



## PROTECTING YOUR MEDICAL PRACTICE DURING UNCERTAIN TIMES

Given the recent disruption and decreased demand for physician office services, coupled with the foreboding predictions associated with the COVID-19 pandemic, both hospital-affiliated and private medical practices are having to adjust their operations in order to provide billable patient care services while salvaging the cash flow/liquidity of the practice. Indeed, physicians have been slow to adopt telemedicine as an essential adjunct service; yet, the current external environment beyond our control has caused physicians to respond and explore ways to optimize operational changes in terms of modifying the traditional business model of physician practices in order to be financially viable now and in the future.

The greatest change has resulted in realizing the benefits of telemedicine as physicians are discovering the benefits of performing patient assessments (within limits) through telehealth visits, online digital visits, remote patient monitoring and telephonic evaluation and management (E&M) services. In addition, practices have begun providing other telemedicine services such as Medicare Annual Wellness Visits (AWV), Chronic Care Management Visits (CCM), etc. Practices must be proactive in communicating with patients through all messaging media about their ability to serve their patients using telemedicine during this time of crisis and position themselves for the future. Incidentally, certain specialists can utilize telemedicine for patient consultations and physician referrals regarding future patient procedures, such as orthopaedics, gastroenterology, cardiology, plastic surgery, etc.

Unfortunately, most of us live in a comfort zone and are unwilling to change. However, necessity is the mother of invention and true innovation takes place outside of our comfort zone. We must also explore opportunities for alternative sources of revenue available through various federal government programs, such as the Paycheck Protection Program, Economic Injury Disaster Loans (EIDL), Medicare Accelerated/Advanced Payments, etc. While most businesses, including medical practices, are exploring ways to reduce expenses via "cost control programs," it has been said that you can never save your way into prosperity, i.e. no one has ever become wealthy through cutting costs. It always gets back to converting physician effort into net patient revenue (collections).

While various practice growth strategies may be difficult to initiate in the near term, practices can certainly review labor costs and decide if it is better to reduce employee salaries by 20% v. employee layoffs, consider changes to employee benefits and

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- CORPORATE OFFICE -

909 Poydras St., Suite 2600, New Orleans LA 70112 • (504) 281-2372 • Fax (504) 281-2576

Email: [info@peakphvs.com](mailto:info@peakphvs.com) • [www.peakphvs.com](http://www.peakphvs.com)

assess inventory needs. The inventory on hand must be sufficient to meet the patient demand, but the practice must avoid excessive inventory (and expense) and the practice should have honest conversations with all critical vendors about their supply inventories and their ability to provide a reasonable turnaround time for supplies and pharmaceuticals.

The Revenue Cycle of the practice (Reimbursement Systems, Billing and Collection Processes and Accounts Receivable = Cash) MUST be managed daily. These areas represent the cash flow of the practice, along with upfront collections, timely completion of medical necessity and pre-authorization and prompt processing of claim denials and rejections. Since the majority of future cash flow resides within Accounts Receivable, absolute attention and follow-up must be given to each unpaid insurance account in excess of 60 days old. Although insurance companies and their workforce are being impacted like all businesses, they are still processing claims daily.

Lastly, medical practices should approach their business decision-making with reliable financial and operational data, much like physicians approach clinical decision-making. This objective approach involves detailed Business Action Plans utilizing "The Five Levers of Medical Practice Improvement", those being Reimbursement Systems, Billing and Collection Processes, Accounts Receivable Management, Operation Improvement and Practice Growth." These plans should include monitoring key financial and operating indicators, management dashboards and reports and monthly/quarterly cash flow projections. Once these plans have been developed and implemented, the practice should be positioned to be RECESSION PROOF! While the current COVID-19 crisis will impact all of us both personally and professionally for the foreseeable future, we will survive these challenging times with a new (and better) patient care delivery model which is more convenient and cost-effective for both patients and physicians.

John W. McDaniel, MHA  
Founder and Chairman

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- CORPORATE OFFICE -  
909 Poydras St., Suite 2600, New Orleans LA 70112 • (504) 281-2372 • Fax (504) 281-2576  
Email: [info@peakphys.com](mailto:info@peakphys.com) • [www.peakphys.com](http://www.peakphys.com)