



Five Cash-Flow Generators Most Practices Can Implement Within Three Months *Michael T. Finch, CPA*



The business climate for medical practices today is challenging in ways never seen before. Amid increased costs, reimbursements are under attack and physicians are suddenly forced to adapt to changing conditions at a pace that most administrators can't manage. There are ways to stay ahead of the curve.

I have identified and implemented numerous cash-flow generating activities to several practices. Here are five that are relatively simple to implement and integrate, and won't overwhelm your practice.

In-house Pharmaceutical Dispensing

To me, this is the biggest “no brainer” in the group. Believe it or not, you are already doing it for free. When you hand out samples, you are acting as a “Dispensary.” An in-house “Pharmacy” is legally classified as a “Dispensary” with only a few steps added to your current process. With some diligence on the part of your staff, you can start filling prescriptions and charging your patients a co-pay. There are pharmaceutical dispensing companies, such as VantageRx, that create a turn-key dispensary in your office. These companies provide software, inventory management, labeling standards, and bulk purchase buying power – creating an easy revenue stream from a patient convenience. Not only are your patients thrilled to be able to fill a prescription at their physician's office, but this can produce in the range of an additional \$20,000 of cash flow per provider.

Consolidation of Services

In this environment, the businesses that provide the most tangible benefits for their customers not only survive, but thrive. Family Practice or Internal Medicine practices are beginning to offer “Aesthetic Medicine” services to their patients. This is a domain previously controlled by Plastic Surgery or Dermatology, but there is a piece of this offering that can be easily provided in the same place as an annual physical. Anecdotally speaking, I don't believe this represents an intrusion into the Plastic Surgery or Dermatology patient base. A number of these patients would not cross the psychological line of seeing a Plastic Surgeon for Botox or Dermal Filler, but would seek it from their Primary Care Physician. As another example, Cardiology practices often refer patients to Pulmonologists for sleep studies. Upon a positive result, the Pulmonologist refers the patient into their sleep lab. But the Cardiologist could have easily provided the sleep study without referring the patient outside of their office. Watermark Medical provides guidance, recording devices, and sleep study readers, enabling the Cardiology practice to send patients home for an overnight study and create revenue. Each study can generate \$150 to \$200 for the practice.





Patient Credit Cards on File & Prequalifying Visits

Physicians can no longer be the last ones paid. Health care is the most valuable service that your patients receive on a regular basis, yet many of them wait for up to a year to pay you – if they ever do. Patients are already experiencing PCPs, specialists and hospitals getting tougher about collecting fees, and they are coming to expect it. Sending patients to a collection agency is no fun, but we all do it. This can be avoided by providing patients the opportunity to keep a credit card on file with your practice and having them agree to regular charges of balances. The key to patient AR is to strike while the iron is hot and to treat it as though there is no Plan B. There are hurdles to clear to do this appropriately. TransEngen (pronounced Transengine) is a vendor that I have used to successfully implement this process.

Another value-added service offered by TransEngen is that they can assist in calculating a patient's outstanding deductible and co-pay. Based on the nature of the visit, the front desk can calculate a patient's estimated charge and collect any amount due on the day of service. If a payment plan is necessary, the patient can authorize a series of charges to the card over time.

Finite Measurements of Billing System

With the complex revenue cycle of medical practices, every practice has inefficiencies or lost money somewhere along the way. The only way to find the source of the bleeding is to measure every single step in the process. Most practices that internally manage their revenue cycle are covering the bases pretty well, but can always identify a handful of steps that they are doing poorly. Finding the right metrics to follow over the course of several months will allow you to monitor progress and results. This forces the discussions that reveal the gaps, identifies the weaknesses and leads to a plan for improvement.

Research Studies

I haven't come across a practice yet that couldn't find a few research studies in which they could enroll some patients. The fees vary from study to study, but it is not particularly challenging to generate an additional \$10,000 per physician in research study income. Creating and maintaining a pipeline of research studies is driven by outreach with pharma and device companies, and requires an accountable individual to make it successful.

These can be good first steps to adapt to the new, more challenging environment. By coupling new revenue streams with efficiencies in administrative costs, scheduling, hospital arrangements, and effective leadership, your practice can emerge from the turmoil of this environment profitably.

Michael T. Finch, CPA is Principal of Black Watch Medical Capital & Consulting. He has consulted to more than 150 medical practices. He can be reached at www.blackwatchllc.com or mfinch@blackwatchllc.com.

