

## WINTER 2014 NEWSLETTER

Happy New Year to you all! 2014 will be a challenging year for medical practices. January is a good time to develop responses to major issues you'll be forced to confront in 2014. At the same time, it's also important to consider proactive strategies that can improve your practice operations and profitability. To assist you, we've prepared a list of five actions that will help you focus on and develop a sound 2014 strategy for your practice.



Margie Satinsky

### FIVE FOCUS AREAS FOR A PROSPEROUS PRACTICE

#### #1 Assess the impact of the Affordable Care Act (ACA).

Although the implementation of the Affordable Care Act has been bumpy at both the federal and state levels, one observation holds true across the board. Every provider will feel the impact, either directly or indirectly. Let's start with background information. The intention of both the exchanges and changes in Medicaid is to make healthcare insurance available to more than 50 million Americans who currently lack it. Exchanges let customers shop for and compare health insurance plans in four broad price ranges. Subsidies in the form of tax credits make the plans more affordable for those who qualify. States have the option of expanding Medicaid eligibility or not, and North Carolina has chosen not to do so. Insurance companies are not required to participate in the exchanges. In North Carolina, Blue Cross Blue Shield of North Carolina and Coventry Healthcare of the Carolinas participate; other plans do not. Medical practices are not required to accept patients who obtain insurance under the exchanges.

Regardless of the uncertainty regarding the number of people who will purchase insurance through the exchanges, qualify for a federal subsidy, or change current coverage, anticipate the following:

- Existing patients who had insurance coverage in 2013 may have more changes in their coverage than they have historically had. Be sure to verify insurance coverage prior to the visit so that benefits and payment responsibilities are clear before each patient checks in to your office.
- Patients who have insurance coverage for the first time may require additional time for treatment of conditions that were previously untreated. They may also need extra support regarding compliance with treatment plans. Allow sufficient time to treat and explain. Many primary care physicians have successfully used a team approach where physicians or mid-level providers do the examination, diagnosis, and treatment plan and other team members follow up with patient education.

Reinforce the verbal instructions that you provide to patients by taking advantage of patient education functionality in your EHR software. Here's an example from Athenahealth's EHR application, called Clinicals. Elizabeth McCarthy explains: "One of the many tools embedded in the Clinicals workflow helps providers and practice staff to further educate patients on after-visit care. At the point of care, the provider can diagnose a patient, generate orders, and electronically send a patient care summary along with educational materials through a secure patient portal with one click of the mouse. The EHR contains a full library of patient educational information provided by Healthwise (the leading provider of WebMD). Before the patient leaves the office, the provider or practice staff can provide a printed copy of educational materials that can promote healthy activity. Examples are *Diabetes Care When You Are Sick: After Your Visit*, *How To Give a Glucagon Shot*, *Nutrition Tips for Diabetes: After Your Visit*."

## #2 Address new government requirements.

2014 brings new requirements in four areas:

- **ICD-10** – The shift to the tenth revision of the International Classification of Diseases (ICD) coding system goes into effect on October 1, 2014. Practices that don't use the new code set risk the forfeiture of reimbursement by third-party payers. The level of specificity of the new codes requires that coders, billers, providers, software vendors, and clearinghouses work closely together to make the necessary changes.
- **Meaningful Use** – 2014 is the last year in which physicians who have not previously participated in the financial incentive program can do so without incurring penalties. Those who successfully attested to Meaningful Use Stage 1 in 2011 or 2012 have the opportunity to select a 90-day period in 2014 and qualify for a Stage 2 incentive. Stage 2 includes many of the same criteria as Stage 1, but some of the thresholds are higher. In addition, there are several new criteria, including two that require a minimum number of patients to take certain actions relating to the electronic transmission of information. In December 2013 CMS changed the timeline for Meaningful Use. Stage 2 will extend through 2016, and Stage 3 will begin in 2017.
- **HIPAA Compliance** – The Omnibus Final Rule went into effect on September 23, 2013, and 2014 will be the first full year of compliance. Covered entities such as medical practices must conduct and document a risk analysis and train workforce members on an annual basis; update the Notice of Privacy Practices and ensure its availability to patients; make Protected Health Information (PHI) available electronically; comply with new breach notification requirements; and update Business Associate Agreements.
- **PQRS (Patient Quality Reporting System)** – 2014 is the last year when practices that receive Medicare payments can qualify for federal financial rewards for successfully reporting on 138 outcome quality measures. Beginning in 2015, there's a penalty of 1.5% of covered Part B Physician Fee Schedule services, and that percentage increases to 2.0% in 2016. The impact of this change may be minimal, given the low percentage of physicians who participate in the PQRS program.

### #3 Explore and address payer issues.

- **Reimbursement** – More and more payers, both public and private, have revised their reimbursement methodologies to incorporate quality measures. Examples are bundled payments, payments for episodes of care, shared savings programs, and Patient Centered Medical Home (PCMH). Make sure you understand and take advantage of payer-specific reimbursement approaches for those plans in which you participate.

On the public side, physicians who belong to one or more Accountable Care Organizations (ACOs) will have opportunities to share in savings (and possibly losses, depending on the model) for a specific panel of Medicare patients. A word of caution, however – don't assume that ACO membership guarantees an increase in Medicare reimbursement. Not all ACOs will succeed, so pay close attention to what's happening in your particular organization. Know how to drill down in your data analysis so you can identify and correct problems.

On the private side, most of the major payers have incorporated quality into their payment schemes. For example, Blue Cross Blue Shield of North Carolina offers a variety of quality programs depending on physician specialty. Primary Care physicians who meet PCMH requirements can apply to qualify for one of the three levels in the Blue Quality Physician Program (BQPP) and receive higher reimbursement. Orthopedic surgeons are classified as Tier 1 or Tier 2 physicians depending on their score in the plan's quality measures. We recently helped a client successfully move from Tier 2 to Tier 1 reimbursement by presenting practice-generated data on quality. Other quality programs exist for other specialties.

- **Provider Networks** – Many insurance plans have already narrowed their provider networks in an effort to increase their bargaining power and reduce costs. We call the approach “shrinkage by invitation.” Here's how it works. Plans may not invite new providers into their networks and/or reject applications that come to them. They may also invite participating network providers to leave the network. For example, United Healthcare recently “fired” 2,200 Connecticut providers from its Medicare Advantage plan. Provider protest resulted in an injunction. The best approach is preventive. Read contracts carefully, paying close attention to the provisions on provider networks. Ask for plan-specific quality criteria so you know how decisions are made. Maintain good data on your own so you can use it to appeal a decision if needed.
- **New Requirements Regarding Prior Authorization** – At the same time that more people are obtaining insurance coverage, many payers are increasing their requirements for prior authorization. Practices can anticipate spending additional time on this activity and should staff accordingly.
- **Uncertainty** – At the time we wrote this newsletter, Medicare payments for 2014 remained in flux. The rates originally scheduled to take effect on January 1, 2014 would have resulted in more than a 20 percent reduction in reimbursement, and the December 2013 budget agreement reached by Congress granted a three-month reprieve. Stay tuned!

#### #4 Make good use of technology.

Technology can help or hinder your practice – that’s entirely up to you! We think IT has four components: identifying your needs, hardware selection, software selection, and workforce training. Comments Neil Berman, owner of TheONbutton, who assists many of our clients with technology issues: “Technology solutions should enhance productivity and mitigate risk. A strong working relationship with your IT support person should reduce your stress level, not increase it.” Here are questions you can ask:

- **Do you have what you need?** Does your current hardware and software meet your needs? Remember, technology is a tool, not a solution. Ask a trusted Information Technology (IT) consultant who is experienced in medical practice management to guide you in your selection of options that meet both your needs and your budget.
- **Do you take full advantage of the systems that you already have?** The Meaningful Use financial incentive has encouraged many practices not only to purchase electronic health record (EHR) systems, but also to use the information in ways that improve patient care and demonstrate quality. The same cannot be said about practices using the information in their practice management systems (i.e., scheduling and billing). We continue to see a striking lack of knowledge about what information to review and how to use it to identify and correct problems. The monthly financial reports provided by CPAs present a general picture. The devil is in the details, and the details are contained in the practice management software. Put them together into a reporting format that tells you more than whether or not gross revenue was higher this month than last month.
- **Is your staff trained to use the technology that you have?** Software vendors boast about their ability to upgrade applications on an ongoing basis. But does your workforce understand the purpose and operations of new functionality? Are people trained to use what you purchased? Just this past year we worked with a client that had purchased one of the best software systems on the market. The practice owners were reluctant to spend money on training for the practice manager, limiting her ability to use the information and guide her staff.

#### #5 Emphasize staffing and training.

All of the issues listed in this newsletter are complex. Mastery requires staff to learn new information, develop creative solutions, and adapt positively to change. Strong and positive practice leadership by owners and senior managers goes a long way in bringing everyone on board. We recommend that you identify key external and internal issues, educate yourselves, communicate with staff, and plan and execute your strategy for each priority. If your current workforce members aren’t capable or willing to handle the challenges that lie ahead, make changes.

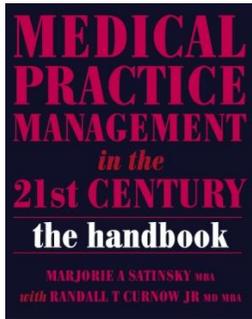
## Developing and Implementing Your 2014 Plan

As you begin to develop, refine, and implement your strategic plans for 2014, please be aware of these ways in which Satinsky Consulting can be of assistance:

- **WORKFLOW ANALYSIS:** Practice Assessment
- **COMPLIANCE:** Risk Analysis, Policies and Procedures, and Staff Training for HIPAA Privacy and Security
- **PAYER ISSUES:** Managed Care Contract Reimbursement
- **TECHNOLOGY:** Technology Selection, Development of Meaningful Reports
- **STAFFING AND TRAINING:** Staff Recruitment and Training

If you need help, please contact us at 919.383.5998 or [Margie@satinskyconsulting.com](mailto:Margie@satinskyconsulting.com).

## Ideas for Managing Your Practice



If you are looking for new ideas to improve your bottom line and practice operations, order **The Handbook for Medical Practice Management in the 21st Century**. The book and the companion website offer concrete suggestions and practical tools. Authored by Marjorie A. Satinsky, M.B.A., with Randall T. Curnow, Jr., M.D., M.B.A., the handbook can be ordered by phone from Radcliffe Press (800.247.6553, x2402) or online using this [link to it on amazon.com](#).