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Medical News Brief

October 2024

Can You Use AI in Your Medical Practice?

In November 2022, artificial intelligence (AI) got a lot of attention with the launch of ChatGPT, a “chatbot” developed by OpenAI. Users can converse with the chatbot in a fairly sophisticated way via questions that steer conversations toward answers of any desired type, length, style and format.

Although AI has the potential to transform many fields, including health care, there's still some controversy about its use. One worry is that AI will eventually eliminate some types of jobs. But the possible positive impact of AI may outweigh this concern and others.

Applications to health care

A 2023 article published in *Frontiers in Artificial Intelligence* noted that, though AI has been used for some time in customer support and data management, its use in health care and medical research has been relatively restricted.

In health care, the article suggests, the potential applications range from assistance in selecting research topics to helping professionals in clinical and laboratory diagnosis. But many limitations and ethical problems haven't yet been resolved — including credibility, plagiarism and potential medico-legal complications. Most problematic, it can give inaccurate and unreliable results.

Even so, using AI might benefit physicians in some areas of health care, including:

- Integrating basic data and drafting correspondence to, for example, other physicians or insurers (the physician would still need to proofread the results for accuracy),
- Translating medical jargon for patients,
- Recording physician-patient conversations and summarizing them into reports,
- Dictating notes and providing summaries with key details, such as symptoms, diagnoses and treatments,
- Pulling relevant information from patient records — for example, lab results or imaging reports,
- Providing conversational approaches to collecting information from patients,

- Helping with appointment scheduling, and
- Providing medicine dosage and prescription renewal reminders to patients.

AI also can suggest appropriate treatment options and identify possible drug interactions. In addition, it can assist in data analysis received from patients using wearables, sensors and other monitoring devices. And it may be able to help keep you up to date on new developments in your areas of expertise.

Garbage in, garbage out

It's also important to keep in mind some of the potential downsides of AI use in health care. Patients almost certainly will try to use chatbots to self-diagnose. This is already a trend with internet searches and platforms such as WebMD. But chatbots that quickly respond to specific requests might make it even more likely patients will use and trust the results — even when they shouldn't. If your patients use a chatbot and mention their findings to you, use your expertise and experience to manage their expectations and express appropriate levels of skepticism in the personal use of AI for medical purposes.

Patients need to understand that how questions are organized and presented to chatbots influences the response. There's a famous computer science term that isn't heard as much these days: garbage in, garbage out. In short, computers — even AI — can work only with the data received. Chatbots are “trained” by exposing them to various data and scenarios. Invariably, biases and conflicts will be part of both the training and actual use. That's why it remains important that a human being, especially an expert such as a physician or nurse, verifies the results of anything related to health care.

Many possibilities

Currently, it's unlikely that AI tools will entirely replace physicians. But these tools may help create more efficiencies in your medical practice, which may result in cost savings for both you and your patients. Explore the many possibilities carefully.

Rise to the Challenge: Tips for Solving Common Practice Issues

Medical practices aren't immune from recurring problems and challenges. Even when the concerns that arise are familiar and seem to have been solved in the past, they can rear their ugly heads again periodically if you're not vigilant.

Issues of time management, cash flow, patient engagement and technology, among others, must be kept front of mind to ensure your practice continues to run well. Here are some tips on these particular areas.

Time management - Many physicians find it difficult to stay on schedule. This can mean that, as they get further behind on patient appointments, documentation begins piling up. Usually, the cause is poor time awareness or lack of delegation.

To get a handle on time management, assess what's happening to the practice schedule over time. Make a list of what regularly isn't getting done and possible causes. In addition, look at whether you or other physicians are performing tasks that staff members can or should do instead. If so, why? Do you or the other doctors not trust them to perform these tasks? Are staff not trained to perform them? Identify the tasks in this category and figure out how to delegate them.

Cash flow - Cash flow is revenue (collections) less costs: fixed costs and variable costs. Fixed costs include rent, malpractice insurance premiums and staffing — and are difficult to renegotiate. Variable costs include repairs and maintenance, consumables, training/continuing education, and compensation levels. It's important to regularly analyze variable costs and, if necessary, adjust them as is feasible.

Also, pay attention to accounts receivable and determine whether you're receiving proper payment for services. Your practice may be leaving money on the table when it comes to billing. How many claims are being rejected? Look for patterns, such as coding mistakes or a failure to resubmit rejected claims. Even if you use a billing service and engage a CPA, you need to understand your profit/loss statement and your practice's finances.

Patient engagement - Patients increasingly want — and expect — a customer-focused experience in health care. They want a rapid-response “retail-like” interaction similar to online shopping, with flexibility, convenience and personalized attention.

To help achieve this, communicate with your patients via the media they typically use. That's likely to be a combination of letters, phone calls, emails, texts and messages posted via patient portals. In addition, leverage technology to assist your practice in sending out reminders and automated patient surveys.

Social media can be a way to brand your practice, interact with your patients and increase patient engagement. Keep in mind, though, that you need to use social media wisely, because it can quickly become a minefield.

Medical and office technology - Physicians who have been in practice for a while undoubtedly remember when the federal government incentivized buying electronic health record (EHR) systems. Currently, technological advances are part and parcel of running a medical practice. You'll need to continue to acquire new technology — such as digital X-ray systems and practice management software.

So, it's key for practices not to resist technological change. If the technology creates more efficiency and accuracy, it's probably a useful investment. You just need to reasonably ascertain that the return on investment (ROI) will be greater than the purchase and implementation costs of the technology.

With this in mind, evaluate the available technology to determine what will best serve your needs. Shop comparatively — make sure that any asset you're considering will accomplish what you want it to and fit your budget. And keep in mind that, to get a good ROI on technology, you and your staff need to know how to fully use it. This will require that you spend time, and perhaps money, on proper training.

Look to the future - When you can foresee the different issues that will likely challenge your practice, and develop strategies to mitigate them, you'll stand a much better chance of running an efficient, profitable operation. After all, practicing medicine is just one piece of the puzzle when providing health care to patients. Consult with your financial and other advisors to ensure you have methods in place to resolve ongoing issues.

What's It Worth? Considerations in Practice Valuation

At some point, you might consider selling your medical practice. There are many considerations, including continuity of patient care — and, if you're retiring, perhaps emotional issues connected with leaving patients, and practice itself, behind.

From a financial perspective, you'll need to get a reasonable estimate of your practice's value before you put it on the market. And the only way to do that is to engage a qualified valuation professional to perform a practice valuation.

4 traditional assets

Practice valuation takes into account both tangible and intangible assets. Typically, a valuation professional considers four traditional assets:

1. **Tangible assets.** These include equipment, cash, accounts receivable and any property owned by the practice.
2. **Liabilities.** These are debts the practice holds that will need to be paid in the future. Typically, they are accounts payable or loans.
3. **Equity.** This is the difference between the assets a practice owns and what it owes (or assets minus liabilities). It includes the residual value of stock and retained earnings.
4. **Intangible assets.** These are the "invisible" components that make a practice successful — often referred to as "goodwill." This may include the owner-physician's reputation, practice location, patient loyalty, the volume of high-paying insurers and management systems that contribute to a well-run practice.

All of these need to be considered in estimating the practice's value.

Approaches to valuation

The traditional valuation approaches most frequently used are:

Asset-based. This starts with building an adjusted balance sheet to identify the book value of the tangible assets. It includes examining the value of intangible assets as well, which can be determined by calculating factors such as reputation, name recognition and location.

Income-based. Income-based valuation looks at the practice's historical revenue streams and makes projections about future revenue. This approach is especially valuable when a prospective buyer is likely to improve revenue because of

increased productivity, lower costs or other value-adding strategies.

Market-based. This approach builds on the two previous approaches but asks: "What is the practice worth in the current market?" The market-based approach works better if there are more similar deals occurring in the specific market. The valuation professional must evaluate how much of a practice's goodwill is related to *personal* goodwill and how much to *corporate* goodwill.

A physician's charisma, personality or, in some cases, distinctive medical skills may not be transferable to some buyers. Corporate goodwill, however, is usually transferred more easily. Corporate goodwill is often a significant part of what a buyer is acquiring. It's largely related to factors associated with revenue production — such as location, payer mix, referral base, historical growth patterns, visit volume, collection ratio and management systems.

Get started early

Your medical practice, no matter its size, has value. If you plan on selling your practice, you should have it appraised by a qualified professional expert at least two years ahead of when you intend to retire. Doing so can help you build the practice's value for an optimal sale price — as well as deal with the tax, succession planning and estate planning issues involved.



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Cultivating Both Sides of Your Medical Practice

World-class patient care is no doubt the ultimate goal of your practice. But you can't provide excellent care if your practice isn't operating well, too. The business side of your practice must be strong and efficient enough to sustain and support the care you offer patients. The two are intertwined, and you need to cultivate both simultaneously.

The patient experience

Patient care is your primary purpose and, as such, it should be at the heart of your business strategy. Survey patients regularly to determine how they feel about the practice, and what they see as its strengths and shortcomings. For example, if patients complain about having to constantly reexplain certain details about themselves, consider investing in medical customer relationship management software to better track appointment notes as well as patient preferences and interactions.

Developing efficient scheduling practices will help improve the patient experience as well. Long wait times tend to upset patients, leading to negative online reviews and potentially fewer people choosing your practice when they search for a physician on the internet. Analyze the number of patients you're seeing daily and how long you're spending with each. Your goal is to determine whether the number of patients you're scheduling per day is realistic.

Staff satisfaction

If patients are your practice's most valuable asset, figuratively speaking, its second most valuable is your employees. So, carefully and thoughtfully invest the money and time in ongoing professional

training and development for you and your staff.

Make continuing education — both medical and business — a priority and part of practice culture. This includes training on not only any hardware or software the practice uses, but also other relevant topics through webinars, online courses and medical conferences.

In addition, offer competitive pay, benefits and, as much as possible, flexible schedules. Let staff know they're appreciated.

Analytics and improvement

"If you can't measure it, you can't improve it," is a common business adage, often attributed to W. Edwards Deming. Whoever said it first was expressing the simple truth that, to improve something, you've got to know precisely what needs to change and by how much. Stay on top of billing practices and key financial indicators, such as accounts receivables and insurance-claim rejections, which you should evaluate weekly and monthly.

Take a hard look at your practice at least annually and evaluate what's working up to expectations and what you should improve. For example, if you find your inventory isn't keeping up with demand, consider buying inventory management software.

A multifaceted approach

Your medical practice requires constant care to ensure it continues to thrive. A multifaceted approach that addresses all aspects of your operations will keep it thriving over the long term.