

PPMC Journal

Physician's Professional Management Corp.

Healthcare Industry & Corporate Newsletter

About PPMC

Physicians' Professional Management Corp. (PPMC) specializes in medical billing and full service practice management. Our focus is on steady cash flow and superior customer service. PPMC's mission is to: *"Provide high quality, cost-effective accounts receivable management and medical practice management, while maintaining high physician and patient satisfaction."* Contact us today at **800-524-2554** or on the web at **www.ppmcbilling.com**

PPMC HAS RELOCATED!

PPMC's recently moved its corporate headquarters and primary operational center to a newly renovated 18,000 sq foot facility located at 40 East Avenue Lewiston, Maine. Our operational area or "processing hub" was carefully designed to promote a healthy work environment, efficient work flow, and to help improve the way we service our clients. These benefits have been achieved by strategically circling our accounts receivable management teams with all key support offices including our bookkeeping, information technology, mailroom, coding, and supervisors' offices. Our secure data processing equipment and technology room provides a turn key solution for processing over a million CPT transactions annually.

In addition to allocating space to provide complete billing and practice management services to our clients, PPMC has dedicated a complete suite within our new office to accommodate our newly created scheduling services department.

This new facility combined with the talents and experience of our administrative team will allow PPMC to continue its mission to *"cost effectively provide high quality accounts receivable and practice management services."* We are looking forward to continuing to serve our current clients with the high level of services they have come to expect while also availing our services to new clients as PPMC pursues its controlled quality growth strategy.

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Anesthesia: Hospital Revenue Guarantees Become More Prevalent

Over the past few years we have seen an increasing trend toward hospitals subsidizing their anesthesia practices. The increasing need for subsidies are the result of multiple forces including: a limited supply of anesthesiologists, declining reimbursement rates, and of course...hospitals desiring to expand operating room (OR) availability at rates in excess of the growth in case volumes.

In recent years some hospitals are recognizing that accomplishing their need for expanding OR availability and for stable highly qualified anesthesia teams means employing or subsidizing anesthesiologists. When evaluated carefully, subsidizing an independent anesthesia care team is more often favorable in comparison to employing the care team. Among the critical factors distinguishing the two options are **1.** Independent anesthesia practices are able to provide more generous benefits packages geared toward their highly compensated employees than those benefits afforded to hospital employees. **2.** Anesthesiologists are often more readily recruited to "independent" practices than to hospital employed positions. **3.** Anesthesiologists often are more productive and creative when working for their own semi-autonomous independent practice rather than for hospital employed positions.

In the event that your practice is faced with the need to negotiate with your hospital for subsidies, information will be the key to your success. Some of the information that will be helpful will be:

1. Know the compensation packages which are most common for your area. In the event that compensation statistics being used are based on "W-2" compensation, do not forget to add up all the various expenses which result from the total compensation package including: Medicare and Social Security taxes (including employer matches) Federal and State Unemployment taxes, Pension, Health Insurance, Medical Expense Reimbursements, CME and Professional Expense Reimbursements, Disability premiums, Malpractice premiums, Relocation Allowances, Recruitment expenses, etc.

2. Know the behaviors that should be discouraged and rewarded in any agreement with hospitals. (Tip: If "call" cases or late cases are increasing at a rate higher than the historical utilization rate or in excess of the case mix growth rate, then identify monetary rewards and / or penalties to minimize utilization at less desirable times.

3. Know how to measure and improve anesthesia quality so high quality can be rewarded (or at least recognized) in the hospital agreement.

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“Radiology On Demand”— How Radiology Professionals, PA Turned Efficiency Gains into a New Profit Center

Increased efficiency is the goal of every medical practice regardless of size or specialty. What happens when your efficiency gains outpace your current patient caseload? Such was the dilemma facing Radiology Professionals president David Langdon, MD who was kind enough to share his creative solution to this interesting challenge.

“Over the last few years we have focused our attention on two things... the quality of our workmanship and our ability to maximize efficiencies,” Dr. Langdon explained. “The implementation of new technologies created additional capacity for our group and allowed us to look at growing opportunities in our local market place.”



Dr. Langdon quickly realized that many radiology groups and community hospitals were struggling with increased demand for radiology services. “In the community hospital setting there is a need and often a demand for additional staffing, however the total labor demand does not warrant hiring a full time equivalent radiologist. In an already tight recruiting market, trying to hire for a fraction of a physician can be a daunting task. We identified that these common challenges for local radiology groups became an opportunity for us to utilize our newly created capacity.”

The result was Virtual Locums, an extension of Radiology Professionals that provides a “pay as you go” solution to radiologists who need extra help covering their practices. According to Dr. Langdon: “This new business model has allowed us to maximize our idle capacity while filling a niche need for other radiology groups in New England.” Quality interpretive service based solely on win-win arrangements with the local radiologists is the key to Virtual Locums’ success. Langdon states: “Virtual Locums seeks to help small practices maintain state-of-the-art quality with absolute local control. Vacations, volume variations and staffing emergencies all are potential emergencies for a small practice – Virtual Locums is available to help offload as much or as little work as desired by the radiology practice.”

PPMC has been encouraging its radiology practices to explore avenues for improved efficiencies to enable the practices to grow and thrive. The theme and focal point rests with the notion that maximizing efficiencies will create opportunity, increase physician compensation, and improve physician life style. If your practice or group is interested in working with a practice management company that will foster a culture of efficiency, please contact PPMC. We extend our thanks to Dr. Langdon for sharing his group’s successes for the benefit of other New England physicians.

David Langdon, MD is a Board Certified in Interventional Radiology and is Chief of Radiology at Mercy Hospital in Portland, Maine. He joined the Portland group after completing his Fellowship in Angiography and Interventional Radiology at Dartmouth-Hitchcock Medical Center. He may be reached at Radiology Professionals, PA, 144 State St. Portland, ME 04101 207-879-3186

2007 Pathology and Radiology Medicare Reimbursement Changes

Most physicians are aware that in December 2006 Medicare had initially intended on implementing a 5% reduction to its conversion factor and “in the eleventh hour” congress rescinded the reduction and voted to freeze the conversion factor for 2007 at the 2006 level. The Medicare conversion factor for 2007 remains at \$37.8974 per Relative Value Unit. What many physicians don’t realize is that despite congress’s action, they are still seeing reductions in their Medicare payments in 2007.

Analysis conducted by PPMC has identified some significant changes to reimbursement rates which are the result of relative value unit changes combined with Medicare’s use of a “work budget neutrality adjuster of .8994” that reduces all work RVU’s due to budgetary constraints. In order to discern the “true” net impact of Medicare’s changes for 2007, PPMC has performed analysis on its hospital based community pathology and radiology practices. The Analysis weighted each Medicare allowance for 2006 and 2007 with estimated 2007 practice volumes for many pathology and radiology practices. The results are sobering. Analysis of PPMC’s pathology practices resulted in a Mean reduction in Medicare allowances of 4.7%. Similarly analysis of PPMC’s radiology practices resulted in a Mean reduction in Medicare allowances of 4.1%. Some practices fared slightly better or worse than these mean results due to variations in procedure and modality mixes.



If you would like PPMC to perform a complimentary Medicare impact analysis for your practice based on your practice’s procedural and modality mix, please contact Leo Beliveau, MBA at 800-524-2554.

Conclusion: Pathology mean change - 4.7%,
Radiology mean change - 4.1%

Increased Radiologist Productivity – The 2006 Efficiency Analysis Report

In 2004, PPMC prepared its first radiology efficiency analysis. We recently updated this analysis based on 2006 data that included 15 radiology groups serving 19 sites of service in Northern New England. At the time of the initial analysis very few practices had PACS in their facilities. That is no longer the case as now 53% of those surveyed had PACS in their facilities by the end of calendar year 2006.

HOW THE ANALYSIS WAS DONE:

Recognizing that the definition of a “full time” radiologist varies significantly from practice to practice, PPMC opted to measure production per radiologist “on-site” per 9 hour day rather than production per full time radiologist. For example, a practice that performs 25,000 CPT codes per year and staffs two positions from 8am to 5 pm is producing 12,500 CPT codes per physician on site for nine hours. This is true whether the practice staffs the two 9 hour shifts with two physicians, each working 5 days, 52 weeks per year or with four physicians, each working 5 days, 26 weeks per year.

For purposes of simplicity, call is considered to be proportionate from practice to practice. Since reconstruction/reformatting and computer aided diagnosis services are not “cases” on their own, we have removed their volumes from the CPT counts but have included them in the calculations of relative value units. Though we have analyzed efficiency based on CPT volume per shift and RVU volume per shift, we feel that Relative Value Unit production per shift is the more accurate of the two measurements. The analysis includes only professional component facility total RVU’s.

As one might expect, the survey results tell a tale of increased efficiency overall. The latest survey is shown below.

PPMC Radiology Client Efficiency Survey Based on FY 2006 Data

Practice	Average RVU's Per CPT	Annual CPT Vol. Per Dr. On-Site 52 Weeks	Annual RVU Vol. Per Dr. On-Site 52 Weeks
H	0.81	39,078	31,758
L	0.79	39,773	31,307
F	0.99	28,041	27,668
D	0.71	33,198	23,590
B	0.76	29,320	22,421
G	0.78	27,825	21,702
C	0.75	26,564	20,023
K	0.85	22,250	18,813
A	0.62	27,962	17,316
E	0.85	18,968	16,125
I	0.75	20,541	15,501
M	0.73	17,224	12,520
N	0.67	17,597	11,868
J	0.74	15,361	11,300
O	0.79	14,008	11,070
Mean		24,717	19,938
Median		26,564	18,813

**A work day was defined as a 9 hour day
Rankings are based on annual RVU Volume per doc*

EFFICIENCY ANALYSIS FINDINGS:

As displayed in the table above, the mean RVU production in the most recent study is 19,937 as compared to a mean of 17,315 when the analysis was first done in 2004. This represents a 15.15% increase in efficiency from 2004 to 2006. However, not all practices shared equally in this efficiency boon. The challenge is to learn from the past and improve on the future by minimizing radiologist involvement in non-billable activity, maximizing labor-saving technology, and participating fully in hospital decisions on PACS, RIS, and voice recognition systems.

How does your practice stack up?

Contact Leo Beliveau, MBA at 800-524-2554 for a complimentary analysis of your practice’s CPT and RVU efficiency as well as comparative analysis of other surveyed practices.

PPMC Testimonial

David Maddox, MD
Anesthesiologist
Penobscot Bay Medical Center
Rockport, Maine

Our practice, PenBay Anesthesia, LLC has been utilizing the services of PPMC since February 2003. We chose to work with PPMC not only for our billing needs but for the sound management practices that PPMC has been known to deliver. I have been pleased with the timeliness and accuracy of information, adhoc reporting, and their ability to negotiate and manage all financial aspects of our practice.

Over the past few years our practice has faced multiple challenges including physician attrition and recruitment, Hospital negotiations and renegotiations, compensation model development and implementation, and cash management forecasting and budgeting. In each case, PPMC has met and exceeded our expectations. I strongly recommend PPMC’s medical billing and practice management services.

— David Maddox, MD

David Maddox, MD is a board certified Anesthesiologist and is chief of Anesthesiology at Penobscot Bay Medical Center (PBMC) in Rockport Maine. He has been practicing at PBMC since July 1992. Dr. Maddox completed his residency at Maine Medical Center in Portland, Maine. He may be reached at (207)596-8000 or via mail Penbay Anesthesia, LLC 6 Glen Cove Drive Rockport, ME 04856

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4. Know and control all corporate fixed and variable expenses which impact the practice's ability to provide the anesthesia care team with reasonable compensation. The hospital will not want to subsidize the anesthesia practice to make up for excessive corporate spending.

5. Know your practice's past and present billing statistics and be sure that the practice is appropriately collecting all available fee for service revenue. The hospital will not want to subsidize the anesthesia practice to make up for billing shortcomings.

PPMC has provided valuable assistance with multiple anesthesia revenue guarantee negotiations in recent years. **In the event that you should require assistance with hospital contracting issues, PPMC has a team of professionals prepared to negotiate your best deal. Please do not hesitate to contact Leo Beliveau, MBA for more information.**

PPMC Employee Profile

Donald Richard, Chief Executive Officer

Mr. Richard brings a wealth of experience to PPMC. Prior to establishing PPMC he was the founder and CEO of Medical Management of New England. During his tenure with Medical Management, the company grew to become the largest medical billing company in the Northeast. Mr. Richard left his post with Medical Management in 1993 upon acquisition of the company by Medaphis Physician Services (now known as McKesson Corporation). He specializes in financial planning, operational systems management, and consulting. He now has more than 25 years of experience in the healthcare industry.

Message from Mr. Richard:

When founding PPMC in 1995 we set out to establish a high quality medical billing service with unmatched customer service. I am pleased to report that we have met and exceeded the goals we had set. Based on my previous experience in the industry, I have steadfastly recognized the need to manage PPMC's growth within modest levels to ensure a high level of customer service. At times the easiest thing we could have done was to rapidly grow the company, but growth that is too rapid too commonly comes at the expense of customer service levels. PPMC will continue to pursue a controlled growth strategy which will ensure sufficient growth to allow for the acquisition of the latest technologies and ensure career growth opportunities for our employees, while still maintaining the highest customer service levels in the industry.

For additional inquiries, please feel free to contact Donald Richard, at: drichard@ppmcbilling.com.