

# 2018

## *Physician Practice Management Survey*



**DEANDORTON**

DEAN DORTON ALLEN FORD, PLLC

BUSINESS ADVISORS CPAs CONSULTANTS

# INTRODUCTION

In this year's survey, we focused on the management and performance of physician practices. Participants included independent practices, employed medical groups, single specialty providers, and multi-specialty clinics. Feedback obtained through this process included insights into physician practice management, operations, compliance, revenue cycle, and financial performance.

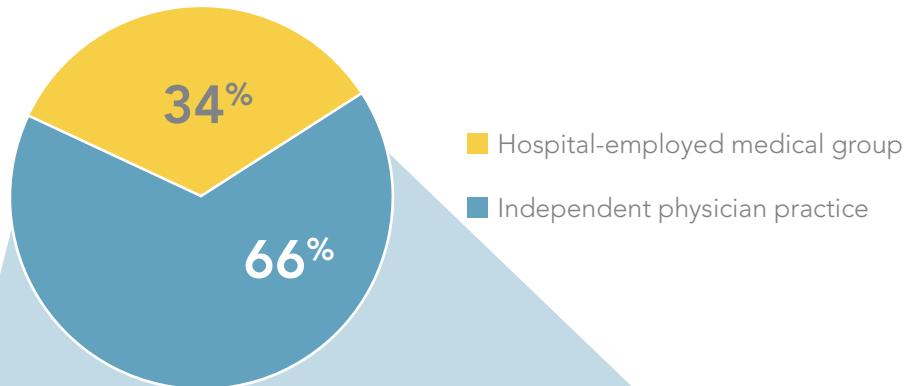
Among the themes were questions around benchmarking and business intelligence, revenue cycle performance, accounting and electronic health record software utilization, information technology, personnel management, and the evolving healthcare landscape.

It is through insightful feedback from our clients and industry experts that allows us to keep our fingers on the pulse of the most pressing issues facing medical providers and healthcare organizations today.

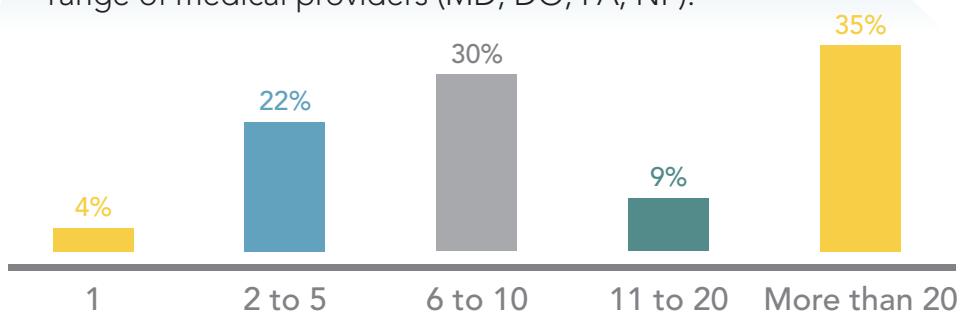
As part of this year's information gathering process, we submitted our survey to clients and other healthcare executives to identify trends, risk, and innovative solutions that are being utilized to address challenges and improve performance.

# PRACTICE/GROUP DEMOGRAPHICS

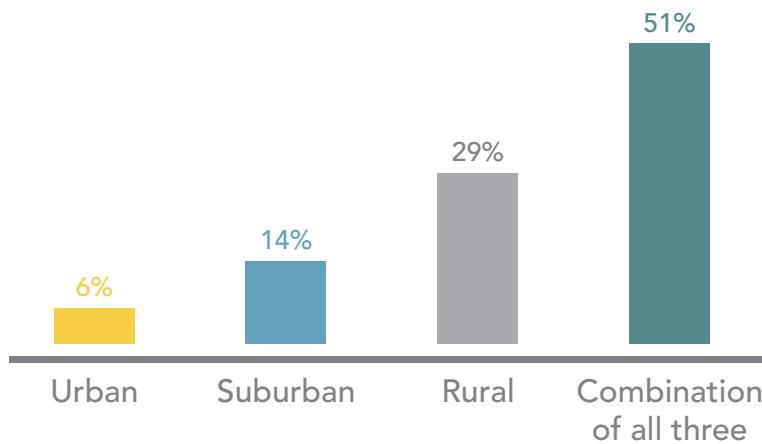
Two-thirds of this year's respondents represent an independent physician practice.



The independent physician practices employ a wide range of medical providers (MD, DO, PA, NP).

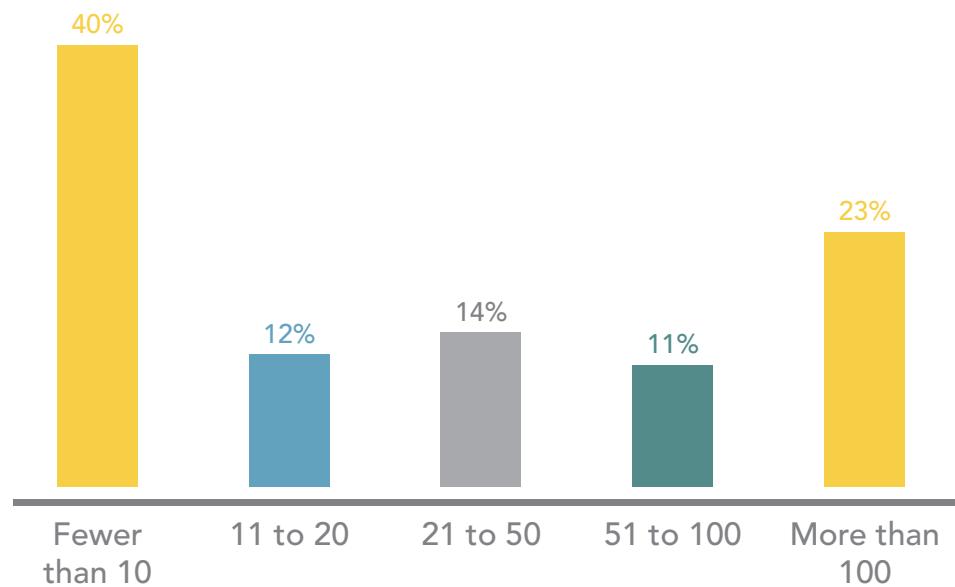


The survey participants classify their primary service area as:



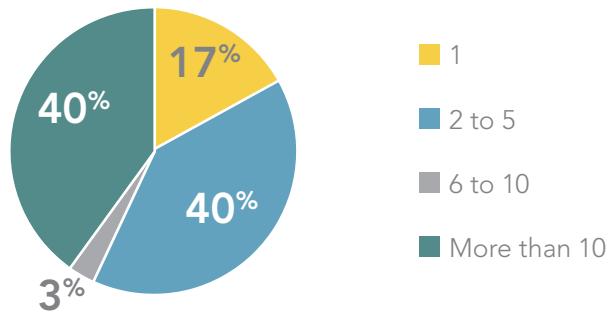
# PRACTICE/GROUP DEMOGRAPHICS

When including the hospital-owned medical groups, the number of providers (MD, DO, PA, ARNP) employed by the organizations ranged from fewer than 10 to more than 100.



**80%** of the responding practices/groups utilize mid-level providers, such as ARNPs or PAs.

40% of the respondents have more than 10 unique practice locations.

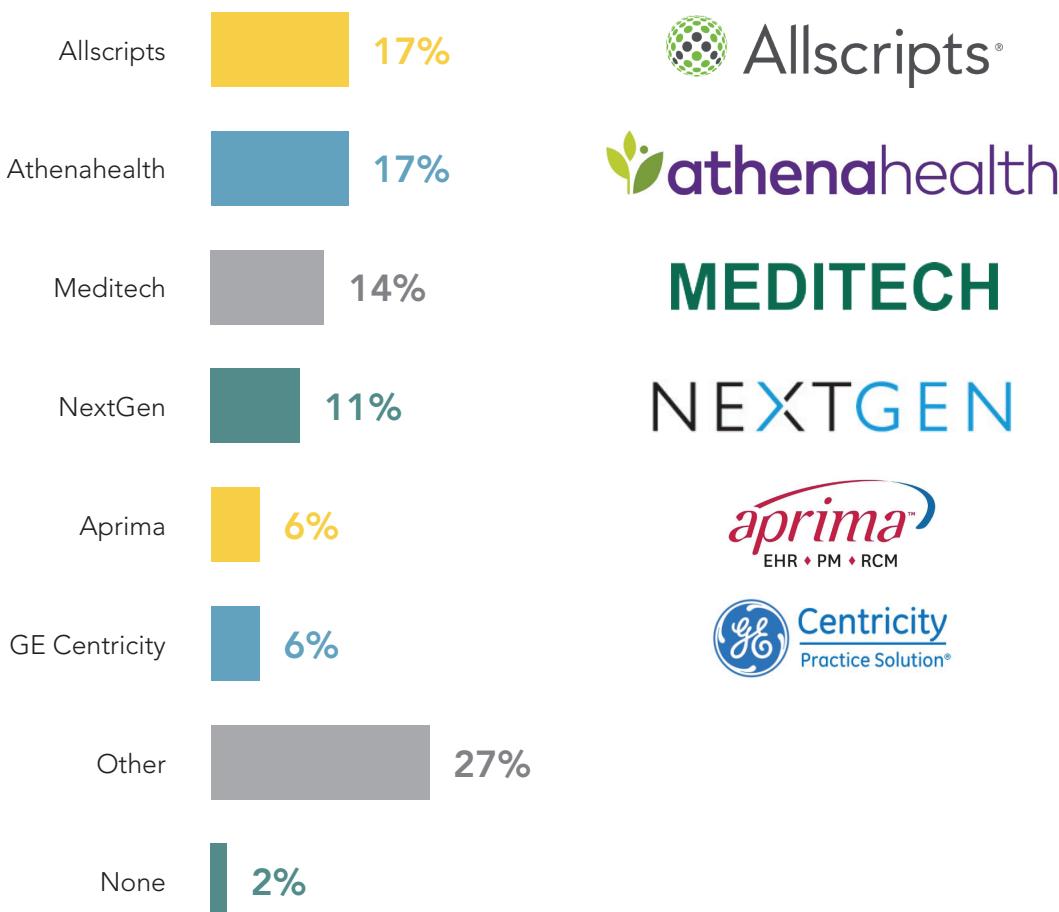


# PRACTICE/GROUP DEMOGRAPHICS

**43%**

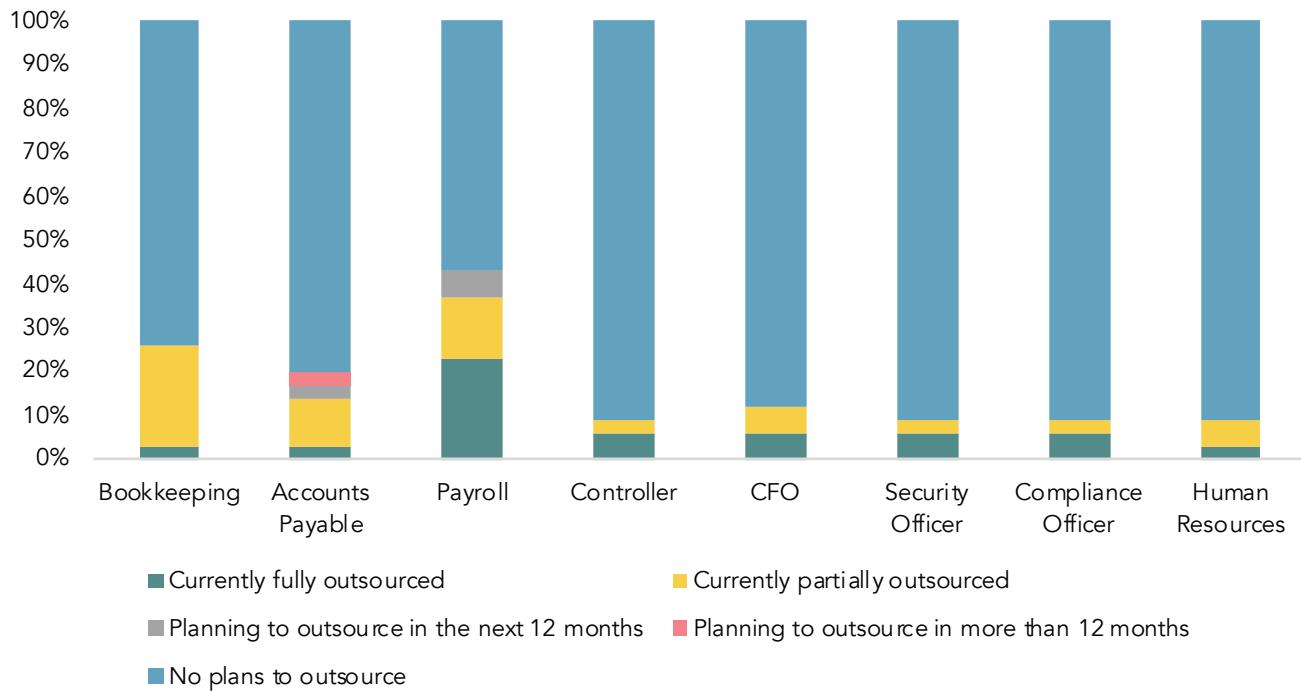
of the responding organizations represent a single specialty practice. Most of the specialties listed by these survey participants are **pediatrics (20%)** and **primary care (20%)**. Other specialties listed include surgery, orthopedics, podiatry, internal medicine, endocrinology, otolaryngology, and nephrology.

The majority of the respondents utilize Allscripts, Athenahealth, Meditech, or NextGen as their primary electronic health record.



# FINANCIAL MANAGEMENT AND PERFORMANCE

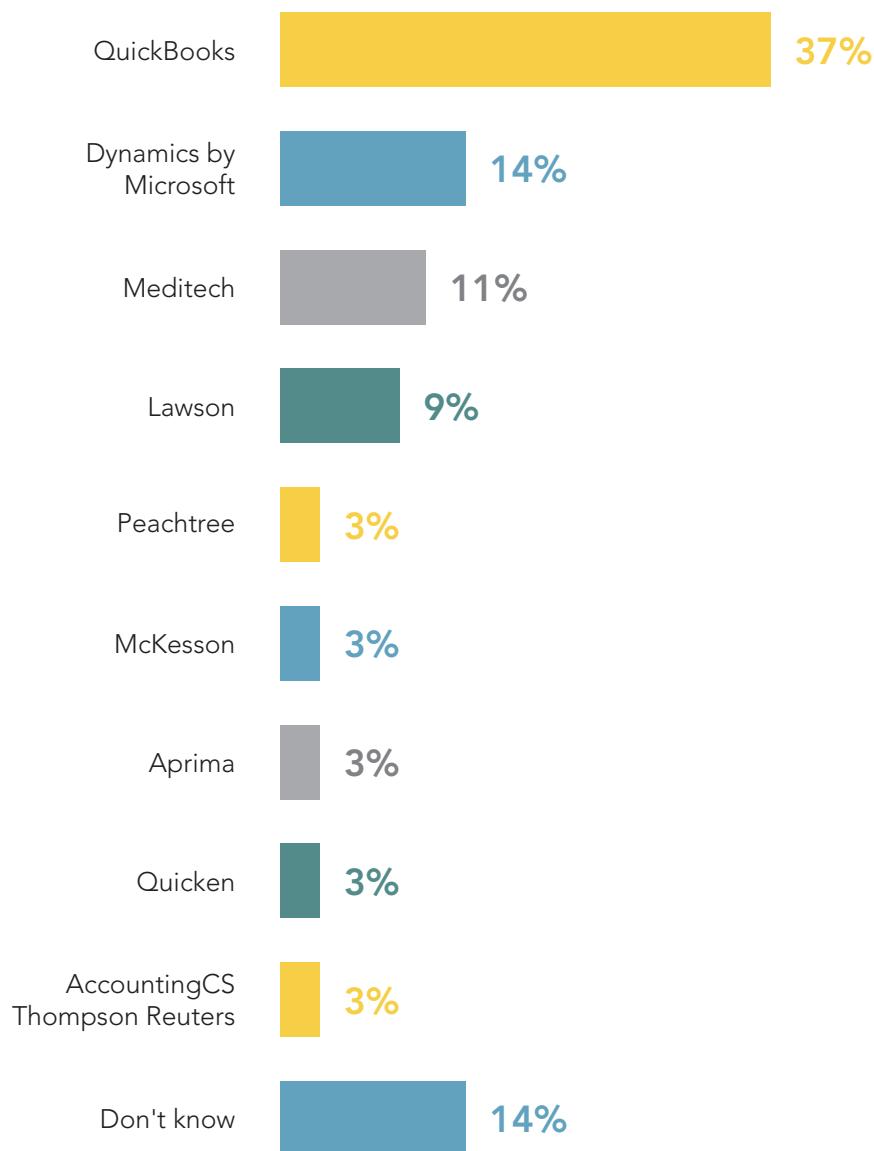
While most of the responding groups have no plans to outsource the functions or positions listed below, the most currently outsourced position is payroll.



**80%** of the respondents benchmark their financial data against other practices and/or peer groups.

# FINANCIAL MANAGEMENT AND PERFORMANCE

QuickBooks is the most popular accounting software for our survey respondents, with a 37% utilization rate.



# FINANCIAL MANAGEMENT AND PERFORMANCE

**43%**

of the respondents indicated that wRVUs are monitored and included as a component of physician compensation and/or bonus arrangements.

 **74%**

of the respondents indicated that financial statements are produced in a timely manner and are reviewed with physician stakeholders on a consistent basis.

The top key performance indicators tracked by the participants are:

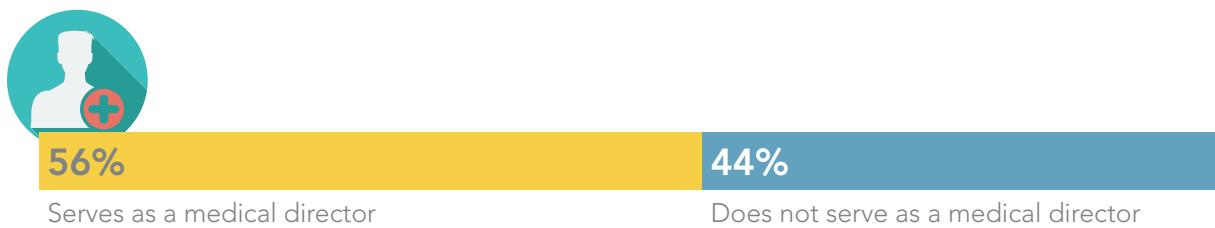
- Provider productivity
- A/R aging
- Patient satisfaction
- Revenue and collections per patient visit
- Days in A/R
- Revenue and expense analysis
- CPT code and payer mix
- Net income by provider

# INTERNAL CONTROLS

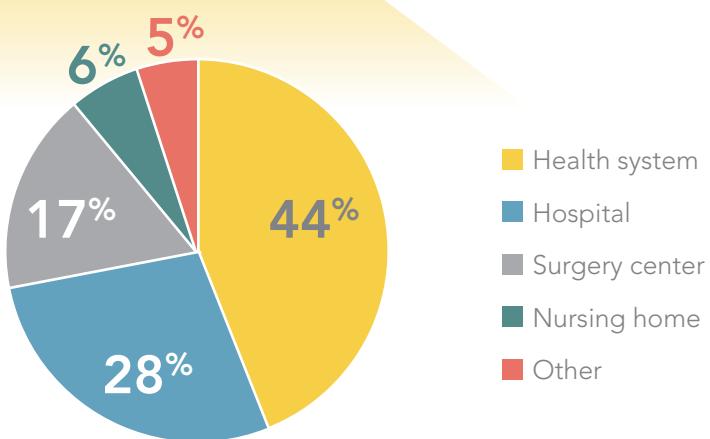
Most of our survey respondents last conducted HIPAA training for all staff within the past year.



Slightly more than half of the survey respondents indicated that their practice/group or individual provider within their practice/group serves as a medical director for any organization.



The organizations for which the medical directors serve include:



# INTERNAL CONTROLS

The survey participants indicated their practice/group **effectively manages** the following:



HIPAA compliance



Data and PHI security



Internal controls around personnel, fraud, and cash management



Billing and coding compliance



Human resources and personnel management

The groups are **slightly less effective** at their ability in managing the following:



Cybersecurity training



Obtaining and utilizing meaningful business data



Information technology policy and procedure management

**29%**

of the responding organizations indicated that their practice **does not utilize** an effective monitoring and auditing program to detect business abnormalities.

# INFORMATION TECHNOLOGY

**85%**

of the responding organizations conduct a HIPAA security risk assessment on a recurring basis.

**88%**

of the responding organizations perform external and internal vulnerability tests on an annual basis.

**74%**

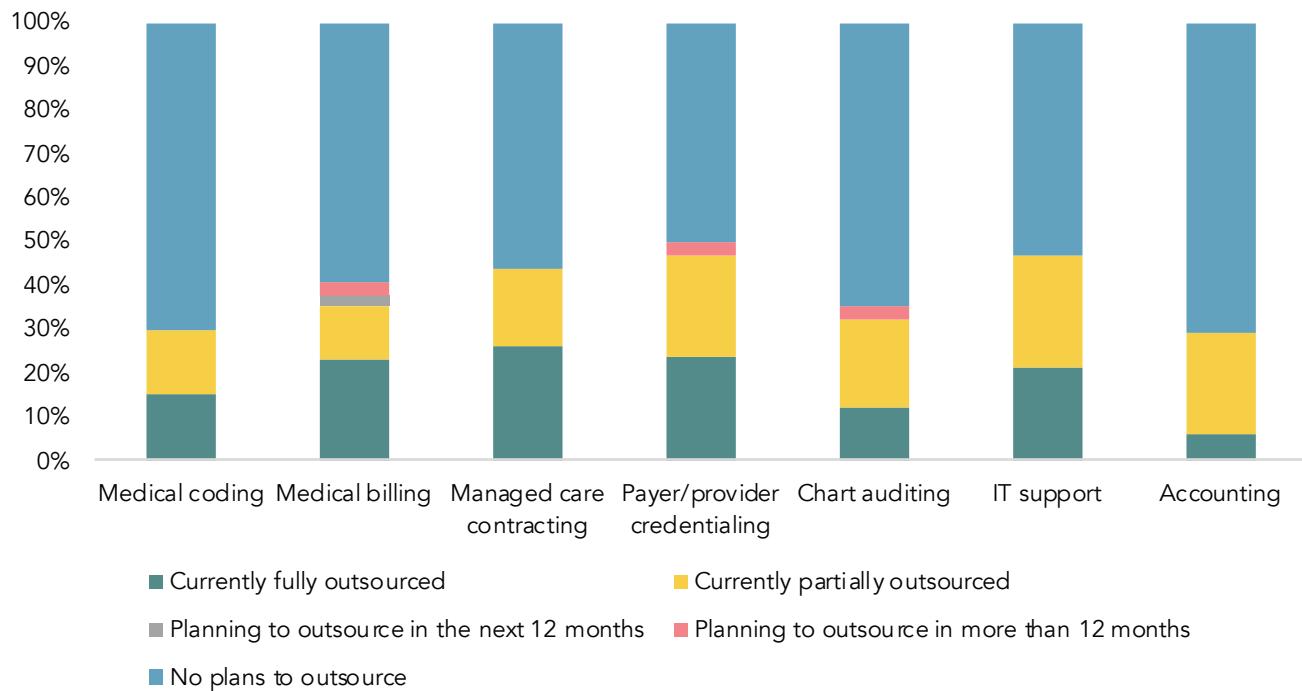
of the responding organizations conduct user awareness training for email security.

Performing an annual HIPAA security risk assessment is a regulatory requirement, but performing ongoing vulnerability assessments can also expose critical system and application risks that need to be addressed to keep electronic patient health information secure and available.

The same is true regarding user awareness training: it is mandated by HIPAA and is a key component of any security program. Informed and engaged employees can recognize and report security or privacy issues so the organization has a chance to correct potential concerns.

# REVENUE CYCLE

Most of the respondents indicated that they have no plans to outsource additional revenue cycle functions in the near future. Currently, the most outsourced functions are managed care contracting, payer/provider credentialing, and IT support.



# REVENUE CYCLE

The survey participants indicated their practice/group **effectively manages** the following key revenue cycle functions:



Clinical documentation



Medical coding



Provider credentialing

The groups were **slightly less confident** in their ability to effectively manage the following:



Patient scheduling



Insurance verification



Point of service collections



A/R management



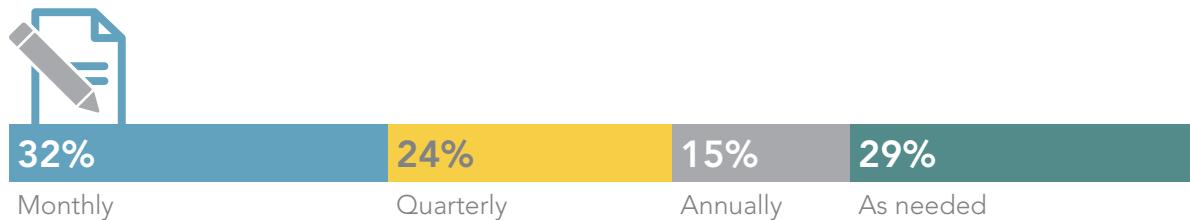
Denial resolution



Collaborating with managed care payers

# REVENUE CYCLE

The frequency at which responding organizations conduct medical coding audits varied greatly.



Best practices of coding audits include:

- Establish a coding goal tailored specific to your organization's objectives.
- Determine the frequency that best fits your organization. Quarterly is often the most preferred.
- Determine the type of cases to be audited, as you may choose targeted audits based on Office of Inspector General and Medicaid activity, or you may choose to perform a random audit which may identify problem areas needing focused audits or education.
- Determine the sample size with which your organization is most comfortable.

Expect the results to lead to recommendations which will require implementation. Audits are ineffective if the outcome and recommendations are not appropriately addressed.

Only  
**71%**

of the responding organizations indicated that they have an understanding of their top billing denials and root causes.

Approximately  
**71%**

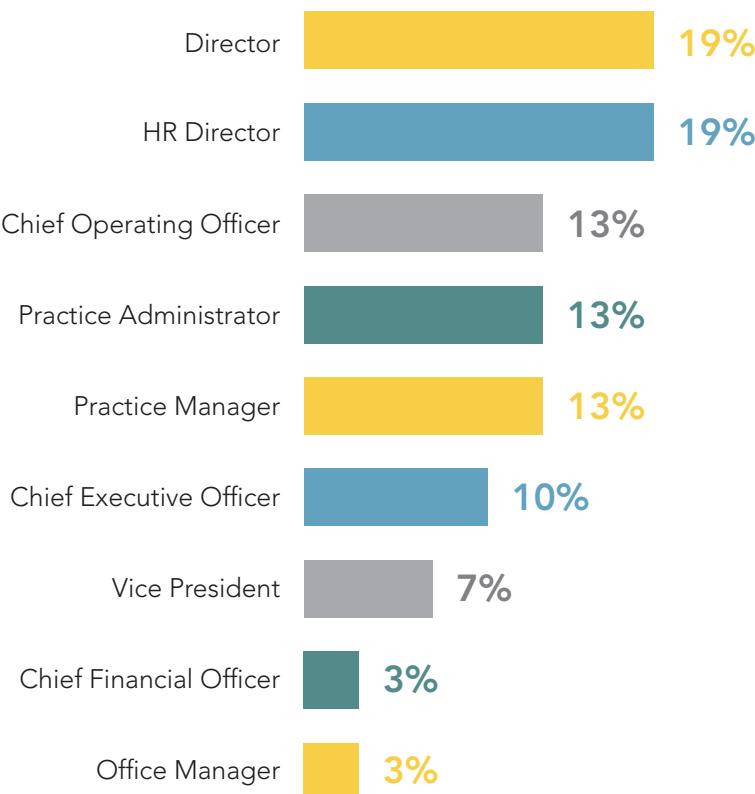
of the survey participants meet regularly to review revenue cycle performance and key performance indicators.

# PRACTICE MANAGEMENT AND PERSONNEL



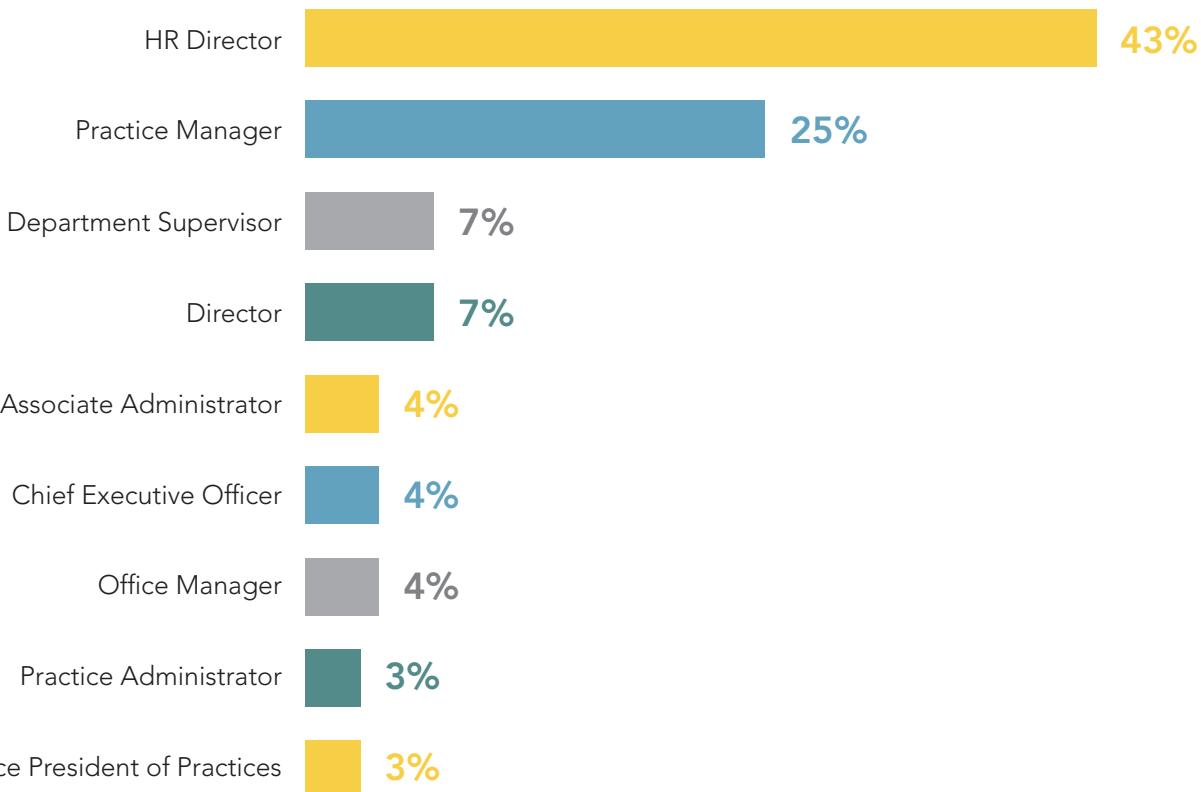
of the responding organizations have an employee handbook with written policies.

Nearly every responding organization indicated that someone at their organization is responsible for performance management (i.e. employee performance feedback, compensation adjustments, performance improvement plans). The titles of those responsible for performance management include:



# PRACTICE MANAGEMENT AND PERSONNEL

HR Director is the most common team member responsible for conducting employee interviewing and new hire selection.



Three of the most difficult positions for the responding organizations to recruit and retain include:

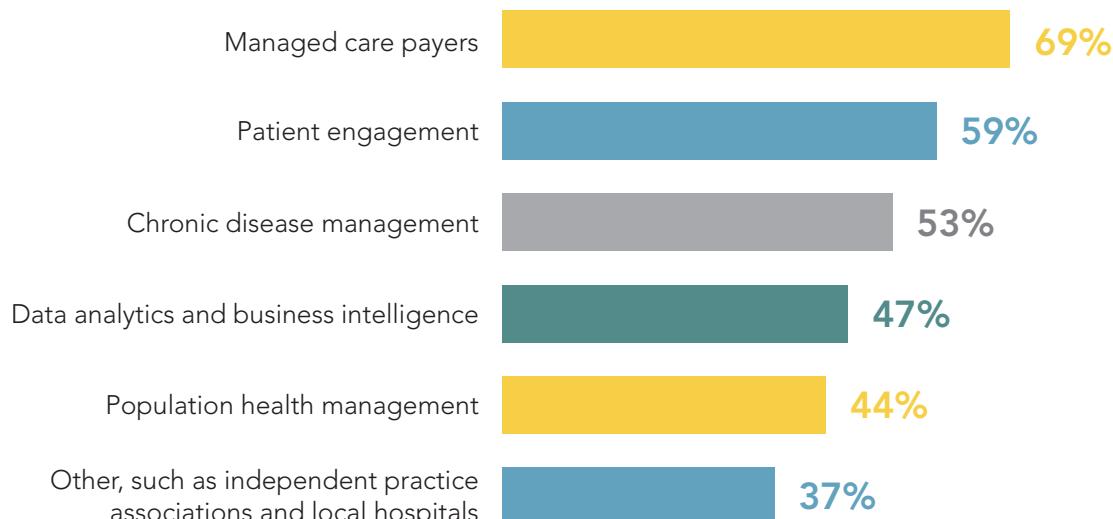


# CHANGING HEALTHCARE LANDSCAPE

**72%**

of the responding organizations participate in a shared savings program.

The survey participants actively partner with the following types of organizations to promote cost savings and/or enhance quality initiatives.



**31%**

of the survey respondents participate in direct-to-employer arrangements for medical care.

The three most significant challenges facing the survey respondents' practices/groups include:



Recruitment and retention **23%**



A/R management **12%**



Keeping up with growth **12%**

# CHANGING HEALTHCARE LANDSCAPE

**37%**

of the respondents participate in telehealth services; however, this is seen as a growth opportunity for many organizations. To fully implement a telehealth service line, Dean Dorton recommends a plan that includes the following:

## Initial Assessments:

- Eligibility of the proposed originating site
- Distant site practitioners

## Technology Selection:

- Identification of the appropriate interactive audio and video telecommunications system through the RFP process
- Installation and implementation of the selected system within the identified locations

## Technology Testing:

- Interoperability testing
- HIPAA security testing
- Other testing as necessary



## Provider Education:

- Provide education to participating providers on billing and payment for professional services furnished via telehealth
- Provide education to the originating site on billing and payment of the facility fee

## Documentation, Coding, and Billing:

- Audits of select claims to verify physician documentation meets medical necessity documentation requirements
- Coding of the claims to verify appropriate CPT and HCPCS codes were utilized, along with appropriate required modifiers
- Billing review to verify timeliness of filing and claims payments

# KEY TAKEAWAYS AND POTENTIAL IMPROVEMENT OPPORTUNITIES

1. Bookkeeping, accounts payable, and payroll are the most commonly outsourced accounting functions within the responding physician practices.
2. Payer/provider credentialing, medical coding and billing, IT support, and managed care contracting are the most commonly outsourced revenue cycle functions within the responding physician practices.
3. One out of five responding practices do not benchmark their financial data against other practices or peer groups.
4. More than 25% of the responding organizations stated that financial statements are not produced timely or reviewed with physician stakeholders on a consistent basis.
5. Respondents answered that they are least effective at managing the following:
  - Cybersecurity training
  - Obtaining and utilizing meaningful business data
  - Information technology policy and procedure management
  - User awareness training for email security
6. 30% of participants do not effectively utilize a monitoring and auditing program to help detect business abnormalities.
7. The revenue cycle areas with the greatest performance concerns are:
  - Point of service collections
  - Insurance denial resolution
  - Collaborating with managed care payers
8. 30% of practices stated they do not have an understanding of their top billing denials and related root causes, nor do they meet regularly to review revenue cycle performance, trends, and key indicators.
9. When asked which types of organizations that practices actively partner with to promote cost savings or enhance quality initiatives, managed care payers scored the highest. The least common organizations are data analytics and business intelligence services, chronic disease management programs, and population health management tools.

Please contact Adam Shewmaker at [ashewmaker@ddafhealthcare.org](mailto:ashewmaker@ddafhealthcare.org) or 502.566.1054 for more information.

# THE RISKS OF NOT KEEPING YOUR DATA SECURE

*By Gui Cozzi, Cybersecurity Practice Lead*

Cybersecurity is considered a key business risk by most healthcare organizations, not just because of its potential impact to the organization's bottom line, but also because of the many distractions caused by a cybersecurity incident.

Cybersecurity is about maintaining the confidentiality of sensitive information. According to the 2018 IBM/Ponemon Cost of Data Breach report, the cost of a breached healthcare record is at its highest point ever: \$408 per record. This cost includes items like legal fees, incident response, notification costs, loss of reputation and business, and more. For example, consider a clinic with 20,000 individual records in its Electronic Health Record system. A data breach could cost the clinic a whopping \$8 million.

In addition, a data breach must be reported to the Office of Civil Rights (OCR) and may lead to additional scrutiny. Following a complaint investigation or compliance review, the OCR can negotiate resolution agreements requiring covered entities to take needed corrective action to comply with HIPAA Privacy and Security. As stated on the U.S. Department of Health & Human Services' website, "these agreements can be far-reaching, statewide agreements that call for a systemic change in the way a state does business."

The risks that healthcare organizations face go beyond their own financial costs and internal churns. Organizations must also protect their patients' identities and medical records from theft.

Cybersecurity is not just about confidentiality; it is also about maintaining the integrity of the information and keeping the systems up and running to facilitate patient care. A compromised system can cause real physical harm to patients. Infusion pumps, pacemakers, MRI machines, heart monitors, and other medical devices have already been hacked. The trend of connecting medical devices to the network has increased dramatically over recent years, thus increasing the exposure to cyber threats. Although the U.S. Food and Drug Administration (FDA) has released guidance about securing medical devices, this is unfortunately not a focus area for most healthcare organizations because of a lack of resources available to help.

Finally, compliance does not necessarily equate to security. It is not enough to be "compliant with HIPAA" to keep data secure. Compliance means demonstrating that an organization has taken sufficient steps to meet the intent of the regulation at a certain point in time. Being secure is a journey—it starts with being aware of the long road ahead and taking incremental steps to be better, every single day.

If you are looking for help in cyber practices, compliance (HIPAA or beyond, or technology in general, please contact Gui Cozzi at [gcozzi@ddaftech.com](mailto:gcozzi@ddaftech.com) to discuss how to better protect your organization.

# ABOUT DEAN DORTON

## Dean Dorton has a national healthcare presence within a regional CPA firm.

We have positioned our firm as a thought leader and subject matter expert in matters ranging from compliance and risk management to revenue cycle performance and cybersecurity.

The healthcare team at Dean Dorton has assisted numerous clients on issues ranging from practice valuations and succession planning to managed care contract analysis and revenue cycle outcomes to physician compensation modeling and bonus calculations.

Additionally, our information technology services team routinely supports healthcare providers with infrastructure, data security, software support, and numerous other technology needs. Our team of advisors collaborates with clients to identify weaknesses and implement new solutions that lead to improved performance. It is through these types of engagements that Dean Dorton is able to bring value and strategic guidance to clients while also supporting them with their financial and accounting needs.



# DEAN DORTON TEAM

The Dean Dorton healthcare advisory team is available to assist you with your needs throughout the year.

## Healthcare Consulting Services



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President and Chief Executive Officer



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Associate Director of Technology Consulting



**Gui Cozzi**  
Cybersecurity Practice Lead



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**Dawn Lenzini**  
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**Jason Miller**  
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Dean Dorton is a full-service accounting and business consulting firm which provides services to clients of all sizes in a variety of industries. The firm has grown to be one of the largest Certified Public Accounting firms based in the Commonwealth of Kentucky.

At Dean Dorton, our philosophy centers on an unyielding commitment to provide services that exceed our clients' expectations and are consistently superior to our competitors in quality and timeliness. Further, we strive to do so in a setting that is satisfying professionally and personally for firm employees.