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New Practice Startups: Your Roadmap to Success



April 18, 2023

Today's Talking Points



- Timeline
- Practice models
- Benchmarking

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Introduction



Introduction

- Due diligence and preparation varies if you're starting a new practice or if you're expanding with a new location of an established practice
- There's an increasing demand for healthcare services across the country
- The need for more physicians is increasing each year
- Opportunities for opening new practices include:
 - Multiple practice models
 - Quality incentives
 - Service expansion

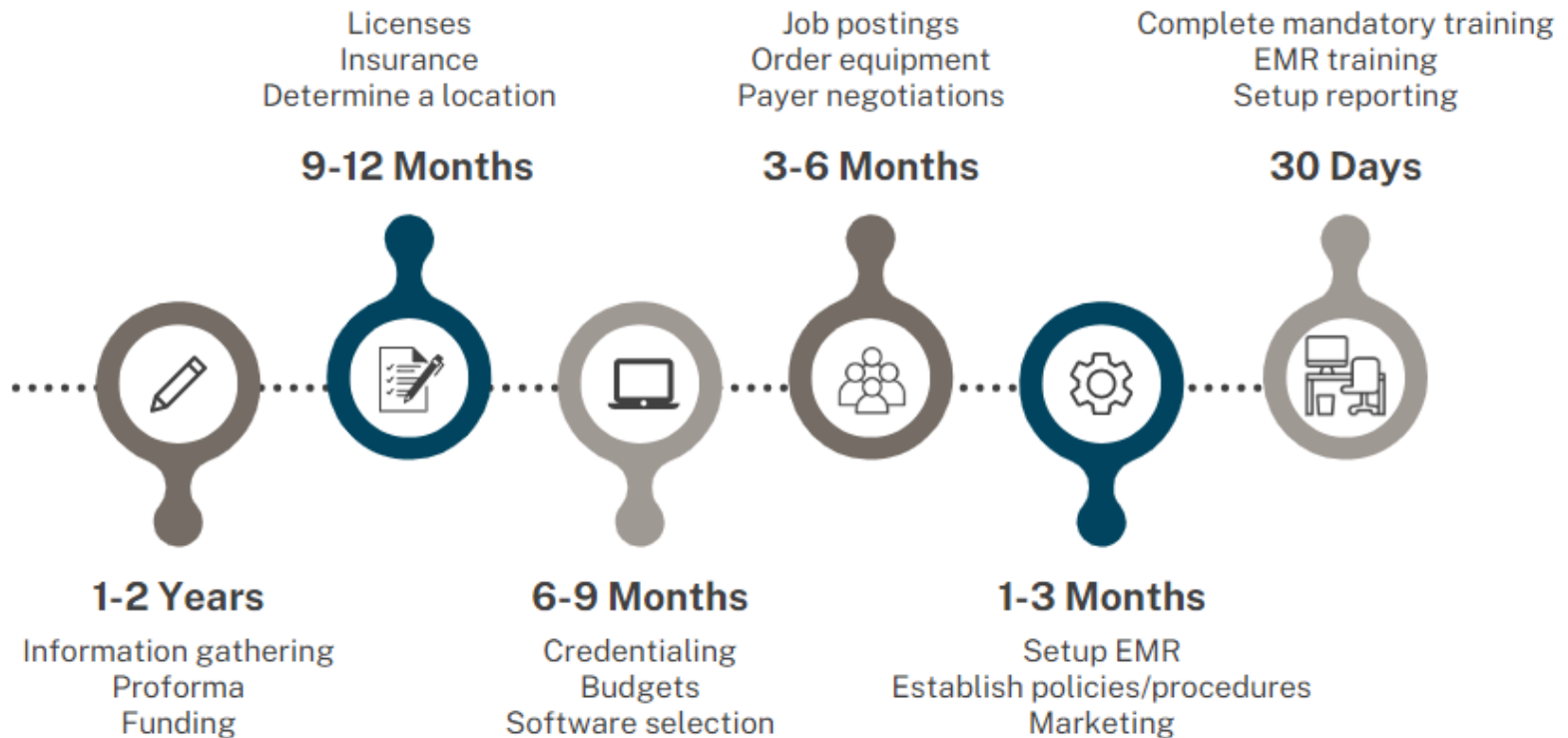
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Timeline



New Practice Startup Timeline



12-24 Months Pre-Opening

- Information gathering
- Physician recruitment
- Proforma/value analysis
- Develop contracts, conflict of interest, and confidentiality agreement
- Choose a location
- Contract with consultants and vendors as needed
- Obtain funding

9-12 Months Pre-Opening

- Establish trade name/DBA
- Obtain tax ID/EIN
- Obtain malpractice insurance
- Apply for licenses
 - Business, DEA, state medical licenses, equipment, etc.
- Lease or purchase a location
 - Office buildout
- Obtain FMV appraisal, if needed
- Setup banking

6-9 Months Pre-Opening

- Hospital privilege applications
- Establish capital and operating budgets
- Determine equipment needs
- Develop job descriptions
- Provider contracting
- Identify payers with which you'll contract
- Credentialing
- Determine if you'll outsource any functions
- Select an EMR

3-6 Months Pre-Opening

- Job postings for administrative and support positions
 - Hire practice administrator/manager, HR director, CFO, COO, etc. early
- Purchase software
- Obtain lock box
- Join local/state medical societies
- Submit payer applications/negotiations with payers
- Establish marketing plan
- Order computers, phones, and other office equipment
- Determine operating hours

1-3 Months Pre-Opening

- Setup payroll system
- Establish all accounting and reporting systems
- Establish compliance plan, internal controls
- Implement marketing plan
- Setup EMR
 - Schedules, templates, workflows, charging, dashboard, etc.
- Order reference materials
- Request access to hospital EMRs, if needed
- Setup e-prescribing in EMR
- Document operating procedures
 - On-call, sample medications, ordering, notifying patients of results, etc.

30 Days Pre-Opening

- Complete OSHA, HIPAA, and compliance plan training
- Train staff on EMR
- Set daily/weekly/monthly reporting needs
- Publish website
- Make patient appointments

7 Days Pre-Opening

- Documentation and coding review with providers
- Finalize superbill/encounter form, if needed
- Post all notices required by city, state, OSHA, etc.
- Prepare consents, HIPAA privacy notices and other documents that may be physically presented to patients
- Inform all patients scheduled the first week to arrive early

Day One

- Have IT available
- Observe all processes
- Provide additional training as needed
- Run all reports early
 - Start establishing dashboards

30 Days After Opening

- Have medical records and billing audited
- Verify all staff training and orientation was completed
- Reconcile all payer payments for accuracy
- Monitor workflow for opportunities to improve

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Practice Models



Traditional Practice Model



- Collect patient responsibility and bill insurance
- See high number of patients to cover costs
- Traditional hours and staffing

Direct Practice Model

- Patients pay a membership fee
- Insurance never accepted
- Providers see fewer patients
- Provider may make themselves more accessible to patients



Concierge Practice Model



- Patients pay membership fee
- May also bill insurance
- Providers see more patients
- Providers are typically more accessible to patients

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Benchmarking



Initial Metrics to Monitor

- Patient acquisition cost
- Revenue per patient
- Patient wait time
- Appointment length
- Average charge per encounter
- Chart completion time
- Patient satisfaction

Ongoing Metrics to Monitor

- Daily charges
- Daily collections
- Cost per encounter
- Reimbursement per encounter
- Insurance processing time
- Clean claim rate
- Denial rate
- Days in A/R
- Total revenue
- New and established patients

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What's Next?



Managing a Successful Practice

- Continuous improvement
- Employee engagement
- Patient attraction and retention
- Reporting
- Prepare for audits

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Resources

- AMA Private Practice Playbook: <https://www.ama-assn.org/practice-management/ama-steps-forward/private-practice-playbook>
- AMA Things to Consider Before you Choose a Practice Setting: <https://www.ama-assn.org/medical-residents/transition-resident-attending/things-consider-you-choose-practice-setting>
- MGMA DataDive: <https://data.mgma.com>
- Population Projections: <https://www.census.gov/programs-surveys/popproj/data/tables.html>

Revenue Cycle Services

- Coding Audits and Education
- Compliance Plan Development, Maintenance and Education
- Payer Appeals
- Chargemaster Reviews
- New Practice Start-ups
- Due Diligence Reviews

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Questions?

Contact Us

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