

MGMA Performance and Practices of Successful Medical Groups

2012 REPORT BASED ON 2011 DATA



MEDICAL GROUP MANAGEMENT ASSOCIATION

An Effective Outsourcing Partnership

Peachtree Park Pediatrics, Atlanta, Georgia

Atlanta's Peachtree Park Pediatrics traces its history back to the early 1940s, making it the oldest pediatric practice in the metropolitan region. Its first two physicians, Dr. William Funkhouser and Dr. Hines Roberts, were instrumental in founding Egleston Children's Hospital, now part of the nationally esteemed Children's Healthcare of Atlanta. Through the years, the practice has maintained its strong reputation while gradually growing to include the five physicians practicing today.

The practice's long-term stability has helped foster an environment of longevity among staff members. Practice administrator Donna Scowden has held her position for 15 years, and the operations supervisor, Robin Cochran, has worked there for 30 years. Their long tenures, however, have not resulted in operational stagnation. On the contrary, Peachtree Park's managers and physicians have a longstanding philosophy of continuous quality improvement.

"We have always tried to look at processes critically," says Scowden, "and we've been unafraid to make changes whenever it made sense. For example, we were among the 'early adopters' who discovered the effectiveness of up-front collection policies." Clear communication with parents of pediatric patients about the practice's financial policies helps minimize surprises later during the billing and collection processes.

Early and consistent communication has paid off by pushing down the practice's A/R turnover rates to 23.75 days (gross) and 30.61 days (net).

Outsourcing the Billing Process

Prior to Scowden's arrival, the practice entered into a management services agreement offered through a local hospital. Frustrated with accounts receivable management and human resources headaches, many private practices signed similar hospital contracts back in the 1990s. Typically, the arrangement didn't produce the results hoped for by the physicians. Hospitals have a different way of looking at things, observes Scowden.

"A \$50 balance is significant to us, but to a hospital, it can represent a small-balance write-off."

A year and a half later, the hospitals were having second thoughts about their practice management contracts as well as their practice acquisition strategies, and many deals were being dissolved — including Peachtree Park's. Scowden and her team were faced with the challenge of rebuilding a billing department — almost from scratch.

At about the same time, a local accountant and her internist husband,



Peachtree Park staff members who volunteered to work in an area homeless shelter

Better-Performer Tip

Make *longevity* a part of your value system: Develop well-trained staffers who want to stay with your practice. When outsourcing critical processes, cultivate relationships with business partners you want to deal with over the long haul.

—Donna Scowden, Administrator

whose children happened to be patients at Peachtree Park, started a billing service designed to focus on the issues and needs of physician practices. Facing the considerable expenses associated with reestablishing an in-house billing department — including acquiring its own IT resources, hiring new staff members, and renovating office space to accommodate the expansion — the practice decided it made more sense to pursue outsourced billing with Physician Interlink.

Physician Interlink's CEO, Mary N. Moak, is quick to point out that her company goes well beyond a simple "billing service." It brings the entire IT infrastructure, including local network and firewall, into the mix. Physician Interlink owns and manages the IT services provided for its clients, both PMS and EHR systems. However, after partnering with Allscripts (a selection made jointly with its physician clients), Moak and her husband/partner, Thomas Moak, MD, recognized the need for individual practices to own their own licenses with the vendor.

This strategic decision recognized more than the diversity resulting from Allscript's ability for customization. It clearly demonstrated an understanding that medical groups need to feel free and not "held hostage" by an outsourcing partner who owns the software licenses, contracts, and data access. Physician Interlink didn't want to make it complicated and difficult if a practice wanted to terminate the agreement. Its philosophy focused on performing so well that doctors would never *want* to leave.

Leveraging the Technology

The relationship between Peachtree Park Pediatrics and Physician Interlink has developed into something far greater than a classic vendor-client arrangement. The practice has consciously taken full advantage of Physician Interlink's depth of experience in financial management and medical practice and its commitment to adapt to clients' needs. The resulting partnership feels more like a "merger" than a service agreement. Consequently, the practice doesn't feel that it has surrendered control of its revenue cycle management, and Physician Interlink has earned the trust to offer guidance and support for the practice's financial policies and procedures.

Scowden emphasizes, "We try to use [IT] functionality to the max," when discussing how her internal operations use the various tools, bells, and whistles embedded in the information systems. Operations supervisor Robin Cochran implements procedures to leverage these resources: For example, the front office relies heavily on the computer system's account-notes function to keep everyone in the loop regarding patient accounts. Staff — both in the office and at Physician Interlink — enter notes that inform coworkers when parents

owe a balance that needs to be collected. Parents are reminded of the outstanding balance when they call for an appointment, and an attempt to collect will be made at check-in.

The system produces a check-in sheet that shows the balance due, and front-desk personnel can address the issue with confidence by either collecting the residual balance or soliciting parents' involvement in dealing with a 30-day-old insurance balance. Often the payer has held up payment because it needs additional information from the subscriber.

Moak indicates that Peachtree Park gets high marks for using technology to capture and maintain accurate patient data, too. Online insurance verification, capturing and storing insurance card images in the system, and printing the current demographic and account information for parents



Operations Director Robin Cochran's 30th Anniversary with Peachtree Park (L to R: Dr. Robert Wiskind, Practice Administrator Donna Scowden, Robin Cochran, Clinical Supervisor Kathryn Patterson)

Physicians who diligently complete their office record keeping — often before moving on to the next patient — provide a foundation for administrative staff to keep the revenue cycle as short as possible.

to verify at check-in all contribute to a clean database.

Communicating Accurately, Clearly, and Early

Even though Peachtree Park enjoys a better-than-average payer mix, Scowden learned long ago that parents are more willing to settle a balance *before* treatment (or before leaving the office) than when they receive a statement weeks later. But the practice has arrived at its current 100 percent net collection ratio by more than good luck in the payer-mix department.

Thanks to the practice's commitment to clear communication, the parents in its well-insured, employed patient base have learned to *expect* to settle their balances due in a reasonably timely fashion. Using computer tools to keep the practice and Physician Interlink "on the same page" provides accurate and up-to-date information. In-house employees have been trained to communicate positively and

clearly with patients regarding their financial obligations. Both of these factors provide the fuel that makes Peachtree Park's strong financial policies and procedures run smoothly and effectively.

Early and consistent communication has paid off by pushing down the practice's A/R turnover rates to 23.75 days (gross) and 30.61 days (net). It would be hard to improve much on collecting 100 percent of net FFS charges with a 30-day average for days in A/R — unless a practice followed a cash-up-front business model.

Peachtree Park's approach has effectively minimized the traditional excuse offered by medical patients or (in its case) by parents: "I didn't know." The practice has focused tremendous effort to make sure *everyone* knows — both staffers and guarantors — what's expected of them.

That's not to say that accounts never go bad. Again, the strong partnership between the practice and Physician Interlink allows both offices

to see what's going on with each account. When an account balance needs additional attention, the practice staff members initiate most of the calls to parents — even requests for additional insurance information.

Responsibility for collecting patient balances resides inside the practice, and the physicians have approved firm financial policies that include the use of hard collections when necessary. The practice follows through with its policies to turn over severely delinquent accounts to an outside agency and to suspend access to *routine* physician services until minimum requirements are satisfied. As such, the parents have learned to comply with practice policies — most of the time.

Life in "Real Time"

Moak, who works with 25 doctors in seven different practices, characterizes Peachtree Park's practice as one that focuses its work in "real time." Physicians who diligently complete their office record keeping — often before moving on to the next patient — provide a foundation for administrative staff to keep the revenue cycle as short as possible. Their focus on "doing today's work *today*" sets the tone for the whole practice.