

Preface

Few physicians enter the field of medicine because they are attracted to the business aspects of medical practice. The motivations are more likely compassion for patients, scientific interests, and perhaps avoidance of administrative burdens.

Managing *any* business is a challenge. Medical practice management includes many unique dimensions, most notably the very personal relationship with patients. Thus, a medical practice is not a business in the same sense as a retail outlet. However, few physicians will achieve professional *success* ignoring management aspects. Positioning oneself for *success* requires good business acumen and attention to customer service (as well as clinical expertise).

Like any business, physicians have to view patients, payers and others as customers who can choose to purchase services elsewhere. Someone has to plan, manage staff, market, perform budgetary and accounting functions, keep up with changing regulatory requirements, etc. A poorly managed practice may not produce sufficient income to pay for all the resource inputs that ensure quality care. Physicians in poorly managed practices may find administrative details encroach upon time available for attending to patient needs, or otherwise compromise the quality of patient care.

The purpose of this book is to discuss management considerations that will help ensure *success* and, in many cases, actually minimize the time physicians have to devote to non-patient care activities. Attention to the business aspects of medical practice will help one avoid costly mistakes and take advantage of opportunities for long-term satisfaction.

This book is written for physicians, practice administrators/managers, and staff responsible for specific duties such as billing, patient reception, collections, appointment scheduling, etc. This book is also used as a resource for our consultants in the field and a training manual for new managers.

Even the most noble physician – pursuing missionary work in remote Amazon jungles – will encounter (directly or indirectly) budgets, requisitions, and other paperwork. They must manage aides and plan for tomorrow's needs. Those who start their own practice, will quickly recognize the necessity of administrative concerns that often seem far removed from patient care.

Those who join an established practice, in a salaried position, will find management expects them to complete complicated forms for billing purposes and other reports, document medical records to facilitate third party reimbursement, interact with colleagues in an increasingly bureaucratized environment, cost-justify equipment purchases, and the like.

In today's competitive environment, business aspects of medical practice could be as important to *success* as your clinical expertise. Many groups – employers, patients, commercial insurers, health programs such as Medicare, the IRS, OSHA, licensing boards, hospitals, peer review organizations, etc. – have expectations not directly related to patient care.

A major challenge facing today's physicians and professional administrative staff is preservation of our superior health system within this increasingly bureaucratized and rapidly changing environment. Thus, physicians and administrative staff will become more involved in: finance and budgeting; marketing, patient retention; managed care; quality improvement/assurance; risk management; controlling overhead expenses; measuring outcomes; planning; molding a superior staff; identifying and taking advantage of new opportunities; etc. Otherwise, one may not have the opportunity to attend to patient needs.

Regardless of the situation, one must manage their practice. Obviously, business demands are greatest for solo practitioners or those in private group practices. However, if you work for a state institution or as a salaried employee of an HMO, you will still have to consider administrative requirements.

The importance of administrative concerns will vary depending upon your situation. For example, a private group practice will have marketing concerns that are different from salaried physicians in an HMO. But, physicians in both situations will have to market to attract patients and excel at customer relations to retain them.

Physicians in all settings have to manage employees. It might be a little easier in larger groups or HMOs that have designated human resource managers; but, you still have to manage employees and understand the direct impact employees have on patient retention. You must work cohesively with others and be aware of their impact on your patients.

Many physicians in HMOs have dealt with "quality measurements." Increasingly, private practicing physicians will encounter the same QM programs as they contract with managed care plans. It is likely many physicians will change the way they document patient records to enhance collection of data for outcomes analyses and to improve quality within a global system. Often, physicians will have to make changes today that will not produce any identifiable results for many years.

There are some definite differences in the billing and collection process depending upon whether you are in private practice or working for an HMO, government institution, etc. But, even those in HMOs have to fill out forms indicating services performed. Physicians in all settings will have utilization rates tracked by *at least* one entity.

In summary, all physicians will need to apply basic business principles during their career. Obviously, these business aspects will be more important in some settings than others

The approaches and suggestions within have proven successful; however, they are not necessarily the only way to handle every practice situation. Your individual circumstances, philosophies, patients, mode of practice, and the like may require modifications to fulfill your objectives.

Those who understand the basics and tips to improving practice results, can best meet their practice's needs.

Practice management has become more complex due to: the growth of managed care organizations; restrictive third party reimbursement schemes; quality and utilization management programs; tougher and often confusing regulatory controls such as HIPAA, OSHA, CLIA, and anti-referral legislation; employee management issues; ambiguous billing rules under which mistakes are common; increased competition among physicians as well as other health care providers; administrative demands of larger group practices; expectations of patients and employers; the rapid pace of technological change; the need for more specialized administrative staff; capital requirements; and the like.

Physicians have several options for dealing with these management requirements. They can run their practices in the traditional mode as a sole-practitioner or small group. Others will form larger group practices that can afford professional managers, or share management services through some formal networking arrangement. One can become a salaried employee of a group practice, hospital, HMO, etc. In this environment, those physicians who understand the business aspects of medicine will likely have the best chance of achieving long-term success and satisfaction, even if they elect to turn over management duties to others.

Some physicians still choose to be *actively* involved in all aspects of their medical practice. Essentially, these physicians act as the practice manager/administrator. But, many physicians find that today's requirements are simply too demanding for them to be actively involved in day-to-day operations while attending to the medical needs of their patients.

Increasingly, physicians *delegate* many business responsibilities to staff. Unfortunately, some physicians have simply *relinquished* these responsibilities to business managers, hospitals, HMOs, or the few remaining practice management companies. This book will help physicians maintain the proper *oversight* over their practice.

For administrative staff, practice management has become more of a profession/career than in the past. Still, this does not necessarily mean that a practice manager must have several college degrees and years of experience. *Medical Practice Management* is a profession offering tremendous potential and opportunities for those who continually strive to improve their abilities for the *success* of the medical practices they manage. As medical groups become larger, new management opportunities will arise at the department level. There will be positions for quality improvement experts and the like.

This book, and other resources we will recommend, will help anyone become a better manager. This book will help physicians *empower* their administrative staff to manage their practice successfully within the parameters set by the physician owners.

We have written *Business Aspects of Medical Practice* for physicians, managers, administrators, and consultants. While we often address our comments directly to physicians, we have written most chapters for practice managers/administrators and other staff members as well. Physicians should review these topics to ensure their office is on the track to *success*.

This book addresses a wide-range of topics. We aim some topics at *new* physicians starting their practice or residents searching for that first position. But, the vast majority of this book is applicable to managers and staff who are interested in improving their abilities.

Thus, some readers may find a few sections in this book that are not directly applicable to their immediate needs. For example, readers will find Chapters 2 and 3 are most applicable to new physicians about to enter practice. But, even if you have an established practice, keep your options open because it is likely many physicians will make several career moves in today's environment. Managers may make similar moves.

We update this book periodically to include new approaches and suggestions. One advantage of our private consulting work – and conducting hundreds of seminars – is that we learn something new almost every day from the many managers and physicians we meet.

We encourage you to add information to this book from other sources as you hear new ideas at professional meetings, or read innovative recommendations in professional journals, or develop new insights into managing your medical practice. You may not have a problem in your office right now, but the day usually comes when you wish you could find that article or tips you heard for handling a given situation. File these in the appropriate sections of this book for future reference. **Mark pages, record thoughts, and meet with appropriate people to discuss improvements to your medical practice.**

Finally, we encourage your comments and ideas on how we can improve this book and our seminars to meet your needs.

Good luck in achieving practice *success*.

-Your Authors