

## The Evolving Challenges to Practice Profitability

by Dan Conrad  
Compound Profit Medical of Virginia

It's no secret that the economic downturn has affected everyone, including medical practices. High unemployment rates have increased the number of patients not covered by insurance. This in turn means there are fewer premium revenues available from private payers. Stock market declines have resulted in insurance companies making less on investments, so to preserve profits, insurance companies are "cost-shifting" to physicians by placing downward pressure on reimbursements. From 2008 to 2009, the average payment for office visits for new patients, established patients, and consults decreased by almost eight percent.

Healthcare reforms are projected to lower the overall cost of healthcare in part by decreasing physician compensation. A recent PricewaterhouseCoopers report estimates that \$1.2 trillion of the total \$2.2 trillion spent on healthcare in the United States is wasted due to ineffective IT, non-optimized claims processing and defensive medicine. The president's call encouraging health care providers to increase productivity is a call to focus on efficiencies.

For the traditional medical practice these external forces make it necessary to examine the four major practice components: IT expenses, work flow, labor-intensive administrative operations, and revenue management.

- **IT services** need to be examined for cost of deployment, technical staffing and training and software compliance across multiple office locations.
- **Complex and rigid processes and work flows** that are non-intuitive and require highly specialized training for staff can, over time, result in a practice not agile enough to meet the practice's ever changing needs. In addition, compliance to HIPAA, insurance and coding standards must be continually addressed to keep up with new and revised regulations.
- **Labor intensive daily tasks** like claims management, patient follow-ups and insurance authorizations require intense office staff focus, tying up valuable resources that could be utilized on other value added activities.
- **Optimizing revenue** may be difficult for traditionally-run practices. It takes time and tools to identify and act on areas of the business and process management as they relate revenue.

Optimizing work flow, outsourcing IT and software, and implementing proven Fortune 500 revenue and cost management techniques are some of the solutions for breaking down the silos, increasing practice profitability and freeing up physicians and staff to have more time for patients, family and self.

Contact Dan at Compound Profit Medical of Virginia, 4870 Sadler Rd., Suite 300, Glen Allen, VA 23060, [cprofitva@gmail.com](mailto:cprofitva@gmail.com), 804.955.5397.