

Prescriptions Medical Alert

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Replacing Downcoding with Correct Coding

Worried about being accused of inappropriate—or even fraudulent—coding, many physicians try to avoid calling attention to themselves by billing payers for less than their services are worth. But, by frequently erring on the side of caution when selecting codes, not only are you forgoing potential income, but you could also expose yourself and your practice to accusations of inaccurate coding. While the growing complexity of coding systems and frequent changes to the rules make coding challenging, your practice cannot afford to overlook the importance of implementing proper coding procedures.

Appearing to charge too little for your services can raise almost as many red flags among regulators and payers as overcharging. Often referred to as “downcoding,” applying codes that are lower than those typically used by peers for the same types and levels of care can lead to suspicions that a practice’s physicians have a poor grasp of standard coding procedures; it may even result in accusations of filing false claims.

To monitor coding and ensure it is done correctly, most medical practices rely upon certified coders. Some practices have data entry personnel and certified coders on staff, while others prefer to outsource coding to a firm that specializes in medical billing. But, because physicians are ultimately held responsible for any coding errors, you should take care to apply the correct codes from the outset and to supervise the coding processes of billing staff. Before hiring a third-party provider to handle coding, you should check that certified coders will be performing any work done on your behalf.

You may also want to bring in a professional auditor familiar with your specialty to analyze how your practice’s services are being coded. The auditor can alert you to any

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aberrant coding patterns, and he or she may be able to offer valuable advice on how to maximize reimbursements by avoiding downcoding.

You can also use practice management software programs to generate coding productivity and utilization reports. This data can then be compared to national benchmarks and examined for any unusual patterns. You should be able to explain any significant deviations from the norm and provide a justification for each coding choice on the basis of medical necessity.

Even if your coding profile indicates your practice is coding at higher levels than its peers, do not assume this means you should start downcoding. Factors specific to your practice, such as the average age of your patients, could lead to an atypical coding pattern. Also, many of your peers may be undercharging for procedures that you have been coding more accurately.

Thorough and precise documentation of each patient visit provides a useful safeguard against

charges of “upcoding,” while reducing the temptation to downcode. During each visit, you should take extensive written notes, tape-record verbal notes for subsequent transcription, or have an assistant on hand to help with documentation. Write clearly and choose your terminology carefully to avoid misunderstandings that could lead to coding mistakes or charges of inaccurate coding. Good records are essential not just for billing purposes, but also to ensure the provision of quality patient care.

Familiarizing yourself with coding procedures and keeping up-to-date on the frequent changes to coding systems are necessary when running a practice. If you have doubts about whether you are coding correctly, consider attending a course that will teach you how to apply the various codes swiftly and accurately. Having solid knowledge of coding will enable you to make confident coding decisions—and build a profitable practice. *P*

Educating Your Employees about Their 401(k) Plan

A 401(k) plan can offer employees an excellent means to save for retirement. However, workers often pass up the opportunity to participate in their employer-sponsored plans because the information presented may seem confusing or difficult to understand. To engage the interest of your employees and to educate them about the potential benefits of your plan, the information sessions should be carefully crafted. With a little effort, you can increase the effectiveness of these presentations. Here are some tips to help boost participation rates in your practice’s 401(k) plan:

- **Prepare employees *before* the presentation.** Assume your employees have little money management experience. When announcing the information session, explain *what* they will learn and *why* the information is important to them. Emphasize how they will benefit from attending the session.
- **Keep the tone light.** A little humor goes a long way in holding an audience’s attention. Encourage presenters to use clear, simple language—avoiding “legalese,” jargon, and complicated charts and graphs. Money management tips and

worksheets can be used to engage the audience. Remember to leave plenty of time for questions and answers.

- **Sit in on the session.** Doing so will allow you to be sure the information presented is fair and accurate. It also demonstrates to your employees the value you attach to the retirement plan.
- **Gear the material to the audience.** Avoid the “one-size-fits-all” presentation. The material should be geared to the audience’s level of sophistication. Novice 401(k) participants may be overwhelmed with advanced information, while experienced contributors might become bored if too much time is spent covering the basics. If your staff includes both beginning *and* experienced participants, consider offering two information sessions and letting your employees choose the one that is most appropriate for their needs.
- **Demonstrate how a 401(k) plan can make it easy to save for retirement.** Many employees who are concerned about stretching their paychecks from week to week may fear they do not have

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Raising Money to Expand Your Practice

A growing practice is a sign of your success. But, like many physicians, you may lack the capital to pay for an expansion, especially if your plan for growth involves new construction or a substantial upgrade of your current facilities. There is a range of financing options to choose from when you are planning an expansion, and it is often possible to combine a variety of funding sources to meet the particular needs of your practice.

When you are seeking financing, banks are the obvious place to start. It is important, however, to find a bank that understands your business model. With medical practices under increased pressure due to rising costs and declining reimbursement rates, banks and other lenders are likely to scrutinize your request for funds to expand. Compared with other types of business, medical practices generally have few assets that could be liquidated in case of default.

Lenders may also be concerned about supporting investment in the construction of health care facilities. Buildings for medical offices are often stand-alone structures that must adhere to a stringent set of building codes and detailed specifications. This makes construction or expansion of health care facilities more expensive and riskier than many other building projects.

Rather than approaching a bank directly, some physicians turn to lenders that specialize in financing for health care providers. These firms are experienced in interpreting the financial indicators specific to medical practices, and they often have access to a wide range of underwriters. Niche lenders can be especially helpful for physicians whose credit ratings are less than perfect, or for those who are unable to obtain the level of financing they need from a bank. The interest rates on loans arranged by these firms are, however, often higher than those typically offered by banks.

In some cases, you may find that your practice qualifies for assistance from the U.S. Small Business Administration (SBA). While the SBA does not issue loans, it guarantees loans made by private banks or other institutions, making it easier for less-established businesses to get the financing they need. Through the 7(a) loan program, the SBA guarantees

75%–80% of the balance of a business loan. The proceeds of 7(a) loans may be used to pay for most types of expansion, including the acquisition of equipment and furniture; leasehold improvements; and the purchase, renovation, or new construction of land or buildings. Loans are also available for working capital. Compared with most bank loans, 7(a) loans offer longer amortization periods.

To benefit from the best possible loan terms and interest rates, cultivate relationships with banks and other potential lenders by demonstrating your ability to manage your existing accounts and credit lines well before you need to ask for a major loan. But, even if you find a banker who understands the health care provider business model, you can expect any potential lender to measure your practice's capacity to repay the loan by analyzing its financial statements and operations. In addition to reviewing your personal and professional credit histories, lenders will take into account a variety of financial indicators, including your practice's cash flow, earnings, accounts receivable, and collections history.



For bigger expansion projects requiring larger loans, alternative sources of financing may be available. These could include a bond issue or a private placement, which involves selling securities to institutional investors such as pension funds, insurance companies, or real estate investment trusts (REITs). Private placements may be arranged by specialized lenders as part of a broad financing package. There may also be opportunities to bring in equity investors or to partner with hospitals or other health care providers.

Any major expansion requires extensive advance planning. If you plan to grow your practice several years down the line, start saving now, while working toward putting your practice on the best possible financial footing. *P*

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the excess income to contribute to a retirement plan. A skilled presenter can address this concern by emphasizing the potential tax benefits of a 401(k) plan. With a few simple calculations, your employees will see that once tax savings are considered, their contributions may not take as large a chunk out of their paychecks as they might have thought.

- **Support your employees in keeping their contributions to a comfortable level.** Avoid overemphasizing contributing the *maximum* amount allowable if that exceeds an employee's financial ability. Point out that even a small contribution is better than none, especially if the practice is *matching* all, or a portion, of it. Emphasize that it is far better for employees to start small now and increase their contributions later when they can afford to do so.

A well-crafted 401(k) plan presentation can go a long way toward boosting participation rates. By

targeting the information session to your employees' needs, you can help them make the most of their retirement plan option. And, it's important to bear in mind that this needn't be a "one-time-only" event. Get in the habit of scheduling a 401(k) presentation at least once a year. More frequently scheduled information sessions can help make the plan accessible to new employees who join the practice during the year, as well as encourage existing 401(k) participants who may be thinking of increasing their contributions. *ℙ*



Satisfaction Linked to Time with Physician

Patients are less likely to mind waiting to see the doctor provided they have adequate time to talk with their physician during the visit, according to a survey conducted by patient advocacy research group DrScore.com.

The survey of 5,030 patients revealed that the amount of one-on-one time physicians spend with their patients is the leading factor affecting patient satisfaction. Researchers said the findings also indicated that patient frustration levels are substantially reduced with increased time spent with the doctor.

The combination of a long waiting time to see the physician and a short visit is associated with very low overall patient satisfaction, the survey found. By contrast, short wait times and adequate time with the doctor were shown to result in high overall satisfaction levels among patients.

"Our original hypothesis was that patient dissatisfaction would be directly tied to wait time," said Nicola Ries Taggart, president of DrScore. "But what we found is that patients are willing to wait longer as long as they get time with the doctor in the exam room."

Researchers recommended that physicians who wish to improve their patient relationships consider reducing the time they spend on activities between patients or the number of patients they see in a given period of time. *ℙ*