5 Things Every Health Practice Can Do To Boost Profitability In 2021

The ongoing COVID-19 pandemic has certainly created its share of challenges for hospitals and healthcare practices, but there is undoubtedly some reason for optimism moving into 2021 and beyond.

While some healthcare practices have actually become more profitable during 2020, many have struggled. Although COVID-19 is an easy scapegoat, it seems that outdated revenue cycle practices are just as much to blame. The good news is that for those practices scrambling to catch up or stay afloat -- there's still hope.

In this report, a panel of experts from the National Society of Certified Healthcare Business Consultants (NSCHBC) shares their thoughts about what practices can do right now to improve their profitability as well as strategies they can implement to stay on the cutting edge of healthcare and remain profitable for years to come.

All are members of the NSCHBC, an association that provides training and resources to members as well as a globally recognized advanced professional certification program, Certified Healthcare Business Consultant (CHBC).

The panel came up with five strategies healthcare practitioners can implement into their practice in 2021 to optimize their profitability.

1. Update or improve your revenue cycle management
2. Don't lay off your billing staff -- provide training instead
3. Improve your patient recall practices
4. Embrace telemedicine
5. Look for help and supplementary sources of revenue

The Current Status Of Healthcare

According to *Forbes*, profitability in the healthcare market has never been better.

However, the American Health Association released a report covering the financial impacts on the healthcare industry from March 1, 2020, to June 30, 2020. The AHA found that over these four months, America's hospitals and health systems faced a total financial loss of $202.6 billion, an average of $50.7 billion per month.

A big reason for this deficit came on March 18, 2020, when the Centers for Medicare & Medicaid Services (CMS) recommended that practices and hospitals suspend most elective surgeries and other non-essential medical and dental procedures. Moreover, many governors have since mandated the cancellation of non-essential services in their state.

As a result, both inpatient and outpatient discharges decreased by 13 percent since 2019. Healthcare providers argue that patients are forgoing essential care (e.g. chronic disease and pain management), which can put their health in further jeopardy.

In a Health Evolution article on How CEOs are reimagining budgets amid COVID-19, Marna Borgstrom, CEO of Yale-New Haven Health put a voice to the problem.

"Our costs are going up, increased expenses are coming, and revenues will be compressed," she said. "That means we're digging out of a larger hole to build budgets going forward and get back to a level of fiscal health where we can continue to re-invest in the business."

Yale-New Haven Health posted a $208 million loss in the first half of its fiscal year, the first time it reported a loss in Borgstrom's 40 years with the health system.

However, not all hospitals and healthcare practices are taking a financial hit, largely thanks to funding from the Coronavirus Aid, Relief, and Economic Security Act, (CARES Act). For example, Nashville-based HCA Healthcare reported a more than $1 billion profit during the second quarter of 2020, a 37 percent increase from the same period in 2019. HCA benefited from federal funding and also saw a massive uptick in outpatient procedures.

Meanwhile, Dallas-based Tenet Healthcare posted a profit of $88 million in quarter two, an increase of $64 million from last year. This demonstrates that the CARES Act was able to provide a bridge for practices, but what can they do to improve profits without federal assistance?

1 Update Or Improve Your Revenue Cycle Management

An updated Research and Markets study released in September 2020, "Technology Spending on Revenue Cycle Management - Global Market Trajectory & Analytics", now projects that global technology spending on revenue cycle management will reach $52.5 billion by 2027. Amid COVID-19, the 2020 global market is estimated at $36.1 billion. This projects a Compound Annual Growth Rate (CAGR) of 5.5 percent from 2020 to 2027.

Here in the U.S., spending on revenue cycle management is estimated at $10.7 billion. At a time when healthcare practices are looking to reduce costs, these numbers can seem quite alarming. But as our experts note -- now, more than ever, practices cannot just maintain revenue cycle management -- but need to push it to the next level.

That's because one of the easiest ways to generate revenue is to go after the money you're already owed.

"In many cases, the money is sitting out there. The best place to start is to go after the money that should already be coming in, but isn't," said Ginny Martin.

"You'd be surprised how much AR (accounts receivable) is sitting out there in medical practices that no one is going after," Martin continued. "These practices need to tighten up their revenue cycle process and go after unpaid claims that have

Meet The Panel

Healthcare practices are often small, family-run businesses and like any business, they need to remain profitable to survive. So how can healthcare practices manage to stay profitable during a time when many people are wary of coming into the office?

To answer that question, we asked for input from an Healthcare Thought Leadership panel of NSCHBC members, including:

David Zetter, PHR, SHRM-CP, CHC, CPCO, CPC, COC, PCS, FCS, CHBC, CMUP, PESC, CMAP, CMAPA, CMMP, CMHP
Zetter Healthcare, NSCHBC President

Reed Tinsley, CPA, CVA, CFP, CHBC
CPA Advisor For Medical Practices

Ginny Martin, CMA (AAMA), CPC, CPCO, CHBC
Ginny Martin & Associates Consulting, LLC

H. Christopher Zaenger, CHBC
Z Management Group, Ltd.

been sitting out there for as many as 90 days. Once a claim gets to 60 days, there is probably something wrong with their revenue cycle process. They need to follow up and get those payments."

The process is different for every state, Martin noted, but in general, most states require insurers to pay a claim or reject it within a specified number of days. If a claim lingers beyond that deadline, the practice needs to be on top of things and figure out where the issue lies.

David Zetter added that practices must be proactive rather than reactive when it comes to the revenue cycle.

"Practices need to adopt a 21st-century revenue cycle process to keep up with the times," he said. "Those that do, will operate much more efficiently and profitably. You can put systems in place so a credit card or ACH account is on file, which allows you to charge your patient right away rather than chase them for unpaid balances.

"This will bring in more cashflow sooner and allow you to collect 100 percent of what you're owed. Practices currently have to chase so much revenue, then lose 25% when they engage a collection agency that takes weeks to recoup these missing monies. The systems exist -- practices just need to take the time to implement them or hire someone who knows how to".

"If you're doing your revenue cycle the same way you've always done it -- it's old, get rid of it. Set up a proactive revenue management process. And if you don't know what it is, call an expert who can help."

2 Don't Lay Off Your Billing Staff — Provide Training Instead

As the numbers above show, revenue cycle management is a sizable investment. Unfortunately, that has led many practices to furlough their revenue cycle management staff, which could be a fatal error.

"Many physicians don't necessarily understand what revenue cycle employees do," said Martin. "If there is a claim sitting out there that hasn't paid for 45 days, you need to have the staff to go after them."

"Your billing staff handles everything physicians don't want to have to deal with. And the thing is -- filing a claim is far more complex than pushing a button.

"That's why I recommend not getting rid of all your revenue cycle staff. You don't have to keep everybody, but you need your key people, such as your billing manager to file claims to the clearinghouse and make sure they go through cleanly."

Beyond that, Martin also recommends encouraging revenue cycle staff to attend training webinars. For example: if your practice is doing COVID-19 testing, learn what insurance providers cover it, what codes should be used to report COVID-19 testing and what you'll be paid for it.

"Many doctors think that training is wasted time -- sitting on computers and not filing claims, but the information they learn is critical to the process," she said. "Practices have to allow them the time to get educated to understand what's payable and how to submit for their services. There's more to a successful practice than just giving great care. Make sure you give your staff the financial resources and leeway to continue learning how to optimize your revenue cycle."

Reed Tinsley added that the billing staff stays on top of the revenue cycle management, making them a key cog in the machine.

"Pre-COVID companies were staying on top of the revenue cycle process from the moment they step inside to when you get paid," he said. "But now, take a look at how good are your front desk collections and receivables over 90 days? How many denials are you getting, or having to follow up on. Are they getting paid?"

Tinsley continues by adding, "It's just simple benchmarking. The number of days a payment should sit in accounts receivable ought to be no more than 45 days. That's an ongoing rule with medical practices -- make sure you keep a very tight revenue process.

"Of course, you have to provide great care at the same time, but the point is, your systems won't just go into autopilot. Without someone to manage your revenue cycle, you'll fall back into bad habits."

3 Improve Your Patient Recall Practices

Tinsley also stressed patient recall as a top priority.

"I have found that all practices have poor patient recall processes," said Tinsley.

"Every patient should be coming in each year for some kind of check-up. But are they coming back? What are you doing to bring them back?"

"When I ask my clients about patient recall, they look at me like it's nothing significant and kind of leave it up to the patients. To combat this, I get all my clients to print up a diagnosis frequency report, and put together a list of the top 20 reasons their patients should come and seen them."

"Then, out of that list, we determine that these are the patients they should be seeing every year until they no longer have the diagnoses. We data-mine their software and find everyone who has been treated for that condition within the last year, call them and say, 'We noticed you haven't come in to see <Dr. Name> for <condition or treatment> and it's vital that you do. We have an opening on <date>. May I schedule you?"

"This is the kind of low-hanging fruit that's out there for all specialties."

4. Embrace Telemedicine

Understandably, many patients are timid about coming into a medical office. Telemedicine offers an enticing option for them to visit with a doctor from the comfort of their own home. As our experts note – telemedicine visits offer professionals an option to "see" patients without the risk.

"Some parents are thrilled they didn't have to deal with the commute and parking," says Christopher Zaenger. "Others aren't comfortable bringing kids into a medical office right now. Telemedicine solves these problems."

Telehealth presents opportunities for both convenience and an easy revenue injection as well.

"There's a ton of revenue waiting in telemedicine and telehealth," said David Zetter. "Remote visits, remote patient monitoring (e.g. chronic care or pain management), and other remote services are must-have options for healthcare practices.

"Telemedicine services can improve your top and bottom line quickly without adding staff. This is especially true if you're a primary care practice -- it's automatic cash in the bank.

"For instance, with chronic care management, I can show a practice exactly how much money they're losing every year because they aren't offering remote pain management. One practice had $379,000 in revenue it was missing out on - most of which will drop right to the bottom line. Your existing staff will do most of this work."

"There's so much revenue to be had with telemedicine even with specialty services like cardiologists, internists, pulmonary specialists, endocrinologists, and others. These could all be monitored at the patients' homes and you could be billing for those services. Remote patient monitoring is just going to get bigger."

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>
> — David Zetter

Zetter continues to explain, "The problem is physicians and their staff are so darn busy. For some, it's all they can do to unlock the doors and lock it up at night. They don't have time to research and learn the systems. Many practices just aren't efficient enough to do it on their own."

"But these are strategies practices should be looking at every year, not just right now. Even if you have a full schedule in your practice, there's no reason not to implement telemedicine into your practice and/or sign up to supply care via online service Teladoc – this is especially key if your practice dealing with comorbidities and chronic care management."

According to Zaenger, phone utilization is another wrinkle to the telemedicine system.

"Most practices are on VoIP systems but not all of them," he said. "Many are getting IT support to help them work from home while making it seem as if they are in the office. Sometimes it works well, others not so much.

"There are also issues with patients not being too technologically savvy. For example, if you're a dermatologist, you may have to teach the patient how to point the camera on their smartphone to show a rash or skin condition."

"Similarly, some older doctors struggle with using an app or online system to do telemedicine. But, telemedicine is a big way they can bring their practice back to life."

NSCHBC experts agree that telemedicine is sustainable and effective for many practices. Now is the perfect time for practices to implement and become experts in telehealth, particularly because it can open the door to new opportunities to providing care even beyond your current geographical area."

"The compensation model is here to stay," said Zaenger. "We're also going to see the elimination of borders for licensure -- 29 states have signed on so far. You still have to pay the state license fee, which runs anywhere from $200 to $700 per state, and an application fee, but it allows you to pick and choose the states you'd like to provide services in. This could offer tremendous further opportunity for many practices as they seek new ways to serve and/or expand."

5. Look For Help & Supplementary Sources Of Revenue

In current times, practices must comply with several protocols in order to provide a safe facility for staff and patients. Staff also must communicate with patients about their concerns to ensure they are comfortable and will return for their next visit. Reassure them about the protocols you've put in place and make sure they feel

safe. If they don't want to come in, there's a potential loss of revenue.

Martin notes, "Visits are down because practices have to leave time between patients for cleaning and to avoid exceeding smaller waiting room capacities." She suggests taking advantage of external funding that is available to healthcare practices from the government, such as the CARES Act, with another payroll protection program in place.

"There is external government supported funding that hopefully they won't have to pay back," she said. "There's a new Payroll Protection Program starting -- practices in need of some help should get the paperwork done now to be ready. There are also Small Business Administration loans they can potentially take advantage of."

Unfortunately, many physicians did not apply for aid when it became available.

"They wound up biting the bullet and paid out of pocket to keep staff employed, but did not need to do that. The Payroll Protection Plan covers that," Martin points out.

Taxes and forms can be a complicated process, which is why many physicians wound up just paying to keep their staff on. But, help exists in the form of healthcare-savvy CPAs, many of whom exist within the NSCHBC.

"Doctors think that every dollar they don't spend ends up in their pocket but that's not true," said Martin. "A healthcare Consultant or CPA may cost a bit more, but they'll make up for it in the end by helping streamline operations which lead to increased productivity and revenue."

Tinsley, one such accountant, agrees.

"My philosophy is to treat your practice as if it was pre-COVID," he said. "Keep up your marketing activities as patients need to know you are still open and available, manage your overhead, especially personnel costs, and look at what additional revenue streams you can add to the practice that you aren't already doing.

"Consider what you are referring out that you could bring in-house. Things like radiology-related services, infusion-related services, or anything to do with testing. If you bring it in-house do you have the volume to make it profitable?"

"Practice can't afford to have an 'If I build it they will come' attitude. You have to do your financial diligence."

Zaenger even suggests that practices reconsider how they use their space.

"Some practices, who lease office space in a building, are looking to downsize since a lot of the work can now be done from home," he said. "For example, their billing space may not be as necessary anymore since they don't need room for files like they used to. It's something that all practices should re-examine and look into as they may be spending money they no longer need to."

Find A Professional Who Can Help

The overall message from the NSCHBC Healthcare Thought Leadership panel is to remain agile, pay attention to what's happening tomorrow, not just today, and position your practice to be ready. Small practices are surviving, and many are even thriving.

The general public still cares about their healthcare, perhaps now more than ever. Practices just need to be smarter about their processes and adapt to be profitable.

"There really is no reason any practice should be going out of business if they don't want to," Zetter states. "The secret is to surround yourself with people who know how to solve problems. Determine all the things you hate about running your practice and bring on people to handle them. Then, you can focus on running your practice."

"Honestly, healthcare is the industry to be in right now - there are no ifs, ands, or buts about it." ■

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