



# Doctor Perspectives

Hall, Kistler & Company LLP

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Specializing in Financial and Management Services for Health Care Organizations

## TOP TEN LIST: How to Improve Your Office Efficiency and Profitability

With the rising overhead costs and ever-decreasing payor reimbursements that seem to be plaguing the US healthcare system, it is essential that your medical practice run as efficiently as possible. With that in mind, we have developed a Top Ten List that outlines **simple** ways to make a big difference in your practice's efficiency and profitability.

We guarantee if you focus on these 10 Tips your practice will be more profitable and more efficient by year-end!

**10. Put your Best People at the Front** – First impressions are the most important, whether face-to-face or over the phone. Good front desk people will impress patients, and keep the workflow running smoothly. In addition, information retrieved correctly up-front will save time, energy and stress especially in the billing area.

**9. Standardize your Forms and Update your Providers Regularly** – One of the biggest problems we see when we are performing a chart audit is the misuse of practice forms. Many practices have great forms ( i.e. patient history, exam, and fee slips) in place, but they do not fully utilize them. For example, many practices do not fully utilize their exam forms, their chart documentation.

**8. Good Practice Management Software Pays for Itself** – A good billing system provides user friendly processes, reliable support, great A/R financial reports and reliable electronic claims functions. It allows your staff to be more efficient in their day to day operations, as well as train new staff quickly. The better the system the more efficient the billing operation can be and the more successful your staff can be in diagnosing A/R problems and repairing them quickly. Great financial reports will allow you to get a “snapshot” of your practice's overall financial health on a day-to-day, monthly and annual basis. In order to adequately assess your practice billing, as well as to analyze data for managed care negotiations, it is important to have a competent system.

**7. Practice Policies and Procedures and Job Descriptions** - Just as you have to set expectations with your patients, you must also set expectations with your staff. If you have a good system of policies and procedures in place, it will help the practice to run smoothly and reduce conflict amongst your staff. This will always be an on-going project, because you will have to add, delete, or change policies as your practice climate changes. If you don't have P&P in place, look to a canned

template to get you started. If you do not have job descriptions, have your staff write down their tasks for a two week period and then work to turn those lists into job descriptions to get you started. It is important to have job descriptions in place, especially when hiring new staff to identify what your true staffing needs are.

**6. Set Limits with and Educate Your Patients** - From the time your patients walk in the door of your practice, you and your staff begin to set the expectations for their visit that day, and all future visits. Help them become familiar with your hours of operation, no-show policy, call coverage, turnaround time for labs and prescriptions, and especially your payment policies. If done correctly, your staff will be able to provide consistent care for your patients, and your patients will always know what to expect from each encounter with your practice, which they will appreciate.

Make sure that every form used in your practice, patient and provider, is easy to use, well written, legible, and includes all necessary information. Also, make sure each provider is up to date on documentation requirements, coding and correct utilization of practice forms.

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# Year-End Tax Planning Strategies – It's not too early to start!

**Year end will be upon us before you know it.**

**Start looking at the following issues now.**

1. If purchasing large amounts of equipment, consider straddling purchases between the year-end into the New Year to maximize benefits from the Section 179 depreciation election. For 2008, the Federal maximum amount that may be expensed for new assets has been increased to \$250,000 per year. Consult your accountant regarding the possibilities.
2. If your practice is a cash basis taxpayer, consider accelerating deductions and reducing taxable income by prepaying expenses, paying year-end bonuses or paying early January payroll in December. Look ahead to assess assets/equipment and supplies needed now or in the near future and consider purchasing sooner rather than later or delaying year end purchases, if appropriate.
3. To mitigate low collections in December due to the holidays, motivate your staff to aggressively pursue collections and denials now. In January, emphasize staff diligence in collecting patient portions up front to improve cash flow.
4. Review the company's outstanding check list for checks to vendors, owners, etc. Question any checks older than 6 months for validity. Checks may have been duplicated or lost and may need to be voided or re-issued. Until these issues are resolved, the company's cash balance is not accurately reflected.
5. Review your property tax listing for asset disposals. Local governments utilize this listing to assess personal property tax on an annual basis. Personal property generally includes furniture, fixtures, office equipment, machinery, and any other property not classified as real property. Note: Be aware that disposals may result in taxable gains, especially if "bonus" depreciation was taken on assets in prior years.
6. Review your current health insurance and talk to your broker about implementing an HSA or HRA as one option for your employees to choose from. Benefits shared by both include:
  - Employer contributions that may be excluded from the employee's gross income (Pre-Tax)
  - Tax-free treatment when used for qualified medical expenses.
  - Savings feature with investment options for unused dollars
  - Contributions that remain in the employee's account until used.

In addition the HSA is "portable" and stays with an employee if changing employers or even leaving the workforce.

7. Certain expenses in connection with providing recreational, social, or similar activities for your employees are 100% deductible. To qualify, the benefit must be primarily for your employees who are not highly compensated. Expenses for food, beverages, and entertainment for a company-wide picnic or holiday party are not subject to the usual 50% tax deductible limit.
8. Challenge lease company agreements to negotiate better interest rates. Be sure to compare the cost of purchasing an asset with a bank loan to the cost of leasing the equipment. With the recent decrease in the Prime Rate, purchasing the equipment may be the better alternative. Some banks have leasing divisions, as well, that may offer better rates. When leasing equipment, if a service contract is not required, consider passing on this option to save sales tax.



# TOP TEN LIST

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**5. Prepare an Annual Budget for 2009 and Stick to It** - An annual budget will provide a roadmap for the practice's finances. It effectively sets revenue targets and limits on practice spending, especially in areas where there is some variability (medical and office supplies, health insurance, etc.).

To start, just take last year's revenues and expenses, divide by 12, and put on a spreadsheet. You will get better at moving things around as you begin to use it. Make sure you compare your actual numbers to your budget on a monthly basis to see how you are doing and where you need to spend extra effort increasing revenue and maintaining or decreasing expenses.

**4. Add Walk-in Hours** - Adding an hour or two to your morning or evening schedule will not only increase patient satisfaction, but should also increase practice revenue. This idea works great in a group practice setting where each physician can take turns coming in early or staying late. This can also de-stress the day since there will be more hours to fit in same day appointments. You could use these times specifically for those patients - schedule all "same-dayers" for the end of the day and when that is full start scheduling them for the next morning.

**3. Do not Close For Lunch!** - This might be our least popular suggestion but hear us out. Your patients like to be able to call in on their lunch breaks, so when they call your office and get an answering service or hear a recording it can be very frustrating, especially when the office is

closed for 1.5-2 hours in the middle of the day. Closing phones can also cause calls to back up for the rest of the day. Try staggering your staff's lunch break (or catch-up work break) and keep the work flow going at a much smoother pace.

**2. Stay Focused on Billing & Collections** - Practices must be proactive with their billing and collections at all times. Do not let billing get out of control! It is not unusual for practices to try and save dollars in the billing area when things get tight. This is an area where proper resources can make or break the practice finances. Set timelines for your staff or billing company for dealing with claim denials and appeals. Also, actively collect patient payments, previously unpaid balances, co-pays, deductibles, etc. at each visit.

Make sure your staff is posting charges and payments as well as submitting claims **DAILY**, and submit electronic claims daily as well.

Make sure you have strong internal controls in place, (i.e. daily reconciliation, charge capture, double checking bank deposits, mail payments, etc.). Put protocols in place to quickly investigate and resolve credit balances. Sending out regular (at least monthly) patient statements is a must. Make sure you have a collection agency in place, that accounts are handled promptly, and are either written off if necessary or sent to collections if appropriate, in a timely manner.

**And the number 1 tip for improving efficiency and profitability is..... (drum roll please):**

**1. Cross Train your staff** - Train each of your employees for multiple duties, (i.e. front desk staff should train for billing, MA's can be trained at the front desk, etc.). Every task in the office should have at least two people trained to perform that duty. This not only provides great professional development for your staff, but it also provides added coverage and oversight at each position, promotes empathy among your staff, and most importantly reduces the need for expensive, untrained temps for staff on vacation and out sick. This will also help keep your top management employees from filling in for missing staff which keeps them from their essential duties.

Implementing or fine-tuning these simple Top Ten Tips can make a huge difference in the productivity, efficiency, and profitability of your practice. Even if you have most of these tips already in place, it is always a good idea to go back and check a few times a year to make sure you are still operating at peak performance. Please do not hesitate to call us if you have questions about your current systems or how to implement any of our suggestions.



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If you have any questions or need consulting, accounting or tax services please do not hesitate to contact us at 330-453-7633.

This newsletter is published for our clients and other interested persons. Since this information is of a technical nature, no final decisions should be made without first consulting our office.

# MANDATORY MEDICARE REVALIDATIONS – Is Your Practice Ready?

Is your practice prepared for the upcoming Medicare Mandatory Revalidation Process? Medicare will soon begin sending out notices to practices requiring revalidation of enrollment forms.

While it is not necessary to proactively submit a new CMS-855 form for revalidation, it is wise to be prepared if and when it is requested. When you are notified by your Medicare contractor that it is time for you to revalidate your enrollment information, keep in mind that you have only 60 days to submit the required CMS-855 form(s), which will need to be completed entirely and thoroughly, including all applicable attachments. If you do not comply within the 60-day period, your billing privileges could be revoked under the proposed regulations.

CMS has proposed a 3-year waiting period before you will be allowed to reapply for billing privileges. Any delays in submission will affect your practice's cash flow.

We suggest you start to prepare for this eventuality now:

- Make sure you are currently properly enrolled with Medicare and that all changes—addresses, provider information, etc. have been submitted and approved by Medicare.
- Make sure the Legal Business name shown on your IRS Form CP575 perfectly matches the name on file with the State and with NPESS – **down to the exact punctuation.**

What is a CP575? It is the confirmation document that you received from the IRS when your tax ID number was assigned. If the names do not currently match, it is best to update them now. If you cannot locate a copy of this form, you can call the IRS and request a copy of the letter to have on file.

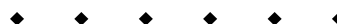
- Review the CMS-855 forms—855I for individuals and 855B for group practices and required attachments and make certain that you have all the required information on file and available when needed. Note: You are considered a group if you have established a separate legal entity (i.e. an LLC).
- Verify that your legacy provider number(s) is cross-walked in NPESS to the correct NPI number (s). If possible, it is best if there is just one legacy provider number cross-walked to each NPI number. For example, in your individual NPI record,

your individual Medicare provider number should be recorded, and for your group NPI, the group provider number (PTAN) should be shown.

If you are a practice who has established a corporation or partnership, (LLC, PC, etc.), you will need an individual NPI number for yourself and an organizational NPI for your corporation, in all cases. If you are a sole proprietorship (no formal legal entity formed), you will need only one individual NPI number. You do not qualify for or need an organizational NPI.

- Medicare may ask for a copy of your billing agreements and copies of any employee contractor or management contracts you may hold. Understand each practice contractual relationships are and make sure they are properly documented and that you have copies to submit if requested by CMS.
- Know who is currently on file as the Authorized Official(s) and Delegated Official(s) for your organization. (A Delegated Official is optional so your organization may not have one.) Also, your directors/officers and managing employees, i.e. practice/business manager, administrator, etc., need to be included on the application, so be aware of who these are and their titles.
- Keep in mind that all locations—clinics, hospitals, ASC's, etc.-- where your organization and/or providers render services need to be listed on the application for Medicare billing purposes (excluding patients' homes). The correct nine-digit zip code must be utilized. Go to the United States Post Office website to establish the correct zip code for each location.

Take the time now to get your paperwork in order so that when you receive a request you will be able to respond to it promptly. By not doing so, you could jeopardize your cash flow and ultimately your participation in Medicare. The sooner you can return the application to them the less chance there will be that your practice's Medicare payments will be put on hold.



## RETIREMENT PLANS: EGTRRA RESTATEMENT

I'm sure many of you have heard from your third party administrators (TPA's) over the past couple of years about the upcoming requirement to "restate" your pension plan document for the Economic Growth Tax Revenue Reconciliation Act otherwise known as "EGTRRA". The IRS has recently stated that it will require both periodic plan document restatements, in addition to annual "tack-on" amendment(s). The current process of restating your plan document is referred to as the EGTRRA restatement.

### Common Questions and Answers:

<u>Restatement – What does it mean?</u>	<ul style="list-style-type: none"> <li>• Tax law changes will be incorporated into recently approved IRS plans via the adoption of new prototype or volume submitter plan document.</li> </ul>
<u>What tax laws are included in the restatement?</u>	<ul style="list-style-type: none"> <li>• EGTRRA, Post-EGTRRA, 401(a)(9), Automatic IRA mandatory rollover, Final 401(k) regulations, Final 415 regulations, Hurricane related amendments and several others specific to defined benefit plans.</li> </ul>
<u>Must my plan be restated?</u>	<ul style="list-style-type: none"> <li>• Yes, this is an IRS requirement for a plan to maintain its tax-qualified status. This restatement requirement applies to all qualified plans maintained in the U.S.</li> </ul>
<u>Wasn't this just done recently?</u>	<ul style="list-style-type: none"> <li>• As some of you may remember, all plans' nationwide had the "GUST" document restatement done between 2001 and 2003.</li> </ul>
<u>Does the Company have to pay for the restatement or may the plan absorb the cost?</u>	<ul style="list-style-type: none"> <li>• If the company pays for the restatement it is a tax deductible expense.</li> <li>• Government regulations allow the plan to pay for the restatement. The fee is calculated and deducted from participant accounts through a pro-rata allocation based on account balance, i.e., those employees who have higher account balances will incur a greater share of the expense.</li> </ul>

Many TPA's have started or will be starting the EGTRRA restatement process shortly. The EGTRRA restatement period begins in 2008 and will end in 2010.

Hall, Kistler's team of retirement experts helps organizations of all sizes navigate the complex yet vitally important financial and regulatory aspects of managing employee relationships and retirement plan administration. We provide a full range of retirement plan services including:

- Plan Consulting and Design
- 401(k), Profit Sharing, Defined Benefit Plan Administration
- Plan Correction and Compliance
- Retirement Plan Audits



**Questions?** Please do not hesitate to contact our credentialing specialists at 330-453-7633 ext.123 if you have questions or need assistance with this process.

## NATIONAL MEDICARE UPDATES

### **Congratulations Doctors! Medicare Cuts Repealed For July 1, 2008**

As a result of all your hard work, contacting your legislators and rallying on Capitol Hill, Congress voted July 15 to override President Bush's veto of H.R. 6331. The passage of this act canceled out the previous Medicare legislation containing physician reimbursement cuts that were to go into effect July 1<sup>st</sup>.

Additionally, the bill provides for a physician payment increase of .5% for the rest of 2008 and a 1.1% increase for 2009. Although this is not a permanent fix, it temporarily keeps Medicare beneficiaries from possibly losing access to healthcare providers, and physicians from having to make the hard decision to limit new Medicare patients. You made your voice heard and Congress listened!

**Reminder** Changes to the ICD 9 go into effect October 1, 2008 and your office should be sure to have the new ICD 9 book in the office. A summary of new, revised and discontinued codes can be found on CMS's website at <http://www.cms.hhs.gov/ICD9ProviderDiagnosticCodes/>



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### **Federal Payment Levy Program**

Starting October 1<sup>st</sup> of this year, if you owe overdue taxes, your Medicare reimbursements may be offset by the IRS. The Federal Payment Levy Program (FPLP) has been authorized to collect overdue taxes through a continuous levy on many types of Federal payments, including your Medicare payments.

If your practice is levied by the FPLP, you will see the code of "WU" on your Electronic Remittance Advice form. If this happens, you will have to call the IRS directly, (toll-free number 1-800-829-3903). Medicare will be unable to answer any questions about your overdue taxes.

For more information about the FPLP, please see following:  
<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6125.pdf>

### **New Provider Enrollment Regulations**

Beginning on August 28, 2008, providers who have submitted an enrollment application to Medicare will have only 30 days to respond to any requests for additional information. Previously it was 60 days. This provision as well as guidelines for the enrollment appeals process were published on June 27<sup>th</sup>. To read the rule, please see the following link:

<http://edocket.access.gpo.gov/2008/pdf/E8-14440.pdf>



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