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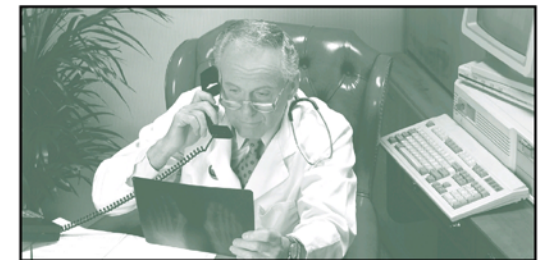
In partnership with

Gates, Moore & Company

# RETURN ON INVESTMENT

Pre-Implementation Assessment

*Prepared for a Four Physician  
Orthopaedics Practice*





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## Introduction

### Background and Introduction

Greenway Medical Technologies (GMT) believes exploration of cost justification is a key element that ensures implementation of a successful Information Technology (IT) initiative. To that end, GMT retained Gates, Moore & Company, a leading healthcare consulting and accounting firm to provide clients with this vendor-funded assessment of Return on Investment (ROI) achievable by using the Greenway software solution, called PrimeSuite. This report provides an objective, third party assessment of the financial benefits attainable based on practice data gathered during workplace visits. Given the controlled scope of the assessment, this report should be used exclusively for measuring the ROI associated with PrimeSuite deployment.

As a result of on-site observation and analysis of your practice's administrative, clinical and financial processes, Greenway and Gates, Moore & Company are pleased to present the findings from the recently conducted "Pre-Implementation Return on Investment Assessment". This analysis is intended as a detailed estimate of the potential Return on Investment (ROI) associated with the implementation of Greenway's PrimeSuite solution, as well as a benchmark for comparison against a "Post-Implementation Return on Investment Assessment" to be conducted approximately one year following the initial Greenway system deployment. From this pre-implementation and post-implementation analysis comparison, a fair and objective assessment of the Greenway system's financial benefits will be concluded. The results of this comparative assessment will also identify areas of implementation success, as well as areas within the implementation that require additional focus and/or resource.

This ROI analysis assists in evaluating current practice indicators to determine how to maximize profitability. Greenway's PrimeSuite is a tool to help reach established goals by automating and integrating practice processes and data. The net result of this assessment will be an objective and accurate analysis of the delivered ROI associated with implementation of the Greenway system. Many vendors talk about ROI, Greenway and Gates, Moore & Company are proud about its commitment to deliver a ROI.

### Assessment Methodology

On-site analysis consisted of review of source documents, interviews with key employees and observation of workflow. The data was categorized and analyzed to identify areas in which the practice might experience improved efficiencies through implementation of the software. The recognized opportunity cost of these improvements was then quantified.

It should be recognized that this analysis depicts data based on limited observations and assumptions under the conditions present at the time of the on-site visits. It does not represent affirmation of the presentation or assumptions. Differences between forecasted and actual results will occur where events and circumstances differ from observed situations. GMT has no responsibility to update the ROI statement to account for changes at the practice after the report date and before the post-installation assessment.

This analysis identifies potential areas of improvement for reductions in operating costs, incremental increases in revenue and enhanced patient satisfaction. The ROI analysis includes information pertaining to the following areas:

- Patient Visits - Projections based on patient visits during the review period are used as a basis for calculations in the ROI.
- Statement Production – The processing of statements directly affects revenues and expenses. Timely statement delivery encourages timely payments. Statement production costs impact the practice's overhead expenses. This analysis examines components of the statement function to determine opportunity costs in decreased time for processing statements and direct expenses.
- Billing Procedures - Efficiency and accuracy in entering charges and filing insurance claims directly affects practice cash flow. Time spent by staff processing charges and claims can be more efficiently used in revenue generating activities. Analysis in this area includes time spent crosschecking between systems, correcting errors identified during claims processing and additional revenue potential from missed or incorrectly coded charges. Additionally, this review will also include an analysis of the practice's fee schedules, so as to ensure that the practice is billing at the appropriate allowable charge amounts.



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# Introduction

- Management of Lab/Test Results - It is critical to quality patient care that test results be available in medical records on a timely basis. Manual filing of lab results are labor intensive, inefficient and can lead to errors such as misfiled information. Time spent on these tasks is analyzed as part of this analysis.
- Documenting Patient Encounters (Physician and Staff) - A review of a practice's processes for managing patient encounter documentation, such as dictation and transcription, is used to pinpoint areas where clerical or clinical staff might gain time to be used for revenue generating activities. Additionally, this analysis also identifies current dictation and transcription expenses as a potential area for significant reduction in the practice's operating expense.
- Staffing Considerations - Potential for efficiency and revenue gains due to redirecting staff to more productive activities is quantified as part of this analysis.

- Financial Indicator Analysis - It has become important for practices to monitor key financial indicators and benchmark these against industry standards to evaluate how well the practice is performing. By positively impacting these indicators, a practice's financial performance will improve. Areas of improvement such as collections ratios, coding and filing of claims are evaluated.
- Operating Expense Reduction - As with dictation and statement production, other expense line items can be reduced through the implementation of a computerized patient record. Other office expenses identified as potential contributors to the overall reduction of a practice's operating overhead are reviewed in this section, as well.





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# Executive Summary

The following information includes a summary analysis of each practice process that was observed as part of the ROI Assessment.

### Return on Investment (ROI) Assessment Total Summary:

The total annual opportunity costs estimated for a Four Physician Orthopaedics Practice are as follows:

Scheduling/Registration/Check-in Process	\$ 16,682
E/M Coding Dispersion/Chart Audit Analysis	\$ (179,535)
Clinical Encounter, Orders Management -- Labs	\$ 14,266
Clinical Encounter, Documentation – Physician	\$ 50,161
Clinical Encounter, Documentation – Nurse	\$ 36,768
Clinical Encounter, Chart Management	\$ 55,437
Supply and Storage Costs	\$ 33,162
Check Out – Charge Entry Processes	\$ 15,030
Payments & Collections Ratio Analysis	\$ 228,689
Billing Procedures	\$ 35,889
Statement Production and Process	\$ 800
Staffing Considerations	<u>\$ 139,037</u>
<b>TOTAL ESTIMATED ANNUAL OPPORTUNITY COST</b>	<b><u>\$ 446,388</u></b>
<b>TOTAL ESTIMATED ANNUAL OPPORTUNITY COST PER DOCTOR</b>	<b><u>\$ 111,597</u></b>

### Scheduling Process/Registration/Check-In Process:

During the observation period, it took an average of 8 minutes to schedule each new patient appointment. Multiplied by 3,913 appointments scheduled at the Four Physician Orthopaedics Practice, there is an opportunity cost of \$2,991 assuming the process improves by 50%.

It took an average of 14 minutes to check-in an established patient. This equates to 2,388 hours annually checking-in patients. There is an opportunity cost of \$13,691 assuming the process improves by 50%.

The total opportunity cost associated with the Scheduling/Registration/Check-In Process is \$16,682.

### E/M Coding Dispersion/Chart Audit Analysis:

At the Four Physician Orthopaedics Practice with the physicians dictating their notes during the office visit, the chart audit is considered a better predictor of improved financial efficiency. An equal number of records for each Four Physician Orthopaedics Practice physician were examined when possible. Each record was assessed and placed into one of eight categories:

1. Coding was accurate and complete
2. ICD-9 billed was different from diagnosis code documented
3. CPT codes billed are different than visit/procedure documented
4. Both ICD-9 and CPT billed different than services/diagnosis documented
5. No CPT code recorded on the Encounter Form
6. No diagnosis marked on the Encounter Form
7. Documentation illegible
8. Do not bill-insufficient documentation

The analysis revealed that 48.39% of the billed CPT codes examined were under documented, i.e. the documentation did not support the code billed, 9.68% of the billed CPT codes examined were over documented, i.e. the documentation supported a higher code than the code billed, and 41.93% of the encounters were coded properly, i.e. the documentation supported the code billed. The total billed charges examined was \$6,353, and if all of the encounters were billed as documented billed charges would have been \$5,859, a net decrease of \$494 or 9.2%. We did not extrapolate the 9.2% decrease to



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## Executive Summary

all billed charges as the sample of patient encounters was not statistically valid; however, it is important to note that 48.39% of the records were under documented and if this rate held for the entire encounter population, a potential 9.2% overall reduction in practice billings would result, if current documentation and coding patterns continue. The implementation of PrimeChart will substantially reduce the possibility of under documentation.

In addition, as a part of our chart audit procedures, we also performed an analysis of the Financial Impact if the Four Physician Orthopaedics Practice physician's E&M code utilization equaled the National Distribution for Surgeons, assuming the level of documentation supported the level of service and the physician's patients are as sick as the populated treated in the National Distribution. Analysis of the consult distribution compared to the National Distribution, coupled with the findings of the chart audit, indicate the practice is at risk for audit exposure due to under-documenting or over-coding certain encounters. This comparison yielded (\$179,535).

### Lab/Test Results:

It is critical to quality patient care that test results be available in the medical record on a timely basis. This requires the practice to track the ordering of tests and receipt of expected test results, as well as manually file them into the Medical record. The manual filing of lab results may be inefficient, leading to errors, such as mis-filed information. Additionally, manual filing is a labor-intensive task.

Given the volume of tests ordered at the Four Physician Orthopaedics Practice, approximately 92 staff hours per year are spent filing test orders and results, pulling charts and filing test results. The associated opportunity cost of this time is \$1,177.

The Four Physician Orthopaedics Practice spends 312 hours annually maintaining the tracking mechanisms associated with lab results. The opportunity cost associated with these mechanisms is \$2,501.

### Dictation/Transcription:

Physicians and other providers must document each patient encounter either by handwriting or dictating their office notes. This process can either slow the physicians' productivity, or it can cause them to spend additional time in addition to the clinical encounter. In most cases, there is an opportunity cost associated with minimizing the time it takes the physicians to complete this task. At Four Physician Orthopaedics Practice with the physicians dictating their notes during the office visit and staff sorting the dictation, we have identified an associated opportunity cost of \$50,161.

### Documenting Patient Encounters – Clinical:

Typically both the nurses and the physicians handle paper records during a significant portion of the clinical session. The time spent in these activities can more efficiently be used to generate revenue by seeing more patients.

During the observation period, the nurse spent an average of 84,888 minutes per year handling paper charts and phone calls. This equates to 1,415 nurse hours per year. Assuming implementation of PrimeSuite will allow the nurse to redirect his/her time to other activities, an opportunity cost of \$11,341 has been identified. Additionally, if the physicians each spent 30 minutes less per day handling paper records, they would be free to see up to 8 more patients per week or 384 patients per year. The opportunity cost for the physicians time spent handling paper charts varies, depending on the type of office visit and whether or not the visit yields a new procedure or treatment.

The nurses also spent an average of 190,320 minutes documenting daily phone calls. This equates to 3,172 nurse hours per year. An opportunity cost of \$25,427 has been identified.

In total, the opportunity cost associated with the practice's clinical staff handling of patient charts as part of the encounter documentation process totals \$36,768, plus an undetermined increase in revenue associated with an increase in the daily number of patient visits.

### Clinical Encounter Chart Management/Pulls:

Based on on-site observations, nurses spent an average of 1.0 minute per visit pulling and filing charts. The practice spends approximately 530 minutes per day pulling medical records from the files. This equates to 2,295 staff hours per year, with an opportunity cost of \$26,309 if this process is eliminated.

In addition, the practice spends approximately 2,540 staff hours per year seeking charts that are out of file, e.g., temporarily located elsewhere within the practice, yielding a potential reduction in operating costs of \$29,128, assuming the need for the task is eliminated.

In total, the opportunity cost associated with the practice's handling of patient charts as part of the clinical encounter documentation process totals \$55,437.



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## Executive Summary

### Supply and Storage Costs:

As with dictation and statement production, other expense line items can be reduced through the implementation of a computerized patient record. The practice spends \$2.25 every time a new chart is created. If the need for these charts is eliminated, the practice is projected to experience an opportunity cost of \$8,804 per year through decreased office expenses. With the implementation of an EMR, the need for file space is eliminated. The opportunity cost associated with the files is \$23,866. The Four Physician Orthopaedics Practice also spends \$492 annually storing and retrieving files off-site.

The total opportunity cost associated with the elimination of the filing system is \$33,162.

### Check Out – Charge Entry Processes:

The checkout and charge entry process consumes approximately 1,560 staff hours per year keying charges. If the average time taken to check each patient out and enter charges is reduced by 50%, and the need to follow-up on coding questions eliminated, an opportunity cost of \$10,076 could be saved. It took an additional 278 hours annually checking out the patient. An opportunity cost of \$1,595 can be saved. Finally, The staff spent an additional 260 hours per year addressing coding questions. An opportunity cost of \$3,359 can be realized with the elimination of these questions.

The total opportunity cost associated with the Check-Out and Charge Entry Processes is \$15,030.

### Payments & Collection Ration Analysis:

Assuming that PrimeSuite will improve the documentation, coding and filing of claims, the practice could feasibly improve their collections percentages. If this improvement were to equal 2.00% (50% of the difference between the MGMA median and the practice's current percentage), the practice could experience an increase in annual revenue of \$228,689.

### Billing Procedures:

The practice's efficiency and accuracy in entering charges and filing insurance claims directly affects the practice's cash flow. Time spent by staff processing charges and claims can be more efficiency used in revenue generating activities.

Currently, 2,624 staff hours per year are spent reviewing daily batches to ensure charges are correctly transferred from the charge ticket to the billing system. Because it is anticipated that the utilization of an Electronic Medical Record will minimize or eliminate the need for these tasks, an opportunity cost of \$35,889 is identified.

### Statements:

The processing of patient statements directly impacts both the revenues and expenses of a practice. Timely statements to patients encourage timely payment of balances due, whereas the cost of producing these statements impacts the practice's overhead expense. By examining the individual components of this function, we identified a current \$274 in opportunity cost associated with decreased staff time needed to process the tape/reports and an annual statement processing cost of \$7,514 as compared to an estimated annual cost of statement production equal to \$6,714 with the Greenway solution.

The net result is reduction in the expense associated with statement production of \$800.

### Staffing Considerations:

In today's market of declining or static reimbursement, all medical practices are challenged to control staffing costs and utilize their employees as efficiently as possible.

The Four Physician Orthopaedics Practice currently employs 31 Full-Time Equivalents (FTEs) in a clerical/administrative capacity. Assuming that PrimeSuite eliminates some of the non-revenue generating tasks currently performed by these individuals, it is estimated that 4.0 FTE can be redirected to other productive tasks or reduced in total, providing an opportunity cost of \$113,152. With a reduction in overtime, the practice could save an additional \$25,885.

The total opportunity cost associated with the redirection of staff time is \$139,037.



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## Executive Summary

**IMPROVEMENTS FOR WHICH OPPORTUNITY COST IS NOT READILY AVAILABLE:**

- Recovered physician time allowing more patients to be seen.
- Improved compliance with Fraud and Abuse statutes.
- Improved compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- Physician time required to review and sign lab results.
- Coding efficiency and accuracy.



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Pre-Implementation Return on Investment Analysis  
Prepared For a Four Physician Orthopaedics Practice

Registration/Check-In	\$16,682
E/M Distribution Analysis	(\$179,535)
Clinical Encounter, Order Management - Lab	\$14,266
Clinical Encounter, Documentation - Physician/Midlevels	\$50,161
Clinical Encounter, Documentation - Clinical / Radiology	\$36,768
Clinical Encounter, Chart Management	\$55,437
Hard Costs	\$33,162
Check Out - Charge Entry	\$15,030
Payments	\$228,689
Claims	\$35,889
Statements	\$800
Staffing	<u>\$139,037</u>
<b>Total Return on Investment</b>	<u><b>\$446,388</b></u>
<b>Total Return on Investment Per Physician</b>	<u><b>\$111,597</b></u>

**Intangibles:**

Avoid/Minimize potential litigation through:

- accurate coding
- management of prescription drugs (drug-drug, drug-food, allergy interactions)

Improved compliance with Fraud and Abuse statutes

Improved compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Accurate and easily obtainable management reports

Redirection of physician time to either see more patients or improve personal quality of life





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**Desktop: Messaging**

On average, how many phone messages are handled daily?

75

Auto system routes to appropriate extension / voice mail with option to speak with operator.

**Scheduling**

How long does it take to schedule an appointment in the computer system?

2-4 minutes

Frequent reference to desk calendar for follow up appointments - search functions are limiting - will not advance in weekly increments, requires date entry

2:11:02

2:12:04

EST

Duplication of demographic data entry - demographics entered for scheduling are entered in "temp" mode - demograhic entry duplicated at registration

Prior to scheduling appointment, a search is performed within the system "Name, DOB, & Purge" files to establish patient status and reduce account duplication





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**Registration/Check-In**

**Individual Observations**

Established pt check in/registration time in min.

\*Functions vary based on location - satellite clinics perform bulk registration upon return to primary location.

New patient registration time in minutes

\*Encounter forms are printed and attached as part of an extensive chart preparation 1-2 days prior to appointment.

What functions are performed at check-in?

\*10-12 min per chart - established patients / 6-8 min new patients

NP-review registration forms for accuracy / HCFA 1500 signed / complete HIPAA forms

-copy insurance IDs / complete encounter form

-collect copay / handwritten receipt / chart label & stickers

EST -complete demographic updates / collect copay / handwritten receipt / update chart label & stickers / complete HIPAA forms

<b>Analysis:*</b>			
Total new patient visits	3,913	Total estab patient visits-billable visits	6,617
**Average check in time/minutes	8	Total estab patient visits-nonbillable visits (post-op)	3,618
Annual minutes check-in new pts	31,304	Average check in time/minutes	14
Annual hours checking pts in	522	Annual minutes checking in established pts	143,290
Avg. bus. ofc. salary with benefits	\$11.47	Annual hours checking pts in	2,388
Cost associated with check-in	<u>\$5,985</u>	Avg. bus. ofc. salary with benefits	\$11.47
<b>Opportunity cost associated</b>		Cost associated with check-in	<u>\$27,383</u>
<b>with 50% decrease in check-in time</b>	<u><b>\$2,991</b></u>	<b>Opportunity cost associated with 50% decrease in check-in time</b>	<u><b>\$13,691</b></u>





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**CLINICAL ENCOUNTER: CODING**  
**CHART AUDIT RESULTS**

Provider	Billed Charge	Chart Charge	Impact
Physician #1, M.D.	\$1,305.53	\$578.28	(\$727.25)
Physician #2, M.D.	\$1,160.87	\$2,236.09	\$1,075.22
Physician #3, M.D.	\$892.40	\$939.71	\$47.31
Physician #4, M.D.	\$1,512.78	\$997.23	(\$515.55)
Nurse #1, ARNP-C	\$1,481.33	\$1,107.53	(\$373.80)
Totals	\$6,352.91	\$5,858.84	(\$494.07)

<b>Analysis:</b>		
Billed CPT codes under documented (documentation did not support code billed)	45	(48.39%)
Billed CPT codes over documented (documentation supported a higher code than the one billed)	9	(9.68%)
Encounters coded appropriately (documentation supported code billed)	39	(41.93%)
<b>Monetary impact if all encounters were billed as documented</b>		<b>(\$494.07)</b>





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**Pre-Implementation Return on Investment Analysis  
Prepared For a Four Physician Orthopaedics Practice**

**CLINICAL ENCOUNTER: CODING**

**E/M Distribution Results: Office Visits**

Total New Patient Visits = 862					Total Billable Estab Patient Office Visits = 6,617					Consults = 3006				
<u>% of visits</u>		<u>Financial Impact</u>			<u>% of visits</u>		<u>Financial Impact</u>			<u>% of visits</u>		<u>Financial Impact</u>		
	<u>Practice</u>	<u>Nat'l Dist</u>	<u>Practice</u>	<u>Nat'l Disp.</u>		<u>Practice</u>	<u>Nat'l Dist</u>	<u>Practice</u>	<u>Nat'l Disp.</u>		<u>Practice</u>	<u>Nat'l Dist</u>	<u>Practice</u>	<u>Nat'l Disp.</u>
99201	3.02%	3.64%	\$942	\$1,137	99211	0.29%	1.86%	\$401	\$2,597	99241	1.90%	4.58%	\$2,761	\$6,668
99202	16.94%	22.33%	\$9,499	\$12,523	99212	7.12%	33.10%	\$18,218	\$84,718	99242	10.88%	20.74%	29,270	55,805
99203	61.37%	50.48%	\$51,334	\$42,226	99213	22.20%	49.53%	\$78,665	\$175,505	99243	61.44%	47.28%	219,645	169,013
99204	18.21%	19.33%	\$21,614	\$22,939	99214	53.79%	13.39%	\$298,458	\$74,301	99244	25.42%	22.19%	128,742	112,401
99205	0.46%	4.22%	\$698	\$6,351	99215	16.61%	2.12%	\$134,386	\$17,153	99245	0.37%	5.21%	2,399	34,159
Total*	100.00%	100.00%	\$84,087	\$85,176	Total *	100.00%	100.00%	\$530,128	\$354,274		100.00%	100.00%	\$382,817	\$378,046
<b>Difference:</b>		<b>\$1,088</b>			<b>Difference:</b>		<b>(\$175,853)</b>			<b>Difference:</b>		<b>(\$4,771)</b>		
<b>Total Difference:</b>					<b>(\$179,535)</b>									

\*Source: 2002 E/M Bell Curve Data Book based on Medicare claims filed during 2000, the most recent statistics available from HCFA

**Analysis:**  
 Financial impact would be approximately (\$179,535) **IF** provider's E/M code utilization equaled the national dispersion for Orthopaedics, assuming 1) documentation supported the level of service provided and 2) the physician's patients are as sick as the population treated in the national dispersion. **Significant variation from national distribution percentages in the Established Patient Office Visit category represents audit risk.**





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**CLINICAL ENCOUNTER: ORDER MANAGEMENT**

**LAB / XRAY / SURGERY**

Number of lab/xray reports received per day	92	
Number of other reports received - op notes, H&Ps, etc per year *	35620	
Does the practice bill for tests sent to a reference lab?	No	
If YES, then compare a procedure frequency report with the lab log.		
Are all tests listed in the lab log accounted for (in total) on the frequency report?		
Does the practice have a log?	*Yes-Multiple	Scheduling (Surgery / Test) - Xray - Film Request
How much time is spent maintaining the log?	360	min / wk

\*Practice relies heavily on surgery scheduling log- typed weekly for distribution -due to current scheduling limitations.

Data Sources:

Conversation with nurses	<u>    X    </u>
GMC Tracking Mechanism	<u>    X    </u>
Other: CPT Frequency Report	<u>    X    </u>
Other: Medical Records	<u>          </u>

<b>Analysis:</b>	
# of reports received annually requiring distinct chart pull	59,540
Average # of minutes to file test results**	1
Annual # of minutes to file test results	59,540
Annual # of hours to file test results	992
Hourly rate of file clerk including benefits	<u>\$11.86</u>
<b>Opportunity cost of filing test results</b>	<b><u>\$11,765</u></b>
**excludes looking for lost charts which is accounted for elsewhere	
Minutes spent maintaining tracking mechanisms/week	360
Hours spent maintaining tracking mechanisms/week	6
Annual hours spent maintaining tracking mechanisms	312
Hourly rate of clinical staff including benefits	\$16.03
Annual cost of tracking mechanisms	<u>\$5,001</u>
<b>Opportunity cost assuming 50% process improvement</b>	<b><u>\$2,501</u></b>





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CLINICAL ENCOUNTER - DOCUMENTATION

**PHYSICIAN**

Do the physicians dictate or handwrite their notes?	Dictate
If DICTATED, is transcription done in house or outsourced?	Outsourced
What are the practice's hard costs associated with transcription? (tapes, paper, batteries, dictaphones, etc.)	\$375
If TRANSCRIBED IN-HOUSE, how many employees do the transcription?	
How many hours per day does this person spend transcribing?	
If TRANSCRIPTION is OUTSOURCED:	
How does the transcriptionist bill the practice?	per line
How much is charged per the unit of measure identified?	0.09
What is the average monthly cost for transcription?	\$3,652.00
Does the physician review and sign dictation for accuracy?	Dr. Chandler & NP review
If notes are HANDWRITTEN, does the physician do this during the exam or after?	Both
If AFTER the exam, how much time does the physician believe s/he spends on charting each day at the office? At home?	
How much time does the nurse estimate the physician spends on charting/dictation each day at the office? At home?	1 hr
How much time does the office manager estimate the physician spends on charting/dictation each day at the office? At home?	1 hr
How much time elapses between when the patient is seen and the visit is documented in the chart (e.g. notes handwritten or transcription received and filed in chart)?	1-5 days
Do the physicians take charts home to finish their documentation?	Yes
Are charts transported from one office location to another?	Yes

Data Sources:

Transcriptionist invoices	<u>    X    </u>
Conversation with transcriptionist	<u>          </u>
Other: Conversation w/ Manager	<u>    X    </u>
Other: Conversation w/ RN	<u>    X    </u>
Other: Conversation with physician	<u>          </u>

<b>Analysis:</b>	
Annual transcription costs before internal preparation to transition to PrimeSuite	\$43,824
Hard costs associated with transcription equipment/tapes	\$375.00
<b>Total hard cost savings associated with discontinuance of dictation</b>	<b><u>\$ 44,199</u></b>
Employee hours spent sorting dictation for review per wk	10
Annual hours spent sorting dictation for review	520
*Hourly rate of file clerk including benefits	<u>\$11.47</u>
<b>Opportunity cost of sorting dictation</b>	<b><u>\$5,964</u></b>
*Salary of actual employees performing task.	
Avg provider hours per day spent charting*	1.00
Number of providers	5
Avg days worked per year assuming 4-day week & 4 weeks vacation	<u>192</u>
<b>Total provider hours spent charting patient visits annually (all providers)</b>	<b><u>960</u></b>
<b>Total provider hours spent charting patient visits annually (per provider)</b>	<b><u>96</u></b>





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NURSE

What is the average nurse time to process chart for provider?

6 min

What is the average nurse time to process & document phone call?

4 min Documentation / process duplication - calls retrieved from voice mail (paper) transferred to message pad.  
Chart documented & computer acct notated

Data Sources:

Observation	<u>    X    </u>
Discussion w/ nurses	<u>    X    </u>
Other: Chart Pull Tracking	<u>    X    </u>

<b>Analysis:</b>	
# of office visits requiring documentation	14,148
Avg. # of clinical minutes documenting visit	84,888
# of hours per year	1,415
Avg. clinical salary with benefits	\$16.03
Cost associated with documenting patient encounter	<u>\$22,682</u>
<b>Opportunity cost associated with 50% process improvement</b>	<b><u>\$11,341</u></b>
# of phone calls requiring documentation/1.5 day sample	183
Avg. # of phone calls/day requiring documentation	183
Avg. # of minutes documenting phone calls	4
Avg. number of days worked	260
Annual minutes documenting phone calls	190,320
Annual hours documenting phone calls	3,172
Avg. clinical salary with benefits	\$16.03
Cost associated with documenting phone calls	<u>\$50,854</u>
<b>Opportunity cost associated with 50% process improvement</b>	<b><u>\$25,427</u></b>





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**CLINICAL ENCOUNTER - CHART MANAGEMENT**

**CHARTS NOT IN FILE**

Eventually found elsewhere	131	47	avg =	89
Not found within search time/same day	115	42	avg =	79
<b>TOTALS</b>	<b>246</b>	<b>89</b>		<b>168</b>

**CHART PULLS**

**Day one Day two (1/2 day)**

	Day one	Day two (1/2 day)	
Appointment – patient is here to see the physician	111	38	
Phone call – pharmacy is calling re: a patient or refill	11	6	
Phone call – patient has a problem	53	14	
Phone call – patient wants a refill	16	7	
Physician requested chart	5		
Result reg			
Filing – dictation	28	177	
Filing – lab reports	89	54	
Filing – other	172	34	
Copy records – written request	13		
Copy records – Another office waiting to see patient	2	1	
Other- Phone call-patient w/questions			
Phone call-patient _____			
Pulling for doctor	24	1	
Call backs	11		
Charts pulled for triage		19	
Next day's appt	28		
Billing Question	13	9	
Other-Surgery / Pre cert	89	34	
<b>TOTALS</b>	<b>665</b>	<b>394</b>	<b>Average 530</b>

<b>Analysis:</b>	
Average minutes to pull chart	0.5
Average minutes to refile chart	0.5
Total average minutes to pull/refile	1.0
Average # of daily pulls	530
Average total minutes to pull chart	530
Average days worked	260
Annual minutes pulling/refiling	137,670
Annual hours pulling/refiling	2,295
Avg. clerical salary with benefits	\$11.47
<b>Opportunity cost associated with pulling and refiling charts</b>	<b>\$26,309</b>
Avg. minutes seeking chart in file	0.5
Avg. minutes seeking chart in office	3
Total average minutes to find chart	3.5
Avg. daily charts out of file*	168
Minutes spent per day	586
Average days / year	260
Annual # of minutes	152,425
Annual # of hours	2,540
Avg. hourly rate w/benefits	\$11.47
<b>Opportunity cost associated with charts out of file</b>	<b>\$29,128</b>
*“Out of file” refers to charts not found in the main file room at the time of attempted pulling.	





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**Costs**

What is the supply cost per medical record?	\$2.25
Are out-guides used?	Yes
What is the estimated dimension of on-site filing space?	116
What is the cost per square foot?	\$17.15
Does the practice use off-site storage?	Yes
If YES, what is the monthly cost of this storage?	\$38.30
Who is responsible for retrieving files from storage?	Practice
If an EMPLOYEE, who is responsible for going?	Suzanne / Medical Records
How often do they go?	6 per / yr
How long does it take them?	30 min / per trip
If the STORAGE COMPANY, how much does it cost per retrieval?	
How many times per month are charts retrieved?	

Data Sources:

Measurement of space	<u>    X    </u>
Review of Income Statement	<u>    X    </u>
Conversation with Manager	<u>    X    </u>
Conversation with physician	<u>          </u>

<b>Analysis:</b>		
Cost per chart	\$2.25	
# of new patients/year	<u>3,913</u>	
<b>Expense reduction opportunity</b>	<b><u>\$8,804</u></b>	
Space consumed by files	116	sqft
Calculated cost per sqft	<u>\$17.15</u>	
<b>Annual savings/cost of file space</b>	<b><u>\$23,866</u></b>	
Monthly cost of off-site storage	\$38.30	
# of months	<u>12</u>	
<b>Expense reduction opportunity</b>	<b><u>\$460</u></b>	
Annual cost of record retrieval	\$32.40	
<b>Expense reduction opportunity</b>	<b><u>\$32</u></b>	





**CHECK OUT - CHARGES**

	Average			
Check out time in minutes	0:02:28	0:00:55	0:00:32	0:01:18
What functions are performed at checkout?	Collect copy / schedule follow-up appointments / write in charge totals on encounter form			
Are charges manually reviewed for accuracy?	Yes			
Time spent researching codes	30 min / day			
# of codes requiring research	130 per / wk All services performed in Atmore, require code research with multiple diagnosis.			
*How much time is spent per day keying charges including research, reviewing dictation, conferring with physician, etc.?	6 Hrs			
Are charges entered as the patient checks out or held and entered later?	Later			
When are charges entered compared to the date of service?	1-3 Days			
Who codes the charges?	Provider			
How often/when are charges filed?	3 per / wk			

\*Calculation includes manual batch prep for each Specialist traveling to the satellite clinics.

**Analysis of Encounters**

Encounter	1	2	3	4	5	6	7	8	9	10
Number of CPT codes billed	3	1	2	4	4	1	3	4	1	1
Number of ICD-9 codes billed	1	1	4	2	3	2	1	1	4	3

Encounter	11	12	13	14	15	16	17	18	19	20
Number of CPT codes billed	2	2	2	2	2	3	1	2	4	3
Number of ICD-9 codes billed	2	1	1	1	1	1	2	3	4	3

Analysis:					
Avg. hours/week keying charges	30	Total annual patient visits	14,148	Avg. minutes/day addressing coding ?s	60
Avg. hours/year keying charges	1,560	Estimated average check out time/minutes	1.18	Avg minutes year addressing coding ?s	15,600
Avg. billing salary with benefits*	\$12.92	Annual minutes checking pts out	16,695	Avg. hours/year addressing coding ?s	260
Cost associated with chg entry	<u>\$20,152</u>	Annual hours checking pts out	278	Avg. billing salary with benefits*	<u>\$12.92</u>
<b>Opportunity cost associated with 50% decrease in process time</b>	<b><u>\$10,076</u></b>	Avg. clerical salary with benefits	\$11.47	<b>Estimated cost of coding questions (office billing only)</b>	<b><u>\$3,359</u></b>
		Cost associated with check out	<u>\$3,190</u>		
		<b>Opportunity cost associated with 50% decrease in check-out time</b>	<b><u>\$1,595</u></b>		
* Salary of actual employees performing task				* Salary of actual employees performing task	





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**CHECK OUT - EXPECTED REIMBURSEMENT**

**Reimbursement Review**

Code	BCBS of AL	UHC	Aetna	BCBS of FL
99243	107.00	92.00	159.14	131.25
99203	74.00	74.00	121.30	101.57
99214	58.00	77.16	99.00	87.04
99213	45.00	39.00	64.00	49.44
99244	138.00	129.00	220.49	159.68

**EOB Review**

Are any codes in the EOB review being reimbursed at 100%?

No





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**PAYMENTS**

Total # of Providers FTEs                      5                      Includes 1 NP

**TOTAL**

Time period:	*2002	MGMA Med.
Average charges	\$11,434,462	\$5,191,618
Average receipts	\$3,573,437	\$2,712,744
Average adjustments	\$7,224,563	\$3,452,456
Gross collection rate*	31.25%	49.63%
Adjusted collection rate*	84.88%	97.18%
A/R Ratio	2.40	2.09
Total A/R	\$2,289,910	\$948,896

\*Practice reporting constraints do not allow for complete differentiation between capitated and fee-for-service activity. Therefore, while a gross and adjusted collection percentage can be calculated, the resulting calculation is NOT sufficient to adequately quantify ROI. However, because in our professional opinion, ROI does exist, an increase of 2% of gross collection has been used.

Date Sources:

Accounts Receivable Reports	<u>    X    </u>
Monthly Billing Reports	<u>    X    </u>
YTD Billing Reports	<u>    X    </u>

<b>Analysis:</b>	
If PrimePractice allows the practice to experience a 2% increase in collections, attainable through improved coding and claims filing process efficiency, then:	
Average Monthly Charges	\$952,872
Minimum anticipated improvement	2.00%
Potential for monthly improvement	<u>\$19,057</u>
<b>Potential for annual improvement</b>	<b><u>\$228,689</u></b>





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**CLAIMS**

How many are printed and mailed hardcopy?	265 per / wk	15 hrs / wk
How many are filed electronically?	411 per / wk	4-5 hrs / batch to perform manual edits
Rejections:   Hardcopy		3 batches per / wk
Electronically	27 per / wk	
Total rejects per batch	9	
How long does it usually take to correct rejected claims?		45           min / wk
What are the common causes for claim rejections?		UPIN missing / subscriber id invalid / demographic errors
What is done with these claims after they are corrected?		Flagged to refile
What is the average length of time between the date of service and when a claim is filed?		4-5 days
How much time is spent creating a transmittal and monitoring the sending process?		1.5           hrs / wk
Is the practice incurring any costs for electronic transmission?		316           per / month

<b>Analysis:</b>	
Average minutes/week processing claims	990
Average # of transmittal days/year	159
Total number of minutes	157,410
Total number of hours	2,624
Avg salary + benefits involved w/ process*	\$14.40
Cost associated with claim processing	<u>\$37,778</u>
Opportunity cost associated with 95% process improvement	<u>\$35,889</u>
*actual employee performing function	





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**STATEMENTS**

Does the practice cycle bill? Yes / Wkly  
 Are statements produced in-house? No  
 How many statements are mailed each month? 1097  
 How many pages does the average statement have? 1

**IF PRODUCED IN-HOUSE:**

How many employees are involved in preparing them for mailing?  
 How many TOTAL hours does it take each month?

**IF OUTSOURCED:**

If not, how much do you pay to have them processed and mailed for you per month? \$603.35  
 What are you getting for this - bulk vs first class, return postage, etc.? unknown  
 How is the billing information communicated to the outsourcing company? File transmitted electronically.  
 Who in the office is responsible for preparing this information for the outsourcing company? Insurance / Billing Specialist  
 How long does it take this person to prepare this information? 30 min / wkly  
 How soon are statements mailed once the outsourcing company receives the billing information?  
 What are the hard costs associated with doing the statements inhouse?

Data Sources: Review of billing invoices from outsourcing company     X      
 Conversation w/ manager     X      
 Conversation w/ person performing task     X      
 Other \_\_\_\_\_           

<b>Analysis:</b>	
Employee hours required to prepare data for statement processing	2
Number of months prepared	12
Total hours consumed	24
Salary of employee performing task w/ benefits*	\$11.40
<b>Opportunity cost attributable to decreased time</b>	<b>\$273.60</b>
*Actual employee performing task	
Number of statements generated each month	1,097
Monthly cost of statements	\$603.35
Annual cost of statements	\$7,240.20
<b>Total estimated cost of in-house statements</b>	<b>\$7,514</b>
Cost per Greenway statement	0.51
Number of statements generated each month	1,097
Monthly cost of statements	\$559.47
<b>Annual cost of statements outsourced to Greenway</b>	<b>\$6,714</b>
<b>Opportunity cost of outsourced billing</b>	<b>\$800</b>





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**REPORTING**

Does the practice do any age/diagnosis/targeted marketing?	No
Does the practice track no-shows/know its no-show rate?	No
Does the physician use panels for disease management?	No
How much time is spent maintaining tickler/patient recall systems?	N/A
Is this done through the billing system or manually tracked?	N/A

**RISK MANAGEMENT**

Avoid/minimize potential litigation through:

- accurate coding
- management of prescription drugs (drug-drug, drug-food, allergy interactions)
- improved communication and follow up on lab results
- physician review of documentation

Improved compliance with Fraud and Abuse statutes.

Improved compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Reduced liability exposure due to discontinued need to transport charts between locations.





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**OTHER**

How many total employees does the practice utilize? 31  
 How many of the total # of employees are full time? 31  
 How many of the total # of employees are part time? 0  
 On average, how many hours does each part time employee work? N/A

**STAFFING COMPARISON**

	Practice	MGMA
Total FTEs	31.00	14.88
Clinical	7.00	3.56
Billing	8.00	2.52
Reception / Front Office	10.00	3.52
Administration	2.00	1.40
Medical Records	1.00	1.12
Radiology	2.00	1.4
Mid Level	1.00	1.36

	Clinical	Admin
On average, how many total employee hours are worked per yr?	19,813	45,116
How many overtime hours are currently being worked per yr?	1,093	1,436
What percent is overtime of total hours worked?	6%	3%
Average hourly rate for each classification excluding manager	\$13.36	\$9.86
Average hourly rate for each classification with benefits at 20%	\$16.03	\$11.83
Estimated annual cost of overtime	\$26,284	\$25,486

Sources of Data:

Payroll report     X      
 Conversation with Manager     X      
 Other \_\_Mgr W/S\_\_\_\_\_           

**Analysis:**

Estimate 50% reduction of clinical overtime with implementation	547
Annual cost of clinical staff with benefits	\$24.05
<b>Opportunity cost (annual) of reduced clinical overtime</b>	<b>\$13,142</b>
Estimate 50% reduction of admin overtime with implementation	718
Annual cost of admin staff with benefits	\$17.75
<b>Opportunity cost (annual) of reduced clinical overtime</b>	<b>\$12,743</b>
Potential redirection of FTE	4
Average hourly rate with benefits	\$13.60
<b>Opportunity cost (annual) of staffing change</b>	<b>\$113,152</b>

