

Managing the Financial Health of Your Practice

Live Webinar Q&A Session

I struggle with financial data when there is a lag between when we submit claims and when we receive reimbursement. Example: We are getting dollars for July, in August. How do you recommend looking at this?

- This is where understanding Key Performance Indicators and the value of each is important. To pay for the many costs associated with running a pediatric practice, office managers and practice administrators must know how many days it takes for the practice to collect for the services it's provided. Fortunately, there are KPIs you can monitor to help be more predictive of revenue. To be predictive, you need to understand and monitor your Total Days in Accounts Receivable, or "AR".

The total days in A/R should be broken down into total payer A/R and total patient A/R. This KPI is useful for many reasons. For instance, if insurance companies are not paying claims, or if the amount of patients with outstanding accounts receivable balances are extremely high, then the practice may be in an unhealthy accounts receivable situation. To remedy this, it is important to follow up on why insurance companies are not paying claims, and/or ask for payment upfront from patients who pay cash-only for their appointments.

Formula: Provider or practice accounts receivable balance/Provider or practice average charges per day (Note: average charges per day based on the last 90 days of charges).

Regarding the coding changes, the additional time code of 99417 has been repeatedly denied. Any thoughts/comments/suggestions?

- Fill out a Hassle Factor form so the AAP can advocate with you.
<https://form.jotform.com/Subspecialty/aapcodinghotline>

I practice in the middle-of-nowhere Alaska. There are so many funding opportunities for rural health right now, but I'm not eligible because I have a LLC and not a non-profit. Any input?

- There are many rural practices who are independent and are making this work. Please look for a personal email follow up.

Insurance company doesn't pay enough money for vaccines.

What can we do?

- This is a broad question and depends on many things:
 - Are you maximizing your purchase price by participating in a group purchasing arrangement?
 - Have you worked with your Pediatric Council or used the AAP Business Case for Vaccines to advocate for improved payment?
<https://www.aap.org/en/patient-care/immunizations/implementing-immunization-administration-in-your-practice/>
 - Complete a Hassle Factor Form so the AAP can assist:
<https://form.jotform.com/Subspecialty/aapcodinghotline>

I think it's important to note that as administrators, doctors are distilled down to a cost component of production.

- While it is typical for employed physicians' salaries to be included in your expense because they are a cost component to service delivery, the same is not true for private practice physician owners. Employed physicians are included as a cost component as they typically receive a fixed salary with performance or productivity-based bonuses, similar to other team members. The same is not true of physician owners. Typically physician owners generate revenue expenses. Once expenses have been accounted for, this leaves you with your gross revenue or physician compensation.

Is OP creating a financial dashboard?

- Yes, OP has a financial analytic tool that is currently being used by OP RCM clients. OP will be providing information to all OP users in September, 2021.

How can you tell employer sponsored plans compared to commercial plans when all the cards look the same?

- There is unfortunately no way to tell uniformly. Most of the major insurers who also have Employer Sponsored plans have some distinction. I would ask your major payers how they distinguish it on the cards. Sometimes you can tell if there is a company name on the card.

Does OP flag us when our payment is less than the contracted fee schedule? It was mentioned in the webinar to monitor. If so, is there a standard report to run?

- Contact OP support or your Account Manager. If you have loaded your fee schedules into OP, the payment amount will be flagged in red if it doesn't match when the electronic payment information is returned.

Can you speak to a benchmark number for expense ratio and overhead percentage?

- According to recent MGMA data, overhead expenses can take up to 60% of practice revenue. It may be wise to involve your accountant when looking at your expenses and overhead percentage. Accountants can help you identify your spend in different areas. Most practices can identify areas to shave expenses without decreasing productivity and may help you identify where you should invest more to provide a greater return on investment.

If we do not see patients because we are unhappy with payment of, for example, testing, 1) Are we not alienating those patients & 2) Are there reprisals?

- You can't keep your business viable without appropriate payments. Some difficult decisions may need to be made depending on whether your patients have alternate access to appropriate care. There is always a risk/benefit analysis that the practice must use to make the most appropriate decision for their patients and their business. Often underpayment/inadequate payment is just as infuriating to families as they pay a lot of money for coverage and are horrified that it doesn't come back to their pediatrician. Often partnering with parents to contact insurance companies and advocate for better payment or working with other pediatricians in your area through your Pediatric Council - can be productive.