

**Pediatric
Success**
SERIES

Improving Clinical and Financial Outcomes

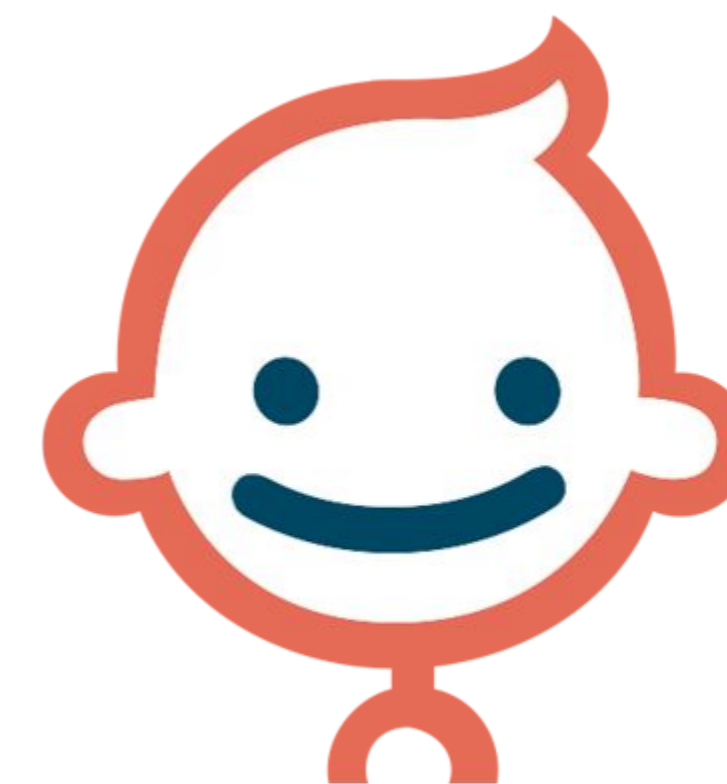
Part 2: Managing the Financial Health of Your Practice

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Topics for Discussion

- Engaging providers in financial conversations
- Developing expertise in coding, billing, and payment oversight
- Reviewing key performance indicators (KPIs) monthly to ensure you're meeting your financial goals
- Understanding the value of a budget and business plan

Team Collaboration



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Foundation of Financial Practice Success

- Clear Vision, Mission and Goals
- Financial “Steward”
- Ongoing communication/collaboration between clinical leaders and the financial steward
- Trust and Transparency
- Mutual respect for each other’s unique skill sets and practice contributions

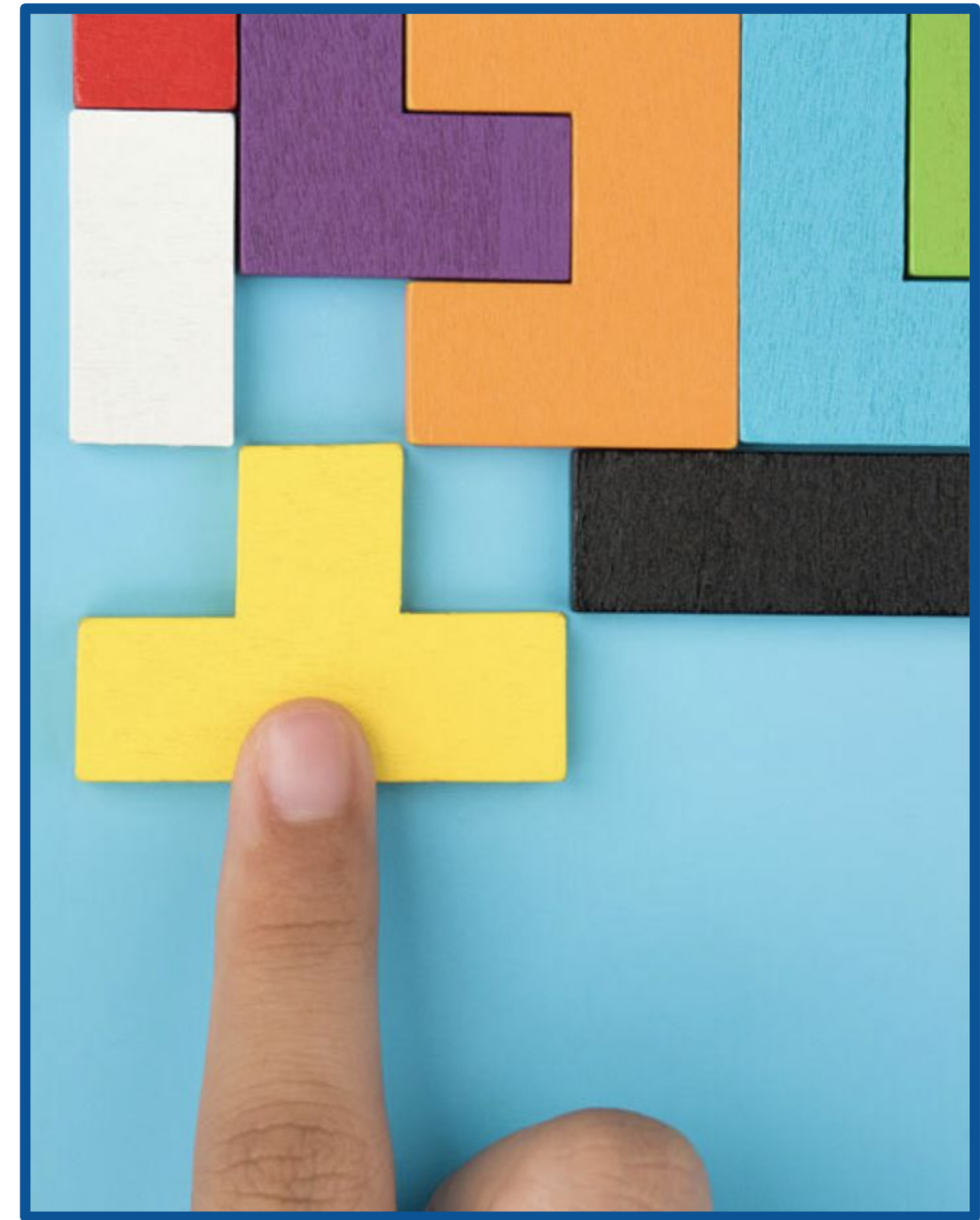
No Margin, No Mission

What Do Providers Need?

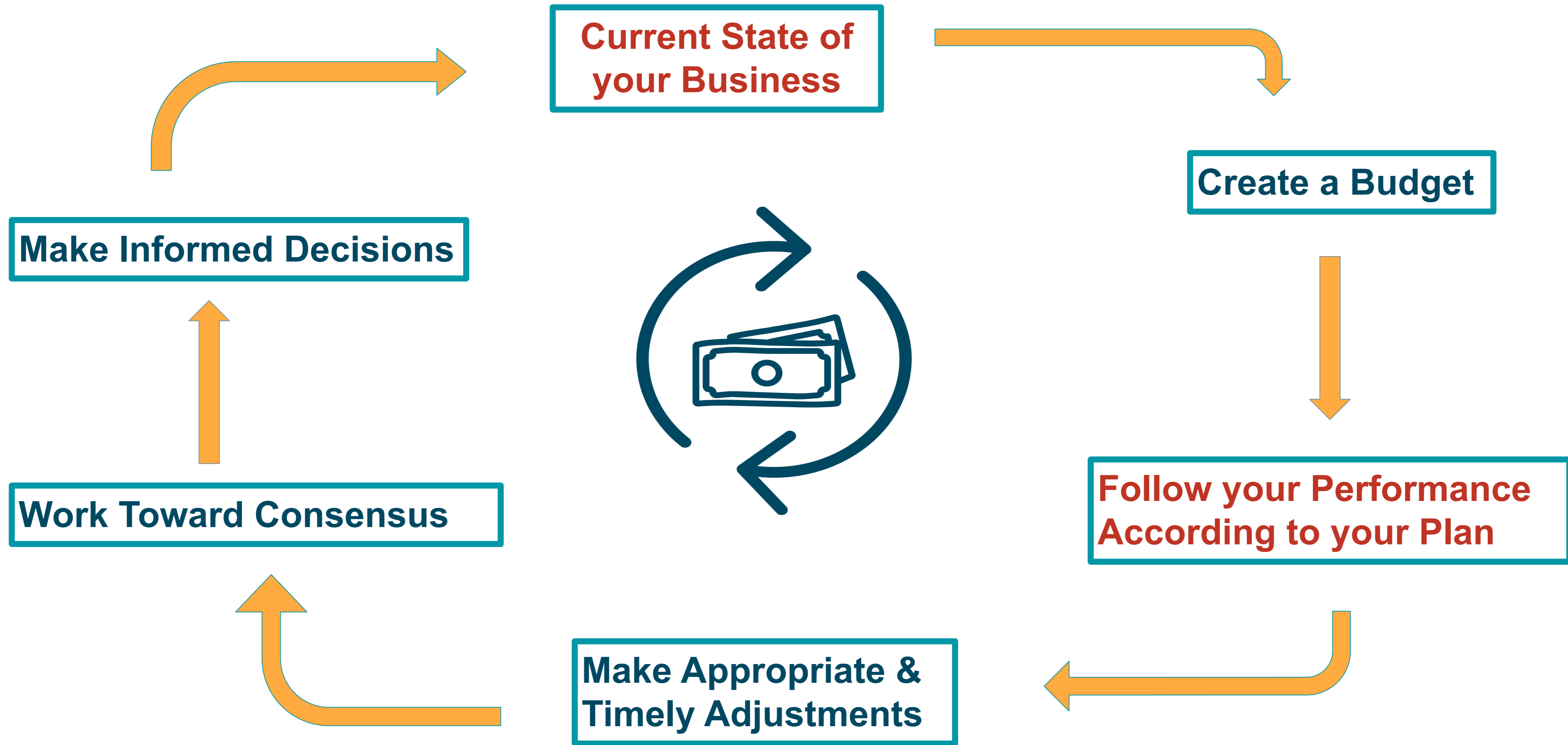
- Humility in understanding the partnership
- Commitment to understanding and monitoring the finances
- Trust of and respect for their administrators and partners
- Protected time to do this work
- A great team

What Do Practice Administrators Need?

- Support and empowerment
- Adequate time and team members
- Educational Opportunities & Communities
 - [MGMA](#)
 - [SOAPM/PPMA](#)
 - [HFMA](#)
- Relationship with Accountant
- Understanding of meaningful KPIs



Closing the “Financial” Loop



What Do You Need For Your Budget?



Fundamental Understanding of P & L

Revenue vs Expenses

Fixed vs Variable Expenses-What's in your control?

Resources

Accountant & Budgeting Tools

Understanding of KPIs

Revenue per Encounter

Total Encounter Revenue/# of encounters

Cost per Encounter

Total operating expense by month/# of encounters

Meaningful Benchmark Data

Internal

External

Be Proactive, Be Collaborative, Be Informed

- Schedule monthly meetings to review your financial health
 - Celebrate wins
 - Plan for improvements or adjustments
- Agree upon Key Performance Indicators (KPIs) & Benchmarks. Track them and ensure are being met.
 - A/R (payer & patient)
 - Cost Per Encounter
 - Revenue Per Encounter
 - Number of Visits (New & Established Patients)
 - Total Revenue
 - Total Expenses
 - Net Collection Rate
 - Clean Claim Rate



Clinical/Financial Tough Choices

- There is plenty of \$\$ in the bank (thanks in part to CARES Act funds)
- The practice administrator notices that since January the “coding curve” is shifting to lower coding for some providers and other providers are experiencing “downcoding” by payers
- Cash flow is still ok but these trends require some attention

What are some possible next steps and who should be responsible?



[E/M Utilization Benchmarking Tool \(Free!\)](#)

When There are Challenges

Spell out the
Challenges

Use Data to Make
Adjustments

Understand your
Levers and
When/How To Use
Them

Brainstorm Solutions
including
Risk/Benefits to *all*
Team Members

Avoid Broad
Reactionary
Changes/Whiplash

Adjust to More
Frequent Check-Ins

Clinical/Financial Tough Choices

- There is an increase demand for point of care testing
- 3 of your top 5 payers are paying less than it costs you to provide the test
 - Consumables
 - Invested equipment
 - Quality testing
 - Wastage
 - Staff time!

What do you do? How do you approach the various choices?



When There is Significant Stress



Acknowledge the stress and what is at stake, including impact to *all team* members



Involve external experts for analysis and advice



Drive to consensus for difficult decisions



Create short term, medium term and long term goals



Monitor impact of decisions and adjust as necessary

Clinical/Financial Tough Choices

- You have grown to 5 provider FTEs (3 partners, 2 employed providers)
- The partners are thrilled they only have to take call 1:5 weekends
- One of the partners is 2ish years from retirement
- Your active patient count is 4,500 patients
- You are having difficulty making payroll



How do you decide how to “right size” your practice?



- [Size and Age-Sex Distribution of Pediatric Practice \(PROS\) Arch Pediatr Adolesc Med. 1999;153\(1\):9-14. doi:10.1001/archpedi.153.1.9](#)
- [AMA Steps Forward: Identifying the Optimal Panel Sizes for Primary Care Physicians](#)

Successful Practices

Have Frequent Communication



Work Together & Lean In

Have Aligned Goals



Have Trust, Respect & Transparency

And, as Always...



Resources

- [Key Metrics Inherent to Any Good Practice Budget](#)
- [Five Essential KPIs Pediatric Offices Need to Track](#)
- [AAPC E/M Benchmarking Tool](#)
- [*Size and Age-Sex Distribution of Pediatric Practice \(PROS\)* Arch Pediatr Adolesc Med](#)
- AMA Steps Forward Resource: [Identifying Optimal Panel Size for PCPs](#)
- AMA Steps Forward Resource: [Building Bridges Between Practicing Physicians and Administrators](#)
- Pediatric Success Series Webinar: [Updating Your Practice Fee Schedule](#)
- [MGMA](#)
- [SOAPM/PPMA](#)
- [HFMA](#)
- AAP [Hassle Factor Form](#)