

Case Study

Eliminating the Cash Crunch Physician Office

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Number of Locations: 3
Number of Employees: 12.5
Years in Practice: 12
Number of Physicians: 6

CHALLENGE:

An Internist/Pulmonologist faced a severe cash crunch. The physician/practice owner felt this occurred suddenly and mentioned the problem to a hospital administrator, who suggested outsourced assistance.

Concerns for the practice were identified, including:

- Not all physicians were contracted in pertinent managed care plans.
- Practice was non-compliant with CMS requirements for Medicare participation.
- Unpaid insurance claims were not followed-up or appealed.
- In more than three years, no patient balances had been sent to collection.
- Staff was inadequately trained.
- Existing technology was underutilized and not updated as recommended.
- Three additional physicians were hired within 30 days of the cash crunch situation without a strategic plan, credentialing of physicians or arranging financing for short-term cash flow requirements.

Prior to the identification of the problem areas, the physician thought the insurance issue was the only situation which required attention.

ACTIONS:

Physician/practice owner, office manager and consultant developed a work plan for the office:

- Physician contracts and credentialing were expedited.
- CMS issues were addressed without penalty.
- Technology was updated.
- Staff was trained on technology, billing, coding and an on-going training program was put in place.
- An additional FTE was hired to handle insurance follow-up.
- A collection agency was hired to follow-up on past due accounts.

IMPACT:

When the problem was identified, the practice's receipts were \$50,000 per month with expenses of \$100,000 per month. Within three months of putting the work plan in place, cash per month had increased to \$130,000, 160% increase.