

Prescriptions Medical Alert

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Getting Your Payer Mix Right

Make a list of your practice's most important payers, and calculate the percentage of gross revenues received from each.

If you find that your practice is busy, but revenues are no longer keeping pace with rising costs, it may be time to reconsider the health plans your practice currently accepts. Adjusting your payer mix does not necessarily entail ending relationships with existing payers or patients; instead, you may find you can improve your practice's profitability by altering scheduling procedures, limiting the number of new patients your practice accepts with insurance coverage from certain health plans, and adding payers with a reputation for responsiveness and efficiency.

While you may think you already know which payers are causing the shortfalls, it is best to conduct an analysis of the payments received from each insurer. To do this, make a list of your practice's most important payers, and calculate the percentage of gross revenues received from each. There are online tools available that can help you compare payers and estimate the size of the role played by each health plan in your practice's individual payer mix.

Once you have identified the payers that are the biggest contributors to your practice's bottom line, assess the quality of your relationships with these payers. How do their reimbursement rates compare with those of other insurers? Do they pay promptly? Do they deny claims or otherwise make it difficult to collect payment? Do they require pre-authorizations for routine tests and procedures? How transparent is the payer's fee schedule? Ask your administrative staff about their experiences with each health plan. Do staff members spend disproportionately large amounts of time dealing with certain plans? Are there plans that provide particularly high levels of service?

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Negotiating a Better Deal on Medical Malpractice Insurance

Expensive to purchase and sometimes hard to obtain, many physicians assume they have little power when it comes to choosing a medical malpractice insurance carrier. But the market is always evolving, and new options for malpractice insurance are becoming available. By shopping around and asking the right questions, you may be able to find an insurance carrier that offers superior liability coverage at competitive rates.

The first step is figuring out what level of medical malpractice coverage you require. Among the most common types of coverage available to physicians are claims-made policies and occurrence policies. Claims-made, or discovery, policies cover events that occur during the policy period, provided the events are reported while the policy is still in effect. Occurrence policies cover all events that take place during the policy term, regardless of when the claim is filed.

If you have a claims-made policy and would like to move to a different insurance carrier, you may need to purchase from your current provider an extended reporting period endorsement, or “tail” coverage, which will allow you to report any future claims for events that occurred during the policy term. Alternatively, you may be able to obtain prior acts, or “nose,” coverage from the new insurance carrier that will cover any residual claims for events that occurred during the previous policy period.

With the help of an insurance broker or independent agent, find out which carriers are most likely to offer coverage to medical practices in your specialty and geographic location. Since the underwriting criteria of various insurance providers can vary, ask your agent or broker which carriers are most likely to offer coverage at affordable rates based on your individual risk profile.

It is also important to investigate the solvency and reputation of each carrier you are considering. Is the company financially stable? Is the insurer known to have a strong commitment to providing high quality legal representation and expert services? Does the carrier support physicians in defending themselves against claims and encourage

alternative dispute resolution? Does the insurer have claims staff who are knowledgeable and prompt in their responses? Does the carrier have a risk management program that supports physicians in improving patient safety? Are there any unusual exclusions in the company’s policies that you should be aware of?

You may also want to consider purchasing coverage from nonstandard insurance providers, or surplus lines carriers that are approved to sell insurance in your state but are not officially admitted by state insurance regulators. Nonstandard carriers are not subject to the same underwriting rules as admitted carriers, and they may charge much higher prices for coverage. They may also, however, offer a greater range of insurance products, and they are often able to extend coverage to physicians who have been rejected by other carriers.

If you are unable to obtain medical coverage at reasonable rates from commercial insurers, investigate possible alternatives. Groups of physicians who have faced problems on the commercial market have established their own closely held companies, known as captive insurance companies (CICs). You may also be eligible to join a risk retention group (RRG), a member-owned CIC formed for the purposes of pooling and sharing risk. RRGs use their collective purchasing power to obtain medical liability insurance at prices lower, and with better terms, than individual physicians and practices could negotiate on their own.

To improve your chances of acceptance and of getting the best possible rates, take care when filling out applications for medical liability insurance. Keep in mind that a failure to answer questions accurately or disclose relevant information could allow the insurer to disclaim coverage. Answer each question as thoroughly as possible, providing additional details where necessary. Have copies of your previous insurance applications on hand to ensure that there are no inconsistencies between applications. To avoid delays, check that all required documents have been attached to the application prior to submission. *P*

Intelligent Design for Medical Practices

Creating an office space that is comfortable, convenient, and easy to negotiate for physicians, support staff, and patients can improve patient flow and enhance the productivity of your practice. Careful planning of office space is especially important if your practice is expanding or adding new services. If space is becoming tight, finding ways to use your existing facilities more efficiently can be an attractive alternative to moving to another location or limiting the growth of your practice.

Start by analyzing how space is currently being used in your practice. If, for example, there appears to be a shortage of exam rooms, consider whether changing the way patients are processed could alleviate the problem. In some practices, patients are quickly ushered out of the waiting area and into exam rooms, even though the physician is not yet ready to see them. Simply having patients remain in the waiting room until the doctor is available can free up exam rooms for actual examinations. If the

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If your analysis reveals that one or more of your leading payers is causing headaches, consider ways you can minimize your dependence on these payers. You may, for example, consider declining new patients from those plans or adjusting your schedule to minimize the number of times you see patients with coverage from those payers within a given time period. Meanwhile, you can strive to increase the percentage of revenues that come from payers with more generous reimbursement rates or better service by increasing the number of appointments with patients from these plans.

Take care, however, to review the contracts with the payers in question before making any changes to your practice's policies on accepting or seeing patients, as the conditions of these contracts may prevent your practice from imposing restrictions. If it is feasible to do so, try to renegotiate these contracts to allow for greater flexibility.

You may also want to research payers with which your practice does not yet have relationships to see if adding these health plans makes good business sense. Before adding a new payer, examine its fee schedules for the procedures your practice is likely to perform, and compare the rates to those of other payers. Whenever possible, try to find out whether the payer is easy or difficult to work with by asking other physicians about their experiences with the plan.

If your assessment shows that a very large proportion of your practice's income is from a

particular payer, it may be necessary to take action. Becoming overly reliant on a certain payer could, for example, lead to sudden drops in your practice's income if the payer were to suddenly freeze or lower reimbursement rates, or change its rules for approving claims.

Occasionally, your practice may have to make the tough decision to end a relationship with a payer, especially if reimbursement is consistently low, service is poor, or the terms of the contract are too restrictive. While informing patients that your practice no longer accepts their insurance can be hard, keep in mind that doing so means your practice will be able to offer better service to those patients who remain. Cutting ties with cumbersome payers can also reduce administrative costs and improve staff morale.

There may also be some creative ways to adjust your practice's payer mix, without turning away patients from certain plans altogether. For example, if there are several physicians working in a practice, the more senior physicians with large numbers of patients could see only patients from certain health plans, while more junior physicians still in the process of building their patient base could agree to accept patients from a wider range of payers. Steps such as these can reduce the percentage of revenues that your practice receives from more problematic payers, while still ensuring that long-term patients continue to receive care and that ties with existing payers are preserved. *P*

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waiting areas are frequently overcrowded, it may be necessary to adjust your practice's scheduling procedures.

Sometimes, however, the problem lies with waiting areas that are cramped or otherwise unpleasant. If the main waiting room in your practice feels uninviting, consider investing in more comfortable furniture, changing the lighting, painting the walls in soothing colors, and offering a wide range of magazines and books for adults and children. If the waiting areas currently in use are too small to meet the needs of your growing practice, think about whether it would be possible to reduce the size of the reception area to make more room for seating. It may, for example, make sense to reduce the number of filing cabinets in the reception area by moving files that are used less frequently to another part of the office or to a storage unit.

If carving out more space for clinical use is a priority for your practice, consider whether there are other parts of your facilities where space is being wasted. If physician's offices are unnecessarily large, think about reducing the size of individual offices or

having doctors with different working hours share consultation rooms.

Adoption of better technology is one of the best ways to free up office space, while also improving the overall productivity of your practice. Investments in electronic medical records (EMRs) and digital imaging are easier for practices to justify when the cost of paying for space to store paper records is taken into account. That space could instead be used to create another exam room, expand the waiting areas, or house new equipment. Another option is to outsource some administrative tasks that are currently performed on-site.

Even relatively minor enhancements to your practice's office space can make a big difference in patient satisfaction and staff morale, while also making the physician's job easier and more enjoyable. If space is becoming a critical issue in your practice, organize a meeting of physicians and staff to discuss ways to optimize the space available, and consult with a professional designer to formulate strategies for translating those ideas into reality. *P*

Physicians Value Locum Tenens Option

Locum tenens, or temporary assignments for physicians, can be attractive for older doctors who want to extend their medical careers, residents completing training who want to try out diverse geographic settings, and mid-career physicians looking for a change of scenery or additional income, according to a survey conducted by VISTA Staffing Solutions.

Designed to investigate the potential impact of locum tenens on physicians' career paths, the survey found that nearly 70% of the physicians believe that locum tenens can extend careers in medicine, and 53% think locum tenens could help physicians avoid burnout by giving them a feasible way to work part-time, make a transition, or secure locum tenens coverage for their own practices.

Results also showed that 82% of the physicians surveyed consider locum tenens to be a good way to transition into semi-retirement, 58% think it would be a good option for physicians seeking to make a professional transition, 47% view locum tenens as an attractive option right after completing residency, 28% see it as a good way to supplement income while building a practice, and 19% think it could be an attractive option for physicians when they are on vacation or not scheduled to work in their full-time jobs. *P*