

Physician Role in Practice Management

By **Margie Satinsky, M.B.A.**

Just as patients schedule a visit to discuss one symptom when they really want to talk about a different one, we receive requests for help on a myriad of practice management issues when the real issue is the role that physicians themselves play or don't play in managing their practices.

Last month we dealt with two situations in which the practice managers were not meeting expectations regarding accounts receivable, escalating expenses and poor staff morale caused by delayed performance reviews. The real issue in these situations wasn't money or staff competence. It was the role that physicians played in the management of their practices.

Get Past the Obstacles

Medicine is a challenging field but no less challenging than running a small business. As a small business owner, you need to know what must be managed and how to provide guidance to staff. It is unlikely that you learned about business in medical school, so perhaps you are reluctant to get involved. Where do you start? How do you learn what practice management means, and once you understand the scope, how do you master the skills that will help you succeed?

In our experience, two concerns deter many physicians from taking proactive roles in the management of their practices. One, believe it or not, is the presumption that someone else is doing the job. Often

nobody is doing the job, and it shows.

Second, many physicians don't know how to move from science to business. The difference in disciplines appears may be smaller than you think. The same diagnostic and problem-solving skills that apply to clinical care also apply to practice management.

Dig In

The body of knowledge that practice management encompasses includes many topics that need to be mastered individually and then related to each other. These topics include, but are not limited to, organization and management, financial management, human resources, compliance and operations, including information technology and quality management.

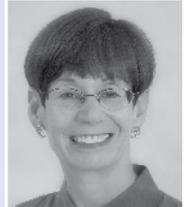
Let's look at the role that physicians should play in order to actively manage their practices.

Organization and Management: Physicians have three options for organizing and managing the practice.

If the practice is large enough to support a professional practice administrator, that individual can take a leadership role in initiating strategic and operational programs subject to physician approval on major decisions.

Practices that don't have a professional

Margie Satinsky, MBA, is President of Satinsky Consulting, LLC, a Durham, NC consulting firm



that specializes in medical practice management. She's provided strategic planning and operational guidance to more than 100 practices in North Carolina. Margie is the author of numerous books and articles, including Medical Practice Management in the 21st Century. For additional information, go to www.satinskyconsulting.com.

administrator may designate and compensate one physician as the managing partner. Other practices divide managerial responsibilities among the physician owners. Either way, the physician(s) collaborate with a practice manager whose experience and skill level are below those of a practice administrator.

Finally, the practice can hire an office manager to execute the instructions issued by the owners. Notice that we haven't listed the option of rotating physicians as managing partners, so nobody gets "stuck" with the job. We think rotating the managerial responsibility is avoidance of a job that nobody wants to do.

Financial Management: Financial management involves both revenue cycle man-

agement (e.g., managed care negotiations, billing, collections, management of denials) and activities that the practice performs regularly (e.g., budgeting, checks and balances).

If the practice is part of an accountable care organization (ACO), it also involves the relationship with that organization. In any practice environment, there's a great deal of available information. The certified public accountant provides monthly reports, and the practice management system (PMS) contains the details – provided one knows what he/she needs and what to do with it.

Regardless of the way in which the practice is organized, physicians should play a major role in financial management. Take responsibility for making sure that there are realistic annual operating and capital budgets. Use the budgets to guide both revenue generation and spending. Review reports regularly, using the data to iden-

tify problems and take corrective action. Make sure that the appropriate policies and procedures are in place in order to prevent problems before they occur. Take an active, not a passive role in the financial management and prevent problems before they arise.

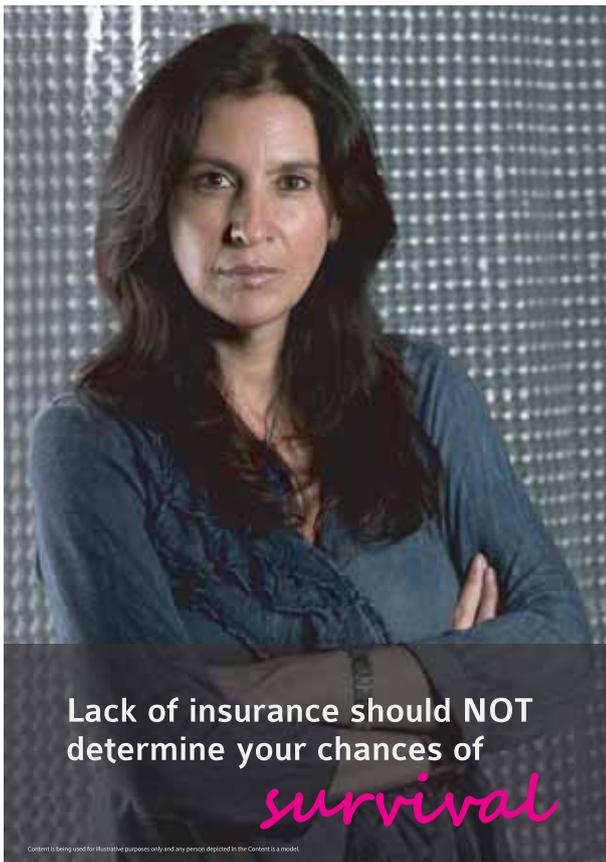
We like the advice that hockey great Wayne Gretzky provided when asked what made him such an outstanding player. He replied: "I skate to where the puck is going to be."

Human Resources: The most valuable assets of every medical practice are its employees. Practices that have the best staff retention and loyalty treat human resources as a major investment.

Practice owners should make sure that job expectations and priorities are clear, that employees are treated consistently and fairly, that training is available, that staff have opportunities to meet with supervi-

sors, each other and the physicians and that communication on what is important in your practice come directly from the top.

Here's an example of a situation that might have been avoided. A primary care practice in the eastern part of North Carolina hired a new practice administrator to take charge of the eight-person practice. Shortly after her arrival, the practice added a new provider by merging with an existing practice. The marching orders for the practice administrator changed, and the owners directed her to focus on the details of the merger. She did, only to find herself out of a job within nine months because she wasn't devoting enough attention to ongoing operations. In hindsight, the outcome might have been different had the owners been more clear on their priorities and the potential negative consequences of neglecting day-to-day business.



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Raleigh (Corporate Office)
6500 Creedmoor Road, Suite 106
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Charlotte
15720 Brixham Hill Ave., Suite 300
Charlotte, NC 28277
Tel: 704-926-2013

Wilmington
1213 Culbreth Drive
Wilmington, NC 28405
Tel: 910-509-7259

Compliance: Compliance with requirements by Medicare and Medicaid, Health Insurance Portability and Accountability Act (HIPAA), Occupational Safety and Health Administration (OSHA), Clinical Laboratory Improvement Amendments (CLIA) and other governing bodies is an essential component of running a medical practice.

If physicians convey the attitude that compliance is important to your practice, your staff will adopt your attitude. Conversely,

if physicians make disparaging remarks about compliance and are unwilling to support these activities, the staff will assume a similar attitude. Don't put the practice at unnecessary risk.

We've helped more than 100 practices become HIPAA compliant. Our most challenging client was the practice where the physician owners chose to ignore the major recommendations for privacy and security rule compliance. Their hostility toward any type of government regulation

put the practice, the practice administrator and the patients in a risky situation.

Operational Management: When is the last time the physicians in your practice looked critically at the workflow processes?

Does everybody know what happens to patients from the time they make an appointment to the time that they check out? Does the practice use patient satisfaction surveys and act on the results? How much do the owners know about the information technology applications that the practice has and about new enhancements that may become available? Is there an active quality management program?

Don't leave these important issues up to staff discretion; get involved.

Conclusion

Hopefully we've convinced you. As a physician owner you need to be knowledgeable about practice management.

How do you obtain the information and the managerial skills? Professional organizations, such as the American Association for Physician Leadership, Medical Group Management Association (MGMA) and your own specialty society, offer mini courses on practice management. You also can enroll in master in business administration courses that are offered on weekends and/or online.

Or you can ask one or more qualified consultants to teach you particular subjects that you want to learn. Finally, check the Internet. Many of those topics that may seem mysterious will become very clear once you begin your quest for knowledge.

As physician owners of a medical practice, practice management is ultimately your job. With a methodical approach to both substance and skills, you can make a big difference.

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ANDREA LUKES, MD, MHS, FACOG
AMY STANFIELD, MD, FACOG

249 E NC HIGHWAY 54
SUITE 330
DURHAM, NC 27713
PH: 919.251.9223
DONNA@CWRWC.COM
WWW.CWRWC.COM