

# Setting the Stage *for Growth*



Ohio urology practice installs practice management system, boosting patient volume, improving cash flow and increasing revenue.

By Linda Magee, M.B.A.

**D**eciding to bring practice management in-house, or to upgrade from an older system, is difficult. Change requires investment and always involves a degree of risk. Group practices reach the tipping point for change when they recognize the necessity of improving their capacity to succeed in the business of medicine. Purchasing and implementing a practice management software system in 2001—thereby bringing the administration of essential business operations in-house—has proven to be a decisive factor in the success of Scioto Valley Urology Inc. during the past five years.

Founded in 1997 by John D. Baluch, M.D., Ph.D., Scioto Valley Urology is a three-physician specialty group practice with a clinical and support staff of 10 and offices in Columbus and Circleville, Ohio. The group serves 900 to 1,350 patients per month and is growing at an average monthly rate of 200 to 215 new patients.

When I was hired as business manager in March 2001, Scioto Valley Urology was still a solo physician practice. Facing the growing complexity of contracts with payers, changes in reimbursement and increasingly demanding emergency room call schedules, the time had come for Dr. Baluch to re-evaluate his practice. The basic challenge was to improve the efficiency and effectiveness of business operations to increase revenue, boost profitability and establish the foundation for growth.

I was new to the healthcare industry, having come from my previous position as director of sales for the service division of a worldwide heating, ventilation and air conditioning manufacturer. But with three decades of business experience, it did not take me long to diagnose the primary problem: The practice did not have control over the information required to run the business.

Scioto Valley Urology was using an outside billing service. At the end of each day, we sent the practice's encounter forms to an outside contractor for data entry.

The contractor then weekly transmitted the data to the billing service for submission to payers. Billing fees were prohibitively expensive, and the service level was inadequate. Claims were processed only once a week. The time-consuming process was inefficient, and the time lag squeezed the practice's cash flow. Moreover, it took from six to eight weeks after the end of the month to get even basic financial reports. When we received the reports, the information was not timely and was formatted in ways that made it difficult to understand and track key indicators. We could not manage accounts receivable or get a clear picture of patient demographics or referral patterns from primary care physicians. Within weeks after I was hired, therefore, we started the search for a practice management software system.

## Searching for a System

I interviewed and had software demonstrations from three vendors, and selected two to present to Dr. Baluch. The practice's accountant recommended that I contact Management Solutions for Healthcare, a value-added reseller. The system they offered, MicroMD from Microsys Computing Inc., was one of the two we seriously considered.

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Accessible, timely and useful financial management reports were a top priority. To support the growth of the practice, ease of scheduling and summaries of daily patient flow were essential requirements. We also wanted to be

certain that I could track daily charges and payments by physician, diagnosis and procedure. For urology, the software had to enable us to establish specific patient categories, such as vasectomy and preoperative cystoscopy. In terms of technology, a Windows-based, client/server system was of paramount importance for reliability, scalability and ease of use.

I set up presentations and demonstrations for the two finalists back-to-back so that Dr. Baluch and I could evaluate and choose a system. We had to agree on both the system and vendor. The right choice was immediately evident to us. On software technology, features and functions, ease of use and affordability, we thought MicroMD was superior.

With my background in sales, I paid close attention to the performance of the vendors' salespeople during the sales process. It is a telling predictor of what the relationship will be like after the sale, a significant consideration given our preference for local implementation services and software support. The Management Solutions for Healthcare representative was thoroughly professional—knowledgeable, candid and responsive.

### **Fast Implementation, Rapid ROI**

Scioto Valley Urology signed the contract to purchase MicroMD on June 20, 2001. We established a plan and timeline for wiring, hardware purchases (a Dell server and three Dell PCs), hardware configuration, software installation, training, data conversion and the transition to the system. August 1, 2001 was the projected date for the initial production run. The process was seamless and swift. The software was installed on July 6, 2001, and our first production submission took place on July 23, 2001, a week ahead of schedule and only 17 days after the software installation.

The impact was immediate. Instead of weekly billing, the practice began daily and even twice daily direct billing. That yielded a 50 percent improvement in cash flow. Faster and more robust scheduling enabled Dr. Baluch to increase the number of patients he saw per day from 15 to 25. With increased patient volume and revenue, plus improved cash flow, Scioto Valley Urology achieved a positive return on investment on the purchase of MicroMD software and the hardware in six months.

The scheduling application we ran on a PC required navigating six screens to schedule a new patient. With MicroMD, it takes just three. Scheduling became much easier and faster. The receptionist can schedule more patients, because she has ready access to information to answer patients' questions. Patients calling for appointments spend less time on-hold and leave fewer voice mail messages, reducing the necessity of time-consuming return calls. Scioto Valley Urology has conducted patient satisfaction surveys as the practice has grown, added physicians

### **Lessons Learned**

A physician group practice decides to purchase and implement a physician practice management system, or to upgrade from older software that no longer fulfills business requirements. Now what? What is the best way to proceed? First, it is important to seek advice and recommendations from colleagues whose opinions are respected. All group practices wrestle with many similar business challenges. Accordingly, it is useful to benefit from the experience of others. Second, be explicit about the practice's goals and make sure to reach consensus on your goals before commencing discussions with vendors. Then, focus evaluation of different software systems on their technology platforms and essential features and functions directly related to priority goals. For example, if growth is a key goal and the practice intends to open additional offices, scalability to support growth must be a primary consideration. Third, site visits provide useful insights. It is helpful to go and see a system in operation in a similar practice. Make sure to include staff responsible for billing and scheduling in the site visits. Fourth, carefully calculate total costs of ownership, including hardware and annual fees to keep the software up-to-date. Fifth, make sure it is clear who will support the system during and after initial implementation—the vendor itself or a value-added reseller. Sixth, pay close attention to vendors' actions during the sales process. How a vendor and its representatives deal with a potential client when competing for business is the best indicator of how they will treat customers after the sale. Finally, if the practice is considering an electronic medical record system, before going forward, it is critical to have a software system in place to manage basic business operations as the solid IT foundation.

and expanded our referral base. Patients rate their ability to schedule appointments with a specific physician in an acceptable timeframe at 5.8 on a scale of 1 to 6.

Our ability to view an entire day with respect to defined patient categories has helped the practice make better use of physicians' time and procedure equipment. We gained workflow efficiencies as the software enabled the physicians to see how their days are scheduled. In addition, printing radiology and lab orders, instead of physicians handwriting them, saved time and reduced errors. Thus, we enhanced our ability to both schedule and manage more patients per day.

### **Better Reporting, Special Features**

The data from the practice's billing service was inadequate for analysis and reporting. For example, only the highest-volume procedures were included, and the data lacked payer-specific detail on key items such as the

amount paid. Since the implementation of our practice management system, reporting has improved. I can track changes in reimbursement over time by procedure and payer as well as within specific date ranges and by office location. We also can create and save templates for reports run regularly.

The software's Prescription Writer allows us to prepare medication orders that are accurate, secure and easily tracked to analyze trends in medication utilization. Previously, all prescriptions were handwritten on prescription pads. Copies did not always get into patients' charts, and pharmacies frequently called when physicians' handwriting or instructions were unclear. The software records the medication order and prints the prescription on standard sized paper that is automatically watermarked. We get the safety and security of printed prescriptions that cannot be duplicated—and don't have any more problems with drug names, dosage strength or refills. A running log in the patient's record enables the staff to help patients, particularly the elderly, when they call for refills and cannot recall the details of their prescriptions.

For more information  
on MicroMD,  
[www.micromd.com](http://www.micromd.com)

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Drug therapies are ordered monthly, based on analysis of the therapies the physicians use and precise inventory tracking. That enables us to take advantage of the best cash flow and discount payment options. Previously, drug therapies were ordered on inaccurate "guesstimates."

### Going Forward

Scioto Valley Urology may add an electronic medical record (EMR). Two of the physicians use standardized charting templates for high-volume visit types, including basic physical exams and bladder infections. The practice would not be in a position to even consider an EMR if we had not first achieved control over essential business operations with a reliable, full-featured physician practice management system.



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