

Structure Your Compensation to Maximize Reimbursement

By Brian Vinyard, CEO of Comprehensive Medical Billing Solutions

As you might guess, people are people and human nature kicks in even when you are talking about physicians. Yes, physicians are certainly over-achievers in the educational realm and possess a set of talents and skills that is amazing to the rest of us. Their dedication to patient care is commendable; however, in today's Emergency Department environment efficiency is more important than ever before. Many physicians I work with have not had proper training in understanding the business-side or emergency medicine or maximizing efficiency within the Emergency Department, both of which go hand in hand.

As you know, billing companies have hundreds or thousands of employees performing the various functions related to billing and collecting accounts receivables. Although our company is continually training and retraining employees to be effective and efficient, I continue to struggle with good ways to motivate employees to maximize their efficiency and effectiveness. Yes, we have many checks and balances and productivity measurement methods in place; however, it seems as though human nature for many employees is to produce only the minimum required. I see some of the same behavior characteristics in some physician practices as well; however, those that have their compensation structured to measure efficiency tend to exhibit less of this behavior and be more effective.

Due to increased patient volumes and decreasing reimbursement, many physician groups are structuring their pay system based on efficiency. To thoroughly measure physician efficiency, you must look at physician documentation, patient throughput, patient satisfaction, and staff satisfaction. As you know, all of the aforementioned elements are used to evaluate a physician group by the hospital; therefore, I believe it is important that the physician pay system encompass each of these elements. Implementing such a physician incentive-based payroll system has proven to increase efficiency, reimbursement, and the understanding of the physician regarding the business-side of emergency medicine. Let's look at a real life example.

Structure & Benefit of Incentive Based Compensation

Group "A" prior to going to independent billing was paid \$150 per staffed physician hour and \$50 per staffed Mid-Level hour to cover the E.D. E.D. volume was 30,000 per year. Staffing consisted of 24 hours per day of E.D. Physicians and 16 hours per day of Mid-Level Provider. Turn around time for patients was 3:45. An outside documentation audit determined that 20% of the charts were documented inappropriately. Reimbursement per patient was \$55; therefore, annual revenue was \$1.65 Million. Since the hospital was paying the group \$1,956,400 to staff the department, the hospital had a net annual loss of about \$300,000. Enter physician education and incentive pay structure.

Prior to going to independent billing, the billing company re-educated the physicians regarding documentation. Previous education attempts had yielded little results as their pay was unaffected; however, during this lecture the physicians were put on notice that their pay would be determined 50% by RVU productivity, which encompasses physician documentation. After reviewing the first two months of data post implementation of the incentive pay system, charts documented inadequately were

less than 3%, patient turnaround time was under three hours, and each of the physicians was very cognizant of the charts they needed to finish. After running the analysis, it looks as though the physician group will be able to collect \$75/patient or \$2.25 Million per year. Therefore, the hospital subsidy will go away, the physicians will get a bonus, and their contract is much more stable due to the improved throughput times and absence of reliance on a hospital subsidy.

The aforementioned case exhibits the real effects of incentive based compensation. In my consulting engagements and billing experiences, I have never seen a group not benefit from incentive based compensation and thus I am a very big proponent of such. If you want to implement such a system and need assistance, please consult your billing company of any number of the qualified consultants in our industry. You can improve the financial and efficiency aspects of your practice with properly lined incentives.

About COREmatica:

COREmatica is the leading developer of compensation management software specializing in performance-based payroll for health care providers. Headquartered in Ann Arbor, Michigan, COREmatica works with hospitals and large health care provider groups to implement effective incentive-based compensation plans to drive productivity and keep costs aligned with revenue objectives. Our software product, COREmatica®, is used nationwide to calculate pay for thousands of clinicians in more than 25 states.

Founded in 2007, COREmatica is a Health IT company staffed by information technology experts with over 30+ years of experience developing software products for the healthcare industry. We are degreed professionals and have over 15 years of experience working with incentive-based pay. We take pride in helping our customers implement the best, most effective compensation plan for their clinicians. With COREmatica, you'll have a proven solution quicker than you can develop a custom solution, saving you time and money.

“If you can say it, we can pay it!”

