The ‘Business’ of Dermatology
Disclosure

• We have no Financial Disclosures
Physicians in private practice have to accept that they are businessmen as well as healing professionals, and that both the clinical and business sides of the practice come with important responsibilities.

“There is the notion of the more time you spend practicing, the more money you make, sure,” he says. “But as a business owner, you have certain responsibilities. In that sense, running and owning a medical practice if you are in private practice is really no different than owning the UPS store.”

Kenneth T. Hertz, a senior consultant with Alexandria, LA–based MGMA Health Care Consulting Group
Fundamentals

- Culture
  *What is the character of my practice?*

- Structure
  *Is the way I run my practice defined?*

- Metrics
  *How do I know what works and what does not?*

- Value
  *What is my business worth?*
Culture

- Development of staff
- Development of awareness
- Internal and external customers
- Management system
- Unique patient experience
- Team building
- Employee satisfaction measurements
Structure

- Management Systems
1) Processes, Protocols and Work Instructions
2) Roles and Responsibilities
3) Continues Improvement
4) Training & Development

Continuous improvement is based on a Japanese Concept called Kaizen, is the philosophy of continually seeking ways to improve operations. It involves identifying benchmarks of excellent practices and instilling a sense of employee ownership of the process.
Processes, Protocols and Work Instructions

- The Business Bible
- Accountability
- Consistency
- Understanding
- Communication

Goal: To remove the subjective Nature of the environment.

“Nothing is personal”. 
Verifying Patient Pre-Authorization
Monitoring Chart Location
Instruction for Posting
Processing Patient Refunds
Out of Network Posting
Performing Charge Entry for Lab Work
Resolving Patient Complaints
Creating Aging Reports for Primary and Secondary Insurance
Insurance Provider Refund Requests
Provider Credentials
Creating Provider Production Reports
Authorization Specialist
Claims Submission
Instruction for Deposits
Billing Management

Administrative Work Instructions
Managing Petty Cash
Requesting New and Repeating Purchase Orders
Generating Profit and Loss Reports
Performing Banking Activities
Performing Payroll
Record Keeping
Digital Infrastructure Management

Front Office Work Instructions
Answering Incoming Phone Calls
Patient Related Faxes & Emails
Patient Arrival
Clinical Operations Management
Creating Daily Reports
Processing Daily Deposits
Opening/Closing of Facilities
Scheduling and Confirming Patient Appointments
Collecting Patient Payment
Patient Chart Assembly and Completion

WI-AL-BIL-002-01
WI-AL-BIL-003-01
WI-AL-BIL-004-01
WI-AL-BIL-005-01
WI-AL-BIL-006-01
WI-AL-BIL-007-01
WI-AL-BIL-008-01
WI-AL-BIL-009-01
WI-AL-BIL-010-01
WI-AL-BIL-011-01
WI-AL-BIL-012-01
WI-AL-BIL-013-01
WI-AL-BIL-014-01
WI-AL-BIL-015-01
WI-AL-BIL-016-01
WI-AL-BIL-017-01
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WI-AL-ADM-002-01
WI-AL-ADM-003-01
WI-AL-ADM-004-01
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WI-AL-ADM-006-01
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WI-AL-FRO-001-01
WI-AL-FRO-002-01
WI-AL-FRO-003-01
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WI-AL-FRO-005-01
WI-AL-FRO-006-01
WI-AL-FRO-007-01
WI-AL-FRO-008-01
WI-AL-FRO-009-01
WI-AL-FRO-010-01
WI-AL-FRO-011-01

CONTROLLED DOCUMENT
Work Instruction
Assisting a Biopsy

Created By: Anderson T. Priester, Consultant
Created on: May 21, 2012

Revised By: Melissa White, Manager, Clinic Operations
Revised on: June 25, 2013

Approved By:
Date:
Roles & Responsibilities

• Who, What & Where

Accountability & Transparency

Goal: Create a fair and consistent environment for all members in the organization.
Training & Development

• Everything works together such that WI, Protocols, Roles and Responsibilities becomes the foundation of the training platform.

• Poor Training is the “number one cause” of;
  - Poor communication
  - Inconsistent performance
  - Error rates

FUSTRATION FOR PROVIDERS!
Philosophy of Metrics is the methodology of understanding the world through logical patterns and esoteric processes. From the ancient philosophy of primitive man, to the stock market of today, there is a pattern in everything and a process which can explain anything. We simply need to observe and trend the simultaneous micro and macro transitions which exist around us everyday for the purpose of internal and external transformation.

JC Collins

1) Operational
2) Strategic and Financial
Operational Metrics

- Referrals
- Available Appointments
- Scheduled Out
- Marketing advertisements
- Internet Appointments
- Specimen count Daily
- Patient Satisfaction
- Dictations sent
- Scheduled openings
- Inventory
- Rescheduled Appointments
- Cancellations/No Shows
- Numbers of Patient / provider / day
- Skin cancer counts
- Treatment Pending

- Call volume
- Call duration
- Chart Errors
- Wait times
- Non Conformances
- Corrective actions
- MA Hours / provider Hours
- FTE MA / FTE Provider
- Patient Calls/ Call center attendant

- Internet Appointments
- Referrals
- Marketing advertisements
- Skin cancer counts
- Treatment Pending

- Non Conformances
- Corrective actions
- MA Hours / provider Hours
- FTE MA / FTE Provider
- Patient Calls/ Call center attendant
Strategic & Financial Metrics
Trends (weekly, monthly, annually)

<table>
<thead>
<tr>
<th>Growth Metrics</th>
<th>Performance Metrics</th>
<th>Financial Metrics</th>
<th>Billing Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Visits per office</td>
<td>- CPT Analysis, By Location &amp; Provider</td>
<td>- Average Adjustment Ratio (billed Vs collected)</td>
<td>- Days in AR: 30, 60, 90, 120 by Category</td>
</tr>
<tr>
<td>- new Vs. established visits</td>
<td>- Average Revenue per visit</td>
<td>- Revenue by Service Line as % Total Revenue</td>
<td>- Payment Plans</td>
</tr>
<tr>
<td>- Types Of Visits</td>
<td>- Average revenue per main service lines</td>
<td>- Gross Margin</td>
<td>- Posting Rates</td>
</tr>
<tr>
<td>(procedural vs non</td>
<td>- Average revenue Billed Vs Collected</td>
<td>- Net margin</td>
<td>- Defaults</td>
</tr>
<tr>
<td>procedural)</td>
<td>- Understand your demographics Average Age</td>
<td>- Top Ten Expense Categories</td>
<td>- Collection rates</td>
</tr>
<tr>
<td>- Procedural Hit rates</td>
<td>- Average Adjustment Ratio</td>
<td>- Margin Before and after Provider Reimbursement.</td>
<td>- Bad Debt by category</td>
</tr>
<tr>
<td>(Labs, Mohs Excisions,</td>
<td>- Average billed &amp; collected by physician by location</td>
<td></td>
<td>- Adjustments by category</td>
</tr>
<tr>
<td>other)</td>
<td></td>
<td></td>
<td>- Denial Ratio</td>
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<tr>
<td>- % Market Capture for Area</td>
<td></td>
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<td>- Clean Claims</td>
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<td></td>
<td></td>
<td></td>
<td>- Non Contractual errors (Front Office &amp; Back Office)</td>
</tr>
</tbody>
</table>
Example 1 – 10 TBD
Concepts of Value

Traditional Value - Terms
- Revenue
- Profit/Margin
- Patient Charts
- Growth
- Good-Will
- Market

Equity Market Value – Terms
- Corporate Practice of Medicine
- Management Co.
- Platforms
- Roll up
- TTM EBITDA
- Multiples and Turns
- Ramp Up
- Income Normalization