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The Active Professionals

Medical Briefs

The Cost of Implementing EHRs

Implementing EHRs (electronic health records) can be both expensive and time consuming. The average five-physician practice spent an average of $162,000 on hardware and software to get their EHR system up and running, according to data published in Health Affairs. But that's only the start-up costs: The expense involved in maintaining their EHR system during the first year of operation averaged $85,500. In addition, physicians and other clinical and non-clinical staff worked an average of 134 hours on EHR implementation.

Data on Doctor Visits

American adults each made 3.9 annual visits to medical providers in 2010 compared with 4.8 visits in 2001, according to data from the U.S. Census Bureau. The Census Bureau breaks these numbers down further to reveal that women (78%) were more likely to have visited a medical provider during the year than men (67%) and that 24% of uninsured 18- to 64-year-olds reported visiting a medical provider only once in 2010.

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Perspectives on Medical Practice Management

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Can We Help?

Our Firm provides a broad range of services for medical practitioners, including:

- Accounting and Financial Management
- Tax Services
- Internal Accounting Controls
- Government and Third-party Payer Regulations
- Practice Management Consulting
- Practice Development
- Office Automation Consulting
- Personal Financial and Estate Planning
- Practice Valuation
- Financial Consulting

In This Issue

Should You Offer Ancillary Services?

A number of medical practices around the country are offering ancillary services to their patients to help differentiate themselves from other practices, enhance patient services, and increase revenues. If your practice is considering offering ancillary services, such as ultrasound, physical therapy, imaging, or some other option, you'll want to carefully think through the ramifications, costs, and work involved before you make a decision.

Pros and Cons

On the plus side, adding ancillary services that are properly structured and implemented can add to your bottom line and offer convenience and continuity of services to patients. However, the addition of ancillary services to a practice may not always live up to expectations. It sometimes proves to be a drain on financial resources and time while not achieving anticipated benefits. Financial projections using realistic revenue and cost figures will help you assess the profit potential in any ancillary services you are considering.

Is the Service a Good Fit?

As a preliminary step, identify the ancillary services your practice currently orders that are provided outside your group. Are there services that your practice would order if they were more readily available within your practice? What is the competition in your area?

Financial Concerns

Next, determine the cost of implementing a new ancillary service. Will adding the service require a major investment in personnel, equipment, or space?

Explore how you would pay for the hard assets that may be required to offer the ancillary service, such as equipment, fixtures, and software. Investigate financing and lease options carefully, and be sure to consider the potential tax implications in your analysis. You also should consider taxes when reviewing the type of corporate structure your new entity will take. We can help your practice handle tax issues in the most advantageous manner possible.

Will your existing space be adequate to house the new ancillary service or will your practice need additional space? Look into what additional personnel and management costs the new ancillary service will require.

Reimbursement Estimates

Once you have tentatively identified the costs associated with adding the new service, you will then have to project how much revenue the new service will generate. Look at your own in-house data to identify the number of times your practice has made referrals for the actual ancillary service.

It's important not to assume that your practice will capture 100% of the new service you intend to offer to your patients. A percentage of your patients will continue going elsewhere to receive the service. You'll be able to project revenues once you have estimated the number of referrals and the associated reimbursement.

Legal and Regulatory Issues

The addition of an ancillary service to your practice has to be structured properly and carefully so that your practice does not encounter legal or regulatory problems due to issues such as Medicare billing rules, kickback, or Stark law violations. Be sure to consult with an attorney as early on in the process as possible.

Contact Us

Before adding ancillary service arrangements, contact us for our advice and input. We're here to assist you.

Increase Patient Satisfaction Levels

Are your patients satisfied with their treatment and care at your practice? Satisfied patients tend to follow your medical recommendations, feel valued, and return for follow-up care. More often than not, getting a few things right consistently is all it takes to increase your patient satisfaction levels.

Review Your Hours of Operation

Many patients who are employed may find it difficult to get time off during the workday for doctor visits. Offer early morning, evening, and/or weekend appointments to accommodate these individuals and your practice may earn an enormous amount of patient goodwill.

Return Calls Promptly

Patients who call asking to speak to a nurse or physician should have their calls returned as promptly as possible. Practices that set aside one or two specific periods during the day when medical staff can return calls generally have much higher levels of patient satisfaction.

Offer Online Services

With smart phones and tablets so prevalent, it only makes sense to give patients the option to schedule appointments online. And if you are confident in your security measures, you could consider giving patients the option of completing and submitting new patient registration forms online. Your web savvy patients will appreciate the convenience and your practice won't have to spend so much time obtaining and entering data at the time of the patient's visit.

Eliminate Patient Wait Times

Waiting to see a doctor can be a source of significant patient dissatisfaction. Your practice may need to review the number of patients it schedules to see each doctor per day or expand office hours if bottlenecks in patient flows are common.

Make Paying Convenient

Offer patients a variety of payment methods -- credit and debit cards as well as checks or cash -- and you may find that patients are more likely to pay their balance.

Enhancing your patients' experience with your practice can have a positive impact on your practice's bottom line. It takes time to get the details right but the end result can make the effort worthwhile.

Estate Planning Strategies for Physicians

A carefully thought-out and executed estate plan can allow you and your loved ones to minimize taxation and build and preserve wealth. There is no bad time to plan your estate. It's important to make sure you have done what you can to help ensure your family's future financial well-being.

The highest federal gift- and estate-tax rate is now 40% effective January 1, 2013. The federal estate, gift, and generation-skipping transfer tax exemption is now $5,250,000 and will be annually indexed for inflation. Each state has its own rules. New York State currently allows a $1,000,000 tax-free estate with a top tax rate of 16%.

Potential Solutions

An estate plan not only allows you to determine the future distribution of your assets, it can also potentially reduce or eliminate estate taxes. Consider the following strategies.

A Will

Generally, a will is the foundation of any estate plan. In your will, you decide who receives your assets (and when they receive them) after you die. With a will, you choose who will serve as guardian for any minor children you have if both you and your spouse were to die. Without a will, a court makes that decision. You can also designate a personal representative (executor) for your estate in your will.

Power of Attorney

You can name a person to serve as your "attorney-in-fact" to handle your financial and legal affairs when you are no longer able to. For example, the person or institution you name would have the authority to sign checks, make deposits, pay bills, and essentially perform the day-to-day financial transactions you would normally do.

Trusts Under Will

Federal tax law generally allows you to leave an unlimited amount to your US citizen spouse free of estate tax. (Requirements apply.) However, leaving everything outright to your spouse may not be the optimal planning approach since estate tax may be due upon his or her death.** Sometimes, it's better to use a combination of trusts under will for the benefit of a spouse and your children to realize estate-tax savings. The proper use of these trusts can help make sure estate taxes are minimized in both spouse's estates.

Life Insurance Trusts

Life insurance death benefits are typically paid out free of income taxes to the beneficiaries of your policies. However, the death benefit of a life insurance policy is generally included in the overall value of your estate when it comes to figuring estate taxes.

Continued from page 2

One strategy for reducing the size of your taxable estate involves transferring the ownership of your life insurance policy(ies) to a life insurance trust. Alternately, a life insurance trust can take out a new policy on your life. Tax law requirements must be met. When all the requirements are satisfied, the policy's death benefit will not be included in your taxable estate.

You can name the person(s) you want to serve as trustee of the trust. Your trustee must follow the instructions you put in your trust. However, once you transfer ownership of the policy, you can't exercise any of the typical ownership rights over the policy.

Gifting Strategies

In 2013, the tax law allows you to give cash and other assets (must be "present interest" gifts) worth up to $14,000 per recipient without any federal gift-tax consequences. Your spouse can do the same and, between the two of you, $28,000 can be gifted in 2013 to each of an unlimited number of people. By making annual-exclusion gifts to your family members, you are removing the gifted assets from your estate. In addition, all future earnings and appreciation associated with the gifted assets are removed -- potentially a significant estate-tax advantage.

Estate taxes are steep therefore it makes sense to investigate all available estate planning strategies.

** An estate-tax provision allowing a spouse's unused exemption to be transferred to the surviving spouse has now been made permanent.

An estate plan not only allows you to determine the future distribution of your assets, it can also potentially reduce or eliminate estate taxes.

Medical Office Theft

While it may be hard to imagine any of your employees or coworkers doing something criminal or dishonest, theft and embezzlement do occur at medical practices. In fact, a survey of 688 practice managers found nearly 83% had experienced employee theft at some point.* Here are three common ways crooked employees steal from medical practices.

Theft of Cash: This typically occurs when patients hand cash to a practice's receptionist to cover their copays and the receptionist diverts the money to his or her wallet rather than to the cash drawer.

Diversion of Payments: Dishonest employees have been known to find various ways to divert payments from insurers and patients that should have gone into the practice's account and conceal their thefts by making bookkeeping adjustments.

Phantom Vendors: Crooked employees sometimes submit invoices from fake companies or for goods and services that were never delivered.

Taking Preventive Measures

The best defense against embezzlement is to be proactive. You, or another physician, have to take responsibility for overseeing the practice's finances. That should include reviewing the work done by the clerical staff, inspecting bank statements, and spot-checking deposits against receipts. Be sure to review cancelled checks, including endorsements.

You also have to establish procedures for handling cash payments and to ensure they are properly accounted for. At the end of the day, make sure your cash amounts are in line with the number of transacted patient copays. Finally, review and approve all vendor invoices before they are paid. In addition, make it a requirement in your practice that all checks over a certain amount be signed by a physician.

Dividing money handling and reconciliation duties among two or more assistants can be an effective theft deterrent. If that is not feasible, require employees who deal with practice finances to take vacations.

We Can Help

We can help your practice incorporate proper internal controls in your billing, reimbursement, and accounts payable procedures to help reduce the potential for employee theft and embezzlement.

* Conducted by The Medical Group Management Association, November 5, 2010