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A strong set of internal processes, procedures and protocols can help a health care practice persevere when times get tough. Since the political and economic landscapes of the country are still in flux, it's important to focus on the basics to keep your business on steady ground.

In this issue of *VitalSigns*, we discuss how to weather some of these changing landscapes. We provide insight on the basics of goal setting, employee manuals and meeting protocol. And, we discuss the what, how and why of clinical integration.

While some things may be out of your control, the basics of running a health care practice remain the same. Establishing a strong set of internal protocols can help you to successfully manage your business during uncertain times to provide you with a sense of stability.

How to survive the November election (and other impending challenges)

Whether you are a partner in a private practice model or an employed physician in a hospital-owned group practice model, it is vital that you provide leadership — especially in today's uncertain times. And with the current state of the economy, the high price of fuel and goods, health insurance premium increases, reimbursement decreases, and a new president and Congress on the horizon, these times are definitely uncertain. What's more, all of these factors affect your practice in one way or another.

What if . . .

Regardless of the rhetoric, or whether your candidate(s) wins the election(s), you have a practice to run and many people looking to you for leadership. Employees and patients are depending on your skills as a manager, so you can't get caught up in the "what if" scenarios that the election or the economy brings. What if health care becomes nationalized? What if the Medicare fee schedule is cut? What if Health Savings Accounts continue to grow without the infrastructure to assure you get paid?

As a leader in a turbulent time, you must cut through all of the "what ifs," sort out the facts and determine what you can control. As a practice leader, what can you control? You can control the volume of patients treated. You can control the overhead of your office, including staff costs. You can control the cash flow of the practice. You can control major purchases. You can control long-term obligations (such as rental agreements, leases and loans).

Cash strategies

During a weak economy or turbulent time, look to those in industry and in business, who tend to become very conservative with their cash. Their strategies focus on cash retention and minimizing risk, which is achieved by scrutinizing expenses, purchases and planned expenditures.

In a physician practice, you must be aware of cash flow. And, in tough times, you must begin to protect (read: hoard) cash. The first step for a practice is to review all overhead costs for opportunity and decrease inventory of expensive supplies and equipment. Suppliers are all suffering, so, to conserve cash, it is prudent to ask for price freezes or extended terms.



Second, delay all major capital expenditures such as electronic medical records, practice management software, new office space, renovations or diagnostic equipment. Get creative and come up with ways to increase current revenue per square foot without adding costs.

Third, review all loans for appropriate interest rates and necessity. Fourth, review all positions in the office: Consider enacting a hiring freeze or establishing that no overtime will be allowed. You might also review employee benefits for money-saving opportunities. Fifth, accelerate cash collections — challenge your staff to decrease days outstanding by 10% to 15%, and become aggressive with patient balances at time of service.

Two distinct roles

Remember that you cannot control the outcomes of elections or other major changes to the health care landscape. The results may affect you positively or negatively, and your job as a business owner or practice leader is to make sure the practice survives these external forces.

Your job description as an owner of the practice is not to change health care or even provide the best care to your patients; it's to ensure the survival of your practice. Of course, your clinical position as a physician in the practice is to provide the best care possible to your patients. But the two roles are different and distinct. If you fail as the business owner or the manager, you may not have a place for your patients to be treated in the manner you wish as a physician.

The best practice leaders are the ones who understand that changes in rules, systems, payment strategies, tax codes, etc., are the cost of doing business, so they're flexible in dealing with such issues that come up from time to time.

Time will tell

When a ship is in rough seas, its captain typically orders the crew to "batten down the hatches" to ride out the storm. No matter what the results, the upcoming election may be a slight rainstorm or a full force hurricane for physicians and dentists in practice — only time will tell.

A good captain should watch the weather reports and determine just how much the practice needs to brace for upcoming storms. Be decisive and lead.

What should be included in your employee manual?

Whether you have a small practice or a large group, human resources (HR) policy manuals are an absolute necessity. Having these manuals in place will prevent wasted hours spent resolving HR issues rather than conducting productive business processes. HR policy manuals communicate an understanding between employees and their employers on topics such as their rights, obligations and the business environment. They are also a tool for supervisors and managers to govern in a fair and consistent manner.

Moreover, well-written HR policies can help establish good-faith effort in the compliance of federal and state regulations on topics such as equal opportunity employment, the Family and Medical Leave Act (FMLA) and sexual harassment. A written policy on performance appraisal can go a long way to establishing a commitment to nondiscriminatory practices in these and other areas. And, of course, it serves as protection against lawsuits and increases your odds of prevailing in any that do arise.



Begin with an outline

Creating an outline of topics to incorporate into your HR policy manual is a good place to start. Make sure to address topics required under federal and state labor laws and add specifics customized to your environment. Here is an example of an outline:

- I. *Introduction.*
 - A. Mission statement: This defines how the president, managing partners or physician owner perceives the goals of the practice.
 - B. Instructive use of the HR policy manual.
 1. Briefly state the purpose of the HR policy manual, its updating process and the obligation of employees to be familiar with its contents.
 2. Provide an acknowledgment statement that requires every employee's signature after review of the policy manual.
 - C. Waiver statement regarding employment "at will": This statement should identify that the HR policy manual should not be interpreted as an employment contract.
- II. *Table of contents:* This allows staff to easily find the appropriate section of the manual.
- III. *Business operation hours:* This is a schedule of hours that the practice is open to treat patients, which may be different from the hours staff are expected to report.
- IV. *Hiring process.*
 - A. Sample employment application.
 - B. Verification of applicant information.
 - C. Equal opportunity policies.
 - D. Sexual harassment policy.
 - E. Training and continuing education.

- V. *Employee classifications:* Some employees may be hourly workers, either part-time or full-time, or exempt management. You may also employ RNs, MAs, administrative support and ancillary health care providers. These classifications should be defined.
- VI. *Workdays/break periods.*
 - A. Define when staff are expected to arrive and the hours of their respective schedules.
 - B. Provide information on lunch breaks or meal periods and midday breaks.
- VII. *Paydays.*
 - A. Deductions: Include a statement that explains payroll deductions such as benefit contributions and federal, state and city taxes.
 - B. Explain the procedures for direct deposit.
- VIII. *Overtime:* Any hours in excess of 40 hours in a workweek should be paid at 1.5 times the employee's regular hourly rate, according to the federal Department of Labor–Wage and Hour Division. (If overtime must be authorized, a statement to that effect should be defined in this section.)
- IX. *Time capture:* Incorporate the correct use of time clocks or time sheets, including when they should be turned in.
- X. *Benefits.*
 - A. Vacation days, sick days and holidays.
 1. List the holidays that the practice is closed.
 2. Determine how vacation accruals and sick days are earned and applied.
 - B. Health insurance benefits.
 1. Provide the agent of record or plan administrator information.
 2. Describe the enrollment qualifications.
 3. Explain participants' cost share.
 - C. Pension or 401(k).
 1. Specify the enrollment periods.
 2. Describe the vesting schedules.
- XI. *Bereavement days.*
 - A. In the event of the death of an immediate family member, provide the number of days that are allowed.
 - B. Define who is considered an immediate family member.
- XII. *Absenteeism.*
 - A. Designate the person who should be contacted in the event that an employee is ill.
 - B. Explain disciplinary action on absenteeism, including a definition of an excused absence vs. an unexcused absence.
 - C. Depending on your practice's policy, those leaving early or showing up late may claim a certain number of makeup allowances. If so, these should be defined.
- XIII. *Jury duty.*
 - A. Explain the implications on employees' pay.
 - B. Define the procedures for reporting in.
- XIV. *Performance appraisal and rate increases.*
 - A. Discuss the performance evaluation process.
 - B. Explain how performance improvement relates to compensation.
- XV. *Termination.*
 - A. List the qualifying events or actions on the employee's part that would be considered terminable offenses. Incorporate a qualifying statement that the list is intended as a representation and is not all-inclusive.
 - B. Define whether and when you might consider a suspension vs. immediate discharge.

When writing your policy manual, be mindful to use language that doesn't obligate you into a contractual relationship with employees. For example, steer clear of words such as "always," "must" and "only." Don't describe employment as "permanent." Instead, use nonbinding terms such as "typically," "may" and "usually."

Additionally, instead of using the term "probationary period" for new employees, use "new hire period." And, as mentioned, include a strong "at will" statement.

Review and update regularly

After you have drafted your policy manual, have it reviewed by an HR specialist or employment attorney and edit it as recommended. Finally, consider your well-written employee manual a living document. That is, it requires consistent review and updating to retain its value as a tool to practice success.

Clinical integration: The what, how and why

The current buzz phrase in the physician practice managed care arena is “clinical integration.” For the last 30 years, the health care industry has searched for the best available approach to coordinate care among primary care physicians, specialists, ancillary services and hospitals while decreasing the overall cost to patients.

We have seen the advent of Independent Physician Organizations (IPOs), Physician Hospital Organizations (PHOs), Management Service Organizations (MSOs) and staff model physician groups all working toward the same goal of providing excellent care while deriving fair compensation. Now it's clinical integration's turn to step up to the plate.

What?

One of the issues in our complex health care system is that the majority of care comes from organizations that are independent of one another. The key to a seamless health care delivery system is to be able to navigate a patient through testing, referrals and procedures performed by different organizations and conclude with the right information having passed to the correct people in a timely manner, all parties having received fair reimbursement while delivering value and measurable quality, and, of course, a healthy patient.

All this needs to be accomplished within a system that enables a number of physicians or ancillary providers to band together and, thereby, gather the financial strength to buy equipment, negotiate fees, process data and effectively use high-quality facilities. All of the previous attempts at organizing disparate groups through IPOs, PHOs, MSOs, etc., were to garner the clout for economic viability to invest in systems and provide a form of seamless care while avoiding antitrust issues. Clinical integration is different!

How?

Achieving true clinical integration among providers isn't easy, and any program must be carefully reviewed by each organization's attorneys to avoid any antitrust issues. If you have any questions regarding the regulations

dealing with clinical integration models, consult an experienced attorney. In Statement 8 of the 1996 Statements of Antitrust Enforcement Policy in Health Care, the Federal Trade Commission (FTC) and the U.S. Department of Justice defined clinical integration as the implementation of:

... an active and ongoing program to evaluate and modify practice patterns by the networks' physician participants and [to] create a high degree of interdependence and cooperation among the physicians to control costs and ensure quality. This program may include: (1) establishing mechanisms to monitor and control utilization of health care services that are designed to control costs and assure quality of care; (2) selectively choosing network physicians who are likely to further these efficiency objectives; and (3) the significant investment of capital, both monetary and human, in the necessary infrastructure and capability to realize the claimed efficiencies.

Basically, the FTC and the Department of Justice have stated and demonstrated over the last few years that true clinical integration will be encouraged because it benefits all parties. Joining forces to negotiate higher fees, however, is not true clinical integration and will not be allowed.

Why?

As a model, clinical integration benefits patients through improved quality of care, better access to new techniques and a health record that can be accessed by all key providers. The model benefits physicians by streamlining the processes and information pathways, allowing access to a complete patient record and information to monitor patient compliance, and facilitating the ability to collaborate with other independent practices.

Insurers and employers win because of healthier employees, less duplication in testing, higher quality of care, measurement tools for improved patient outcomes and fully integrated cost-containment networks — all of which lead to cost savings. If the clinical integration model partners with a hospital, the hospital gains because of a larger network of physicians dedicated to the hospital system, ease of use of the hospital services, improved information sharing, some cost savings and market differentiation.

With a fully implemented model, all parties can share in the positive benefits. A fully integrated model should also provide physicians with a better shot at financial success thanks to improved systems, cost savings or increased reimbursement. The model begins with a willing set of providers and possibly a hospital system. The providers must understand that this is a long process and not just about negotiating higher fees.

Developing a working model will take an investment for professional help, a viable systems strategy and a good business plan. A successful model also will require physician champions who are dedicated to the concept and vision.

Maintaining style

Medicare's pay for performance program, Angie's List, The Leapfrog Group, Bridges to Excellence and many other programs are trying to define quality providers for the health care consumer. Independent physician groups will not be able to work within the future rules and programs unless they are part of bigger organizations. Clinical integration models allow independent physicians to maintain their practice styles in an era of consumerism, pay for performance and quality reporting.

The importance of goal setting

In today's fast-paced and high-demand world, the daily tasks of clinical practice and administration can get lost in day-to-day activities. Long-term goals for the practice seem to collide with the task of balancing life obligations, which results in time constraints and crisis management. Setting goals is extremely important for individuals as well as practices. How do you know where you're going if you do not have a plan? By setting goals.

Placing an emphasis on setting goals is imperative to the direction, growth and balance of any medical practice and staff. One's professional, financial, physical, spiritual, social, cultural and familial lives need to be balanced in order to be happy and healthy.

Medical personnel have historically been overworked and stressed as a result of decreases in staffing and reimbursements and an increase in the amount of patients they need to care for. Many medical personnel are overachievers and work primarily to serve the needs of others. This is both a great attribute and a huge stressor.

3 steps to success

The purpose of setting goals is to give life a preplanned direction and, ideally, to avoid or mitigate unexpected roadblocks. Here are three steps you and your staff members can take to make goal setting a little easier:

1. Start with a "Life List." Write down all areas of your life and make a list under each that describes the most important aspects. For example, when listing your career, what do you want to do? Do you want a promotion, an increase in pay or a new position? Do you prefer to work in the United States or in

another country? Would you like to acquire a certification or degree? Once you can answer these questions, the short-term goals start to fall into place.

2. Determine what is short-term or long-term. The definition of a short-term goal is one that can be accomplished within one to five years. Long-term goals can be accomplished over a five-year period or longer. Most professionals have set career goals and know exactly where they want to be or at least generally where they would like to be. It is recommended to set not only career goals, but other life goals as well. When career goals are set without addressing life goals, they can compete with each other and cause additional stress.
3. Break down each goal into manageable pieces. For example, let's say you have always wanted to visit Barcelona, Spain. Barcelona is the goal. The next step would be to pick the dates, obtain plane tickets, pick a hotel and obtain a passport. As you can see, there are a multitude of things that have to be done before heading to the airport to actually go to Barcelona.

And just as it's a good idea to brainstorm a list of the necessary steps for taking a trip overseas, it's also a great way for a practice to come up with short-term goals. In these uncertain economic times, increasing revenue is a necessary, practical goal. Stating the goal is easy; the challenging part is to come up with some relevant and realistic steps to accomplishing it.

A realistic approach

Realistic goals are obtainable and important in increasing the chances that both your professional and personal lives will have direction and positive results. If your goal is to increase the revenue of your practice, but you also want to decrease the amount of patients seen every day, you'll likely not accomplish the goal.

Seeing more patients in combination with participating in a study, however, can lead to an increase in revenues. Remembering to take the time to set goals and revisit them every so often will add an element of success and satisfaction to your life. Take the time to do it.



While the primary focus of every healthcare organization and medical practice is meeting the needs of its patients, its leaders must also keep a careful eye on the organization's own financial health and well-being. LBMC's Healthcare Team provides you with the thorough financial check-up and ongoing follow-up care needed to safe guard your organization's economic health. As a single comprehensive resource for multiple business and financial solutions, LBMC works closely with healthcare organizations and medical practices of all sizes and specialties to reach and maintain their financial visions and goals. Listed below is a sample of our services offerings:

Management Advisory Services

- Coding and compliance
- Forecasting and special projects
- Evaluation of staffing needs and costs
- Retirement and succession planning
- Physician compensation and benefit package development

Accounting Services

- Audit, review or compilation of financial statements for use by third parties
- Budget design and analysis
- Computation of physician income and bonus distributions
- Preparation or review of Medicare/Medicaid cost reports

HR Services

- Payroll disbursement processing
- Section 125 plans
- Cobra administration
- Unemployment administration
- Payroll services
- Employee Benefits
- HR Outsourcing

Tax Services

- Retirement and benefit plan audits and preparation of Form 5500
- Wealth-building strategies
- Estate Planning and Retirement Funding
- Investment advisory and portfolio management
- Planning for estate and wealth transfer

Technology Solutions

- Accounting Solutions
- Athena Health Information Systems
- Financial and Operational Dashboards
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Holding successful, productive meetings

Do you know what it takes?

Managed meetings are a necessity to a well-run medical practice. Yet meetings can also be seen as big time-wasters if certain guidelines aren't followed. The key is that each meeting participant needs to have clear expectations of the meeting function, whether it is a staff meeting to improve communication between departments or a board meeting for strategic planning. Each member of the meeting also needs to be committed to the work or task, and the meeting facilitator needs to allot enough time to allow for participation by all.

Special task meetings or any meetings that are set to accomplish a project by a deadline must have a clear timeline for completion. In addition, meetings should be scheduled when all necessary attendees can be present. Absence is disruptive because, if one of the missing parties disagrees, the item has to be revisited.

Agenda

Every meeting should have an agenda that is relevant to the topic (or topics) at hand. Each agenda item should have the appropriate time allotted, so that the agenda isn't too lengthy for the time scheduled for the meeting. The responsible person to present the agenda topic should also be listed. Here is a short sample meeting agenda:

Agenda Item	Responsible Person	Time Allotted
Call to Order (5:30 p.m.)	Facilitator	2 minutes
Review Outstanding Items	Facilitator	15 minutes
Personnel Issues	Office Manager	10 minutes
Uniforms	Clinical Manager	15 minutes
Insurance Contracts	Financial Manager	15 minutes
Next Meeting	Facilitator	3 minutes
Adjourn (6:30 p.m.)		

Rules

Depending on the type of meeting (board, staff, special committee, etc.), the rules should be stated up front. Items such as behavior expectations, discussion and decorum should be made known, either in writing or by announcement.

Meetings that become hostile with personal conflicts and disagreements may destroy the purpose of the meeting or, worse yet, ruin working relationships. Meeting procedures for conflict resolution should be discussed and all participants need to agree to follow them.

Facilitator/Chairperson

A facilitator or chairperson should be in charge of the meeting. This meeting leader is responsible for starting and ending at the agreed-upon times. The facilitator enforces the rules and seeks participation.

This person also needs to stick to the agenda and work to acknowledge good ideas and future topics. Suggested future agenda items should, however, be deferred to a future date. Some items can even be assigned to a more appropriate person or committee to handle without disrupting the current meeting.

Record of meetings

The minutes of a meeting are essential to effectively communicating the results of that meeting. This record will document what took place at the meeting and which decisions (if any) were made, as well as serve as a log of valuable ideas or future agenda items.

In addition, meeting minutes will stop errors in communication or memory recall of what actually happened. Different outcomes of the meeting may surface if no record is kept.

It's all about structure

Whether you are having a physician, staff or board meeting, it's all about structure. Meetings can be expensive in lost productivity if not handled effectively. At the same time, they can be very valuable if managed properly.