

# How to Keep your Practice Alive in the Age of the Affordable Care Act

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# Pros and Cons regarding the Affordable Care Act

# COST OF HEALTH INSURANCE

Pro.....Average increase projected to be 8.2% in 29 states (Huffington Post)

Con.....Average US County has seen an increase of 49% from 2013-2014 (Forbes)



## IMPACT ON FEDERAL DEFICIT

Pro....."reform will fix our health care system without adding to the deficit".

"The ACA will reduce the deficit saving \$200 billion over 10 years and \$1 trillion in the second decade" (White House)

Con....."\$311 billion change in net deficit impact" (US Senate Committee On the Budget)

## IMPROVED MEDICARE?

Pro....."ACA will generate billions of dollars in savings for Medicare by new models of care delivery and fight waste fraud and abuse" (CMS)

Con....."To partially offset ACA new spending, the law contains spending cuts to Medicare of \$716 billion from 2013-2022. These cuts will cause adjustment to the benefit packages to networks with fewer provider options and fewer doctors participating" (Heritage Foundation for Health Policy Studies)



# EMERGENCY ROOM IMPACT

Pro....."millions of people will have access to basic, primary health care which should ultimately reduce the number of patients seeking healthcare in the emergency department (The Emergency Nurses Association)

Con....."Since implementation of the ACA, 47% of emergency physicians report a slight increase and 28% report a significant increase in the number of emergency patients (Amer. College of Emergency Physicians)

# My Story

- Anesthesiology background with Pain Medicine fellowship
- Did both anesthesia and pain medicine for 6 years
- Had discussions with my anesthesia partners (cordial parting of ways) and the hospital administration (not fruitful)
- Nothing offered to make changes and decided to go in a private office setting

# Attorney/Legal

- I started a LLC for the property ownership of the building.
- I started a PA (C corp.) for the practice entity.
- I am president and treasurer. My wife is vice president and secretary for both entities.
- Can be set up to suit you needs and personal situation



# Accountant/CPA

- I would recommend one familiar with medical/dental practice settings. Not a generic one.
- Monthly meetings since inception to discuss overhead, future purchases, tax consequences, employees, accounts receivable, etc.
- Take information in and discuss options, but at the end of the day, it's your decisions on the practice.
- Pay attention to your details. "No one else cares as much about the business as the owner."

# Marketing

- Develop logo and name that reflects your service and vision. Patent the logo?
- Website development.....pictures, videos, information for patients.
- Lunches with referring docs. “Town Hall” meetings with patients and others. Use third party company’s monies to market.
- Be available to referring doctors and your patients.

# Collecting monies

- Gone are the days of “free medical care”.
- Front end work in collecting money I feel is necessary to be successful.
- Plan to collect all monies due at the time of service other than what insurance will be billed for. If a large amount of money is due, have a promissory note signed by the patient and a payment schedule in writing.
- Regarding liability cases, need settlement letter



# Accounts Receivable-“Days in AR”

- Average Daily Charge=Entire YTD charges/# of days that year
- Total AR/ADC=Days in Accounts Receivable (Days in AR)
- Acceptable range is 35-45 days in AR
- PIPC for June 2015 was 23.7 days (With VA 27.1 days)
- PIPC for July 2015 was 30.4 days (With VA 32.5 days)

# Accounts Receivable Aging-MGMA

Medical Group Managers Association “acceptables”

	<u>0-30d</u>	<u>60d</u>	<u>90d</u>	<u>120d</u>	<u>over 120d</u>
MGMA	58.5%	14.6%	8.5%	5.2%	13.2%
PIPC	73.2%	10.0%	5.1%	6.3%	5.5%

# Reimbursement BC/BS-OC of NC vs. Medicare

	<u>BC/BS-OC</u>	<u>MEDICARE</u>	<u>% difference</u>
64635.....	\$733.16	\$394.36	+ 85%
64636.....	\$612.78	\$323.36	+ 90%
62311.....	\$290.16	\$210.06	+ 38%
64493.....	\$353.31	\$246.39	+ 43%
64494.....	\$241.98	\$124.89	+ 98%
64495.....	\$245.12	\$125.40	+ 95%
64483.....	\$422.00	\$210.66	+ 100%
64484.....	\$205.56	\$84.56	+ 143%



# Other Avenues of Income?

- In-house Urine Drug Screening
  - Qualitative (IA, presumptive)only vs. Quantitative (LCMS, confirmation)
  - Approach with caution
  - Expect declining revenues
  - Need to follow prudent rules for screening measures.....how often to test, number of analytic runs you do
- Expert Witness/Legal Opinions

# Final thoughts

- Increasingly important to collect monies at the time of service
- Watch AR to see what adjustments need to be made to correct
- Don't be afraid to drop an insurance that becomes too bothersome and time consuming to deal with. Have to weigh the risks/benefits (how much % of practice, etc)
- Stay actively involved in practice. Monthly meetings with employees, CPA, etc. Others..... attorneys, bankers





