They don't like change.
3. They are afraid of being outdone.

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Why Staff Resist Delegation	What To Do
It's easier to let you make all the decisions.	Show how it is better for the staff member to make the particular decision.
They are not prepared to accept responsibility.	Begin by delegating small tasks. Then reinforce good performance and work up to larger ones.
They don't see what's in it for them.	If possible, choose tasks to delegate that will benefit staff. Emphasize the benefits.
They've made mistakes in the past that have embarrassed them or made you angry.	Choose tasks that will not exceed your staff's capabilities and be encouraging.
They don't know that you've actually delegated something to them.	Be specific and very clear.
They feel that they already have too much to do.	Be realistic about current and future workloads.

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Are You A Delegator?

1. Do you work later than anyone else in the office most nights of the week and Saturdays?
2. Is it hard to find time for planning and setting long range goals for your practice?
3. Are you constantly fighting to stay on schedule?
4. Is your desk always piled with paperwork and journals no matter how much you work?
5. Do you make regular trips to the post office to pick up and deliver mail?
6. Do you open and sort the office mail?
7. Do you go to the bank regularly to drop off deposits and withdrawals?
8. Are you your own bookkeeper?
9. Do you order supplies and/or unpack them when they arrive?

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Are You A Delegator?

10. Have you failed to take a vacation at least a week long during the last three years?
11. Do your office operations greatly slow down when you are not there to supervise?
12. Do you find it easier to do tasks yourself than to delegate them?
13. Do your assistants defer all decisions to you?
14. Has none of your staff come to you with new ideas?
15. Do you delegate according to status, seniority, or salary instead of personal abilities?

YOUR SCORE: Did you answer every question with NO? Then give yourself a grade of 100%. If you answered yes once or twice, that's still pretty good. However, many yes answers may indicate a serious delegation problem.

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Takeaway Tool

- Identify your leadership strengths and areas you need to develop more.



Think about a single leadership role that you would like to improve

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Rate Your Leadership Principles 1=Low and 5 = High

- 1 ___ I hire the best people regardless of pressures to fill the position quickly.
- 2 ___ I evaluate my staff's performance and provide positive direction.
- 3 ___ I utilize technology to improve the effectiveness of my medical group.
- 4 ___ I take the time to mentally prepare for the day.
- 5 ___ I set goals that focus the medical group on achieving our objectives.
- 6 ___ I communicate a vision that is understood by my followers.
- 7 ___ I eliminate stress and tension in the workplace.
- 8 ___ I create a positive work environment and maintain a positive attitude.
- 9 ___ I enjoy the prosperous times while I prepare for the challenging times.
- 10 ___ I am a master at creating positive change.
- 11 ___ I relax until I know all the facts when a problem occurs.
- 12 ___ I am a long-term thinker.

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Rate Your Leadership Principles 1= Low; 5 = High

- 13 ___ I concentrate on the critical success factors for my medical group.
- 14 ___ I understand the 80/20 rule and apply it to my activities.
- 15 ___ I listen to my employees and act on their suggestions.
- 16 ___ I make my meetings productive.
- 17 ___ I set priorities and accomplish the important items first.
- 18 ___ I honor my employee's time.
- 19 ___ I control interruptions.
- 20 ___ Regardless of the situation, I never sacrifice my integrity.
- 21 ___ I earn trust from my followers.
- 22 ___ I have the courage to fire unproductive employees.
- 23 ___ I love the challenges of leadership.
- 24 ___ I evaluate myself to understand why I do not get the expected results from others.

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Rate Your Leadership Principles 1= Low; 5 = High

- 25 ___ I know that everything I do counts toward my leadership performance.
- 26 ___ I am an excellent problem solver.
- 27 ___ I never procrastinate in solving a problem.
- 28 ___ I am an excellent communicator.
- 29 ___ I accept responsibility for all I control.
- 30 ___ I treat my employees with respect and dignity.
- 31 ___ I have the courage to take calculated risks.
- 32 ___ I look beyond the current obstacles to the ultimate goal.
- 33 ___ I utilize the creative talents of my staff.
- 34 ___ I spend the majority of my time working my area of excellence.
- 35 ___ I do not dwell on my past successes.
- 36 ___ I do not procrastinate.
- 37 ___ I understand that what I reward gets done.

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Rate Your Leadership Principles

1 = Low; 5 = High

- 38 ___ I am creative in my approach to personal improvement.
 39 ___ I do not paralyze myself with worry.
 40 ___ I keep my cool under pressure.
 41 ___ I know when my goals have been accomplished.
 42 ___ I conduct business with class.
 43 ___ I enjoy the competitiveness of health care business.
 44 ___ I have the self discipline to continue even when times are tough.
 45 ___ I know how to lead others to success.
 46 ___ I am optimistic about the future.
 47 ___ I have a clearly defined personal development plan.
 48 ___ I lead my people to improvement, even when things are not great.
 49 ___ I am an excellent teacher.
 50 ___ I make people development a priority in my medical group.

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Rate Your Leadership Principles

Total Your Score:

0-150 You would benefit from intensive leadership development.

151-175 Focus on immediate improvement areas

176-225 Excellent! You know the essence of effective leadership.

226+ Outstanding! You are an outstanding leader.

Questionnaire adapted from: "Leadership Lessons from the Links"

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Productivity: Internal, Practice-Specific Factors

$$X1S + X2F + X3Te + X4E + X5TI = P$$

S = Staff
 F = Facility
 Te = Technology
 E = Efficiency of Provider
 TI = Time
 P = Productivity

Source: Woodcock, EW and Walker DW: Measuring Resource Utilization in Medical Group Practice, Medical Group Management Journal, September/October 2000

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Automation and Technology



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Productivity Themes

- Do It Right the First Time
- Reduce Rework



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Case Example: Cost of Rework

Scenario One:

Medical Service Provided:

Initial Charge:	\$130
Allowed Amount:	\$55
Contractual Adjustment:	\$75
Practice paid:	\$55

Cost of Service/Billing:

Cost to provide service	\$29
Cost to prepare and mail claim	\$6
Total Cost	\$35
Practice income after expenses:	\$20

Scenario Two:

Medical Service Provided:

Initial Charge:	\$130
Allowed Amount:	\$55
Denied part of claim	(\$30)
Contractual Adjustment:	\$75
Practice paid:	\$25

Cost of Service/Billing:

Cost to provide service	\$29
Cost to prepare and mail claim	\$6
Cost to rework claim	\$15
Total Cost	\$50
Practice income after expenses:	(\$25)

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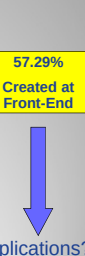
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Calculate Your Top Reasons for Denials

Top 10 Reasons for Denied Claims

28.64%	No coverage**
17.59%	Coding/bundled service
13.57%	Additional information requested
9.55%	Duplicate claim
9.05%	Lack of referral/authorization
7.54%	Other
6.53%	COB
3.02%	Not medical necessary
2.51%	Incomplete information on claim
2.01%	Timely filing



**No coverage (or terminated) for the patient and/or the service

Sample of 40 practices

COB = Coordination of Benefits

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Source: The Nuts and Bolts of Practice Operations, 2007
Authors: Walker Keegan, Woodcock, Larch

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Key Leading Indicators

- Percentage of A/R over 120 days
 - Adjusted FFS collection rate
 - Days gross FFS charges in A/R
 - Denials
 - Back End Billing Cost as a percent of collections
- Performance
- Cost

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Benchmarks: External vs. Internal

- Percentage of A/R over 90 days: 10-12%
- Adjusted FFS collection rate: 98%+
- Days gross FFS charges in A/R: 30-40
- Denials: <2%
- Back-end billing cost as a percentage of net collections:
 - Surg/Anesth: 4-6%
 - Med Specialties: 6-8%
 - Primary Care: 7-9%
 - Radiology/Path: 8-12%
 - Emerg. Med: 11-13%

"The Physician Billing Process: 12 Potholes to Avoid in the Road to Getting Paid"
Deborah Walker Keegan, Elizabeth W. Woodcock, Sara M. Larch, MGMA, 2009.

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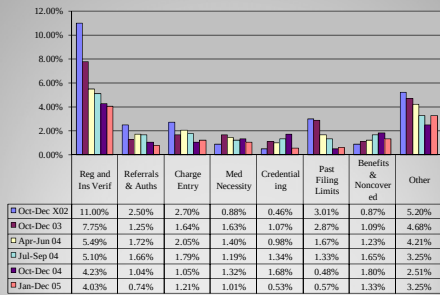
Kareo Dashboard



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Internal Benchmarking: Denials by Major Reasons



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Internal Benchmarking: Mystery Patient--Phone Shopper Survey

- Number of Rings
- Courtesy
- Hold? How Long?
- Knowledge and Concern
- Transferred? How?
- Message Taking
- Insurance Request: When? How?
- "Random Question"

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External: Production Measures

<u>Activity</u>	<u>Per Hour</u>	<u>Per Day</u>
Insurance Follow-up	6-12	
Patient Inquiries	8-12	56-84
Self-pay Follow-up: Manual	10-13	70-90
Coding: E&M codes	15-20	
Coding: Surg/Procedure codes	6-12	
Charge entry line items (w/o registration)	55-75	375-525

* Reflects a 20% reduction for non-production time (vacation, breaks, etc.)

Examples from Walker, Woodcock, Larch 2009

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Analyze Productivity of Medical Billing Team: Example

Payment Posting

Expectation: 525-875 transactions per day
Actual observed staff level: 125 average per day
Staff Utilization (approximate): 14-24%

Insurance Follow-up

Expectation: 42-84 accounts/day
Actual: 38-40 Per Day
Staff Utilization (approximate): 48-71%

Patient Telephone Inquiries

Expectation: 56-84 inquiries/day
Actual: 45 Per Day
Staff Utilization (approximate): 54-80%

Note: Assume a seven-hour productive day, with staff devoted to this function.

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Credit Balance Productivity

Expectation: 60-80 accounts/day

Basis: Time to review account, investigate account, obtain EOB & back-up, prepare refund request

Current State: 2,500 accounts in credit balance

$$2,500/60 = 42 \text{ days}; 2,500/80 = 31 \text{ days} \quad \text{Range 31-42 days}$$

**1.00 FTE Working 31-42 days
to complete current credit balances**

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Modified from Walker, Woodcock, Larch 2009

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The Efficient Frontier

Performance (P)
Ideal Case:
**High Performance
at Low Cost**

Front-end revenue cycle & payer strategies maximized,
lower cost for billing.

HIGH P LOW C	High P High C
Low P Low C	Low P High C

Cost (C)

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* 2009 Walker, Woodcock, Larch

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Calculating Your Support Staff per FTE Physician

- 1 20 hr/wk Office Manager
 - 2 40 hr/wk LPNs
 - 3 20 hr/wk Billing Staff
 - 4 32 hr/wk Receptionist/Check-out
- TOTAL: 288 hrs/wk
- 2 Divide by 40 = 7.2 FTEs
 - 3 Practice has 2 Physicians
 - 4 7.2 FTE staff divided by 2 = 3.6 Support Staff per FTE Physician

Note: 10 on the payroll ;
7.2 FTE's

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Compare Overall Staffing to Available Benchmarks

Example:

Category	Benchmark
Billing FTE per FTE Physician	.26
Billing FTE per \$1M charges	.44
Billing FTE per \$1M Collections	.99
Billing FTE per 100,000 Statements	22.40
Billing FTE per 100,000 Claims	10.51*

**The Physician Billing Process: 12 Potholes to Avoid in the Road to Getting Paid"
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Specific FTE Levels Required by Function

Staffing Levels by Function (FTEs per 100,000 Claims)	
Billing Function	Benchmark
Claims	.54
Patient Inquiries & Follow-up	1.32
Insurance Denial & Follow-up	3.54
Credit Resolution	.43
Payment Posting/Cash Mngt	1.23
Other	2.97

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Staff Cost per Visit

(1) Outpatient Visits	5200
(2) Physicians	1
(3) Support Staff	4
(3) / (2) Support Staff per FTE Physician	4
(4) Support Staff Salaries	\$ 89,500
(5) Support Staff Benefits (21%)	\$ 18,795
(4) + (5) Total Staff Cost	\$ 108,295
[(4) + (5)] / (1) Staff Cost per Visit	\$ 20.83

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Staff Cost per Visit: Example

Staff Cost Per Visit

	Site A	Site B	Site C	Total/Mean
Visits	11,511	8,292	23,487	43,290
Providers	3	2	4	9
Total Staff	12	9	16.5	37.5
Staff/Provider	4	4.5	4.13	4.17
MGMA Cost Survey	4.2	4.2	4.2	4.2
Total Staff Cost	\$330,000	\$310,000	\$453,750	\$1,031,250
Staff Cost Per Visit	\$29	\$37	\$19	\$24

- Identify additional data you would want in order to interpret this table
- What conclusions do you draw?

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Cost of Unplanned Turnover:

- Departing employee costs (vacation pay, other benefits)
- Advertising vacancy
- Manager's interviewing time
- Background checks
- Training time for new hire and initial low productivity
- Overtime to cover vacancy
- Possible stress on remaining staff
- Costs could equal 150% of salary
- Cost of Turnover Calculator:
http://calipercorp.com/cal_turnover.asp

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Staff Turnover: External Benchmarking

Turnover Rate (Yearly)		
	2000	2006
Nursing and Clinical Support Staff	11.28%	16.59%
Billing and Collection Staff, Data Entry	12.79%	10.00%
Receptionists/Medical Records	21.78%	25.00%

Turnover rates are a function of a number of factors that should be carefully evaluated. If a position "turns over" frequently, however, this is a red flag to investigate causal factors.

Source: MGMA Performance & Practices of Successful Medical Groups, 2006

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Managing Your Medical Billing Team

Decrease rework	• Increase cash at time of service • Decrease denials • Increase quality of data capture
Increase automation	• Increase electronic claims and remittances • Increase electronic eligibility and claims status
Increase productivity	• Define staff expectations • Measure and report results

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Today's Objectives

- Describe the Performance Management Process
- Connect the team's expectations with the medical group's goals
- Evaluate your own management skills via a takeaway tool
- Measure staff productivity and staff costs

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Resources for You!

- "Innovative Staffing for the Medical Practice", Deborah Walker Keegan, PhD, FACMPE, MGMA 2011; www.mgma.com.
- "The Physician Billing Process: 12 Potholes to Avoid in the Road to Getting Paid" Deborah Walker Keegan, Elizabeth W. Woodcock, Sara M. Larch, MGMA, 2009; www.mgma.com.
- "How to Recruit, Motivate, and Manage a Winning Staff: A Medical Practice How-To Guidebook", Laura Sachs Hill, Greenbranch Publishing, 2004; www.greenbranch.com.

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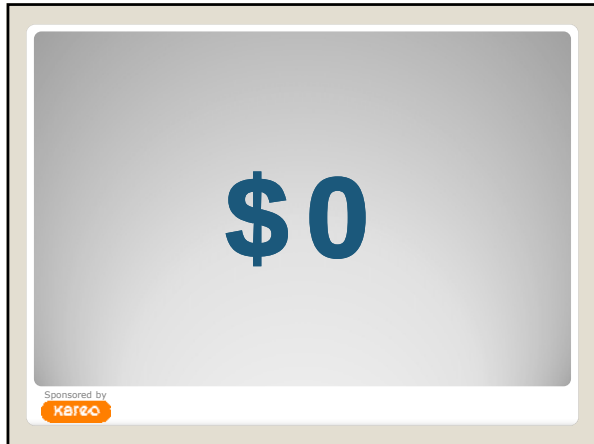
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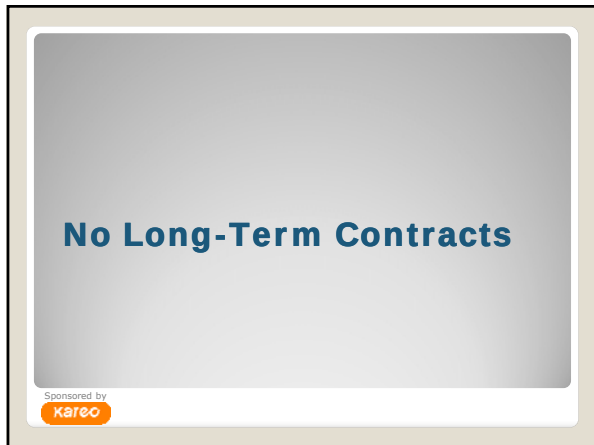
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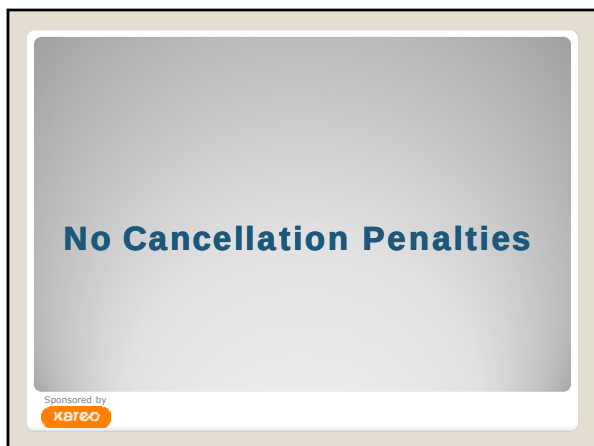
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