

10 Tips to Improve Your Business and Serve Your Patients

In today's highly competitive environment, many pediatricians are fighting to stay independent. As large hospital systems or multiphysician groups absorb small to midsize practices, many doctors are beginning to question what they need to do to continue to run their own firms.

It's not enough anymore to focus on healing sick children. Now, doctors need to run an efficient, cost-effective practice that offers convenient, comfortable care for patients and their caregivers. Below are 10 practice-management tips tailored for small to midsize pediatricians and their practices.



1 Sending It Out: The Pros and Cons of Outsourcing

Doctors' primary focus is to serve patients and their families. Billing, follow-up, marketing and brand building typically get less time and attention. But thoughts on this are shifting. While medical school doesn't offer training, many pediatricians are realizing they're actually small-business owners — and have to make the necessary decisions to run their businesses.

One concern is records management. Questions abound about where to store medical records, billing information and other critical data. This is complicated by the move to electronic medical records (EMR). Decisions must be made about keeping servers in the office, purchasing them or finding another solution for records.

Outsourcing the storage of medical and billing records can be a good idea for a smaller practice because it doesn't require the purchase and maintenance of servers, and because it can save on the cost of hiring, training, and insuring billing staff. A practice may also get better results in collections. The downside is that staff may not always have ready access to information. A good alternative: Trusting patient information to "the cloud." This helps alleviate space and cost concerns.

"Given the level of encryption that's available, your files are well-protected," says Drew Stevens, Ph.D., founder of [Stevens Consulting Group](#), who works with medical practices on marketing and business systems.

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Engage!

Using Social Media

Facebook, Twitter, YouTube, Instagram and other social media sites can be important tools, especially for those running small practices and short on time. Social media is a great way to connect with patients and their families, raise a practice's profile in the community, extend the brand and stay current, says Brandon Betancourt, practice manager for a pediatric office in the Chicago suburbs who blogs about the business of pediatrics at Pediatric Inc.

One of the biggest advantages to using social media is that it gives the practice a voice. It can be a friendly way to remind patients about important health-related information, such as getting a flu shot. It's also a good way to share factual and vetted information on timely topics, such as the

benefits of early-childhood vaccines. This allows doctors to comment on current events or community concerns, reaching a wide audience and starting conversations.

With sites such as Twitter or Facebook, pediatricians are also building a community of peers, providing an easy way to share best practices and ideas. Doctors may be able to learn about new drugs, treatments or accounting software by connecting with one another as well as their patients.

One easy way to get started is to ask your patients and their families how they like to receive information. If the majority of people turn to Facebook for news or updates, then that's a good place to begin. Being flexible and trying new ideas will help determine which outlet works best.



Hire Smart:

When to Expand Your Practice

Several situations can signal that it's time to add a doctor to a practice. The obvious one is turning away potential patients at the door. But a stagnant or shrinking practice can also mean that adding another pediatrician will help bring more people through the door. Another reason could be the desire to spread the workload among more people. The first step in hiring a doctor is determining the why, Betancourt says.

It's also important to focus on the culture of the practice and search for candidates who fit in. This is a good time to reflect on the type of care the practice provides as well as the lifestyles of those working there.

Like any high-caliber, skilled professionals, good pediatricians tend to be in high demand and can go anywhere for a job, so it can be a challenge to hire, says Betancourt. "My suggestion is to study the hiring practices of successful companies, not just medical offices. What do they do to recruit new doctors?"



Plug Leaks:

Finding and Fixing Revenue Losses

As a small-practice owner, it's important to seek out areas and expenses that are draining revenue and fix them as quickly as possible. Don't get too hung up on small office expenses; it's easy to trim areas such as supplies and office equipment. The harder job is seeking out the systemic problems that are causing the biggest cash drains – like improper coding.

“A lot of doctors will say, ‘it’s the insurance companies that are eating our lunch,’ but then you look at their billing and see that they could earn another \$20,000 a year if they learned to code properly,” Bentacourt says. “Money is lost in the exam room.”

Another area to watch is the collection of co-pays and past-due balances. Having patients pay as they leave the office can reduce time and money associated with billing them later or for nonpayment.

“You have to be aware of what your account receivables are,” Stevens says. “I worked with a practice that had more than \$185,000 in unpaid receivables and didn’t know why.”

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Beyond the Fish Tank:

Is Your Office as Welcoming as You Think?

For most patients and their families, time spent in the waiting room is unavoidable. It's also their first impression of a practice, something that is critical to get right.

While there may not be any complaints, it's a good idea to spend some time on the other side of the reception desk to evaluate the waiting room. When Betancourt did this in the practice he manages (and where his wife is a pediatrician) the result was surprising.

Patients missed the stacks of children's books that he'd removed because he thought they were worn out and created clutter. After hearing the feedback, he stocked books on shelves and replaced a worn rug. These small steps made the patients feel valued, listened to and cared for, he said.



Do the Math:

How Many Patients Do You Need to See?

Ensuring a practice is healthy and financially sound, with overhead covered and enough profit for comfortable salaries for staff, is one of the most critical roles of a physician-manager. The most important factor is number of patients seen in a typical week. According to a survey by [Medscape](#)¹, in 2012, 37% of pediatricians saw between 25 and 75 patients a week. Working out what your numbers should be may seem daunting, there's a simple formula that can help with the process, says Betancourt, who has presented this formula at conferences and webinars².

a. Add up expenses.

Include everything that requires money from rent and salaries to ink pens.

b. Determine salaries.

This is the most difficult part of the formula, but it's essential. Expenses are just costs, a number that can be arrived at via simple math. As a small-business owner, deciding what to pay yourself and your staff is more fungible.

c. Calculate the average revenue per patient.

Take the receivables from the past year and divide by the number of patients you saw in that year to get the average. There's no need for it to be more complicated based on services provided.

d. Divide.

Take the total amount of expenses, divide by average revenue per patient, and it yields the number of patients needed.

Variables do come into the formula. Pediatricians who want to work part time but still make a decent salary may have to see more patients in a shorter period. Concierge practices have to see fewer. Practices with New York City rents have higher costs than those in less pricey areas. But no matter the input, the basic formula remains the same.

¹ <http://www.medscape.com/features/slideshow/compensation/2012/pediatrics>
² <http://pediatricinc.com/2012/06/21/how-many-patient-should-my-practice-see/>

Making Connections: Independent Doesn't Mean Alone

Many smaller practices worry about being isolated or not having access to other professionals to help solve problems or share ideas. One option is to form associations — formal or informal — to share resources.

“You can consolidate legal counsel, human resources, billing — all while keeping your own office and patients,” Betancourt says.

There are different models. Management organizations can collect fees from participating practices, with all the individual offices keeping their names, offices and staff. Or, there are more informal alliances, such as sharing one or two outside services, or referring patients to one another.



Parse Payments:

Rethinking Payment Models

Many practices are waiting to see what effects the Affordable Care Act will have on how payments will be collected. There are many costs associated with complying with the new laws and accepting new insurance, all of which will need to be recouped. [The American Academy of Pediatrics³](#) has helpful information on its website about how the ACA affects patients and pediatricians.

Trends shift, moving from the straight fee-for-service model to a risk-based system in which doctors receive a certain amount per patient from insurance companies, and it's their job to achieve results with that money.

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“In the past, insurance companies would repay in 60 to 90 days,” Stevens says. “Doctors were made whole, patients were happy and that was that. But now, that time frame has doubled to 120-plus days in many cases. Doctors are weary and feeling hamstrung.”

There is also a growing trend toward the concierge model, in which insurance is bypassed partially or entirely and the practice asks for direct payment from patients, in exchange for exclusive, more responsive access to the doctors.

Or, Betancourt notes, “there’s a hybrid model, in which you continue to rely on health insurance plans for payment, but you also ask patients to

pay an administration fee to cover all those things the insurance companies have stopped paying for,” such as filling out forms, answering phone calls and so on.

Stevens says he believes that small practices might be heading back to a modern version of paying as you go — in cash. “I’m suggesting to doctors that they collect more cash,” he says. “I think that’s where we’re going. It’s too clinical and too fractious now.”

³ <http://www.aap.org/en-us/advocacy-and-policy/Pages/State-Health-Insurance.aspx>

Physician, Heal Thyself: Balancing Work and Life

Many general pediatricians are satisfied with work-life balance (as opposed to pediatric subspecialists, who reported more job stress and burnout), according to a 2001 survey published in the journal [Pediatrics](#)⁴.

Another American Academy of Pediatrics paper, the [2013 Pediatrician Workforce Policy Statement](#)⁵, outlines many of the pressures on pediatric practices, notably the expanding and more complex needs of patients and their families coupled with a decrease in compensation for these comprehensive, family-wide needs.

Seeing enough patients to cover expenses — not to mention dealing with the changing face of the insurance industry — can often translate into long hours and stress, a problem faced by many small-business owners. It's important for owner-physicians to take time for themselves and their families.

Stress can be contagious, Stevens says. "It's not just the doctors involved in the practice, but the doctors' spouses, and in fact their whole families" who suffer.

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⁴ <http://pediatrics.aappublications.org/content/108/3/e40.full>

⁵ <http://pediatrics.aappublications.org/content/132/2/390.full.pdf+html>

Practice 101:

The Value of Continuing Education

It's important for doctors and their staff to take time to attend continuing-education sessions such as seminars, webinars and conferences. While it might mean closing the practice for a day so staff can attend these meetings, it usually yields new ideas, best practices and other important information.

"I've never been in a position afterward in which a seminar hasn't paid for itself, and then some," Betancourt says. "Put money for continuing education in your budget. It's an investment."

While most pediatricians chose their field to care for patients, it's important to spend time on running the business such as hiring, financial management, and continuing education. For more information, the American Academy of Pediatrics Practice Management Association (PPMA)⁶ has many resources for doctors and practice managers.

⁶ <http://www.aap.org/en-us/professional-resources/practice-support/Pages/Practice-Support.aspx>

⁷ <http://www.aap.org/en-us/professional-resources/Research/pediatrician-surveys/Pages/Personal-and-Practice-Characteristics-of-Pediatricians-US-only-2010.aspx>

⁸ <http://www2.aap.org/visionofpeds/>

What Is a Small Practice?

It's generally agreed that a small pediatrics practice is defined by the number of full-time or full-time-equivalent physicians in the group. A practice with two to five pediatricians can safely be defined as small or midsize. According to a 2011-12 American Academy of Pediatrics report ([Pediatricians' Practice and Personal Characteristics](#))⁷, here's how practice size and type are broken down across the country:

Solo to two-doctor practice:	12.8%
Three- to 10-doctor practice:	24.3%
More than 10-doctor practice:	5.7%
Multispecialty group:	13.4%
HMO:	2.3%
Hospital/clinic:	16.5%
Medical school:	15.6%
Community health center:	2.9%
Other:	6.5%

Pressing Practice Issues

In 2008, the American Academy of Pediatrics created a task force to study the [Vision of Pediatrics for 2020](#)⁸. The task force came up with a list of trends affecting the future of pediatrics. Here are some key factors that most pointedly affect smaller pediatric practices:

- **A decrease in the number of solo or small practices**
- **An increase in retail-based clinics**
- **An increase in pediatricians as employees rather than entrepreneurs**
- **A trend toward health care teams delivering pediatric care (physicians, social workers, case workers, etc.)**
- **An increase in the number of practices working with public health organizations, or schools or both to deliver health care**
- **A steady increase in the use of EMR**