Don’t Overlook the Importance of Management

by Reed Tinsley, CPA

These certainly are “uncertain” times. It seems turbulence is surrounding the practice of medicine these days; insurance plans want to slash reimbursement rates; Congress continues to attack the Medicare budget; health system reform looms on the horizon; managed care continues to grow, and everyone seems to want to set up some type of integrated delivery system.

During these times, someone has to create order out of chaos. This must be the role of both the office manager and the physician or physicians. In other words, now is the time they together must exercise true management in the medical practice. Otherwise, the future of one’s own medical practice might not be too bright.

Office managers (and administrators if applicable) must expand their own role in the daily office routine of running a medical practice. First, with all of the changes now occurring in the industry. The office manager must make sure the practice is not losing revenue needlessly. With the renewed attack on reimbursement, why lose revenue if you don’t have to? The office manager must manage the practice in such a way to ensure the office does not lose revenue. The following are a few tips:

1. make sure the practice fee schedule is near the “usual, customary, and reasonable” profile for your service area,
2. make sure the office is not billing charges less than the contracted managed care rates (It does happen!!),
3. make sure the front desk is doing a good job collecting monies at time of patient check out (If you collect it, it doesn’t become a receivable!),
4. make sure accounts receivable 90 days old or more comprise 20% or less than the total A/R balance,
5. make sure claims are filed within 5-7 days from the last date of service, and
6. make sure the correct billing and collection systems are in place and carried out by all of the office personnel.

These management ideas sound simple but unfortunately get violated each and every day. You cannot afford to lose revenue simply due to the fact the office is not functioning properly.

Besides handling day to day management capabilities, the office manager must assist in the creation of additional revenue for the practice. Issues such as managed care negotiation and practice marketing are becoming more and more important. Not only must the office manager maintain current income levels, but he or she must also help add to these levels.

The physician or physicians in a group practice cannot ignore the importance of management anymore. You must first become heavily involved in the day-to-day operations of the office. Oversight of management is critical. Again, you must make sure your office is not losing revenue. If you don’t want to become involved, then it is in your interest to hire someone to do it for you. Success today mandates that physicians or their representative become hands on managers. Finally, physicians must decide in what direction they want to steer their practice. Physicians today are faced with myriad affiliation opportunities. If not today, they soon will be. It is somewhat like asking yourself which horse should I hook my wagon up to? The wrong decision could cost the practice dearly. Whether or not to join an MSO, IPA, PHO, GPWW, or just sell out to a hospital system are decisions that should be planned and require a certain amount discussion with your advisors.
Management requires you to make these and many other decisions concerning your practice. As such, the role of management as it applies to medical office operations is as critical now as it has ever been. Please don’t overlook this role. It may cost you.

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