

CARDIOLOGY PRACTICE OPTIONS™

IMPROVING PATIENT CARE THROUGH INCREASED PRACTICE EFFICIENCY

Expert Says Groups Need IT Strategy

Many cardiologists have made the implementation of an electronic medical record (EMR) system the focal point of their information technology strategy. But many industry experts and physician practice managers believe that medical groups should consider EMR adoption only after maximizing the efficiency of their billing and collections efforts. Accordingly, these experts assert, an up-to-date practice management system should be the first priority for any practice's investment in information technology.

Some physicians may not fully realize how important a practice management system is, says Ajit Kumar, PhD, general manager of Henry Schein Medical Systems (formerly, Microsys Computing, Inc.). Based in Boardman, Ohio, Henry Schein Medical Systems produces MicroMD PM, a practice management system, and MicroMD EMR, an EMR.

Backbone of a Practice

"The practice management system is the backbone of the practice," Kumar explains. "Practices that do not have claims management and accounts receivable under control are hurt financially. To manage their

Look for These Attributes

When considering practice management system features, cardiologists must think about the strength of the vendors as well. Ajit Kumar, PhD, general manager of Henry Schein Medical Systems in Boardman, Ohio, notes that cardiologists should seek the following characteristics when evaluating system vendors:

- Longevity: a long-term track record of continuous operations, senior management continuity, and financial stability
- Solidity: a substantial, broad and growing customer base
- Credibility: established customers who are willing to discuss and share their experiences
- Responsiveness: excellent customer support and a history of listening to customers when planning future system enhancements
- Technology expertise: the demonstrated ability to convert data from old systems, a history of issuing new releases once a year, and a clear commitment to technical innovation
- Fairness: contracts and business practices that provide competitive and reasonable total cost of ownership for customers over the long term.

—DJN

cash flow efficiently and ensure accurate payment, cardiology and other physician practices should be able to send claims electronically, check patient insurance coverage on line, post evaluation of benefits electronically, and track outstanding claims and accounts receivable."

Thus, Kumar believes that practices should be cautious about purchasing an EMR if they do not first have an effective and efficient prac-

tice management system in place. "A good practice management system will maximize the amount of working capital available to the practice," he states. "Practices should ensure that their cash flow is maximized before committing resources to other information technology investments."

Staging information technology investments is important, especially since the costs of an EMR can be

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substantial. Vendors' pricing varies considerably. But according to a 2005 survey published by the Medical Group Management Association (MGMA) Center for Research in Englewood, Colo., and the University of Minnesota School of Public Health, the average purchase and implementation cost of an

EMR system is \$32,606 per full-time physician, and maintenance costs average \$1,177 per physician per month.

System Benefits

The six cardiologists of Premier Heart Associates, Inc., who practice in five offices around Dayton, Ohio,

are pleased with the efficiency and financial benefits they have achieved since adopting a practice management system in March 2001, when the group added its fourth physician.

"Prior to the implementation of the system, we were basically a paper-based practice," says the practice's executive director, Steve Stratton, who oversaw the selection and implementation. "For example, we were using scheduling books. Scheduling appointments became cumbersome, especially since cardiologists often need to schedule follow-up visits six to twelve months into the future."

The group also wanted a system that would improve its financial performance, Stratton says. "We were using a billing service that proved to be ineffective, and we decided to bring billing in-house," he adds. "We wanted to aggressively manage claims and accounts receivable, and we knew that if we could not bring payments in quickly, it would be difficult to grow the practice. With the billing service, our accounts receivable average was 120 to 180 days, and we only received about 30% of our billings because claims denials were not pursued. In general, billing was a haphazard process that too many practices accept as the norm."

Ultimately, the practice chose the MicroMD PM system. "We wanted a system that was easy to learn," Stratton says. "Our staff was growing, so we wanted users to be almost instantly functional on the new system. After all, if the staff is productive, the physicians can be more productive. Furthermore, I did not want to hire a huge billing staff. Given the system's electronic filing and electronic posting capabilities, we are now able to bill over \$12 million annually, and we employ only two billing staff members."

Increased Collections

Stratton believes that it is unusual for a six-physician cardiology prac-

Software Features to Consider

An ideal practice management system will include not only basic scheduling and billing features but also sophisticated reporting and accounts receivable tools as well, says Ajit Kumar, PhD, general manager of Henry Schein Medical Systems in Boardman, Ohio. Cardiologists may want to consider the following features when evaluating practice management technology, Kumar says.

The basic system architecture should have a client/server design (meaning personal computers, laptops, or portable devices are connected to a server) running on a Microsoft Windows operating system. Also, any system in a physician's office must comply with the requirements of the Health Insurance Portability and Accountability Act (HIPAA).

The system should have patient registration functions that include the ability to add temporary patients, track patient insurance coverage details, and help manage referrals.

Appointment scheduling functions should include the ability to verify patient insurance coverage directly from the appointment screen. The software ought to be flexible enough to allow staff to tailor scheduling for each provider, and allow users to view schedules for an entire day. Customizable definitions of appointment types and user-defined views of appointments support such flexibility.

The billing and claims features should allow users to manage insurance payment profiles, choose electronic data interchange (EDI) options for sending claims and receiving payments, and view audit trails. Direct claims submission and clearinghouse options as well as electronic and batch payment posting are ideal features.

The claims and accounts receivable management tools should include electronic verification of patient insurance coverage in real time (both individually and in batch). Staff should be able to check on the status of claims and prepare reports based on the claim status or insurer rejection codes. Automatic preparation of lists of problem claims needing follow up is also useful.

Management reports that track essential business operations and financial reports that monitor cash flow are critical. And practice management software should have customized reporting tools and the flexibility to define and save report templates. Tools to schedule reports to run automatically boost staff efficiency.

Physicians also will want mobile computing options to allow providers to have access to patient information anytime and anywhere, and the ability to enable patients to access certain information securely.

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tice to require so few employees for billing. "Anecdotally, I have heard that five or six billing staff is common for a group with six cardiologists," he says.

Since implementing the practice management system, the group has increased its collection rate from 30% to 58% of billed charges. Its accounts receivable average has fallen to 31 days. Finally, because of the ease and efficiency of scheduling, the group grew from four to six cardiologists and increased weekly patient visits from 225 to 375.

"The system manages all of the schedules and then ensures that we bill and follow up on all the services our cardiologists provide," Stratton says. "Our bottom line is stronger because we are collecting the reimbursement that our physicians have legitimately earned." The group achieved a return on its investment in under a year, Stratton adds.

Moreover, the cardiologists are pleased with the system, Stratton says. "The practice management system has enabled us to generate more revenue and keep accounts receivable low," he notes. "The enhanced cash flow has generated higher income and more available capital, allowing for investment in other areas of the practice."

Since implementing the practice management system, for example, the group has also adopted an electronic filing system, ImpactMD (distributed by MBS, Inc. in Elmsford, N.Y.). "ImpactMD is a document management system that allows us to scan patient records and test results into an electronic file so that patient charts are complete and easily accessible, enhancing cardiologist efficiency," Stratton explains.

In addition, while the group had an echocardiography machine and a nuclear camera in its main location, the enhanced cash flow has enabled the cardiologists to purchase two additional nuclear cameras for use in satellite offices. "Greater ancillary

testing capabilities have increased the group's income and improved access for those patients who find our satellite offices more convenient," Stratton says.

Selecting a System

Most practice management systems include basic functions that facilitate patient registration, appointment scheduling, and billing. "But a solid system should offer much more," Kumar says. "Physicians should look for a system that offers strong claims management and sophisticated accounts receivable management so that income is maximized. A good system can help physician practices ensure that their outstanding accounts receivable are less than 60 days old."

Ideal systems will have various automated functions. Cardiologists might consider whether a system can track patient eligibility automatically with insurance companies, post charges and payments electronically, track rejected claims, and calculate collection rates and outstanding accounts receivable. The ideal system also should be able to create financial, claims status, and other reports.

Kumar also believes cardiologists must evaluate not only system functionality but also vendor reliability.

For cardiology groups interested in purchasing a practice management system, Stratton recommends a careful cost-benefit analysis of each alternative being considered. "Some of the less expensive systems can be extremely effective," he says. "A relatively inexpensive system may not have every bell and whistle, but the benefit of extra capabilities is often very small. We reviewed systems that were up to 10 times more expensive than ours. Cardiologists ought to be sure that they do not spend a lot of capital on a system just because they are impressed with functions they will not really need or use."

A Growth Factor

Also cardiologists should determine whether the system can grow within the practice's hardware constraints. "The hardware is much more costly than the software," Stratton notes. "In five years, we required only one minor hardware upgrade: more random access memory. Physicians should buy the right equipment initially so that upgrades are relatively easy and inexpensive."

Ultimately, cardiologists have to be deliberate when making the decision to purchase a practice management system. "The selection of a practice management system should be made by the cardiologists in conjunction with the practice administrators and billing managers who will use the system on a daily basis," Kumar says. Also, of course, thoughtful decisions regarding any type of information technology are important. "Physicians should determine their practice needs and then make information technology purchases that will fulfill those needs," he suggests.

—Reported and written by Deborah J. Neveleff, in North Potomac, Md.