Cost containment and revenue management strategies for anesthesia group practices in the era of value based business models
Anesthesia group practices are struggling to withstand today’s volatile healthcare environment. The current workflow and revenue cycle of anesthesiology practices are ill equipped, to handle the market forces impacting healthcare. There is immense pressure to elevate quality of care while maximizing financial efficiency.

This white paper will anatomize the current challenges faced by anesthesiology group practices, as they take the quantum leap towards the value based reimbursement model. The report will offer cost containment strategies and insights on how group practices should view and shape their revenue cycle.
Inadequate mechanisms to achieve optimal financial performance, dwindling payer reimbursement rates and unstandardized workflows are placing a strain on the day to day functioning of group practices. “The latest changes in the healthcare field area punch in the stomach for physicians and CFOs. We had an almost 30% drop in productivity over the last couple of years. The number of workarounds, tasks to be accomplished, and guidelines to be met are increasing. We’re not sure when our practice will regain its total productivity”, says Mellissa Wertheim, the owner of an anesthesiology group practice based in NJ. Reworking internal processes and optimizing the revenue cycle to yield better results is the way forward.
According to a survey conducted by MGMA on the biggest blank walls facing group practices, around...

- 69.9% practices felt that maintaining physician compensation levels was the biggest challenge.
- At 68%, dealing with operational costs was the second biggest roadblock.
- 56.9 of group practices struggled with managing finances.
Maintaining physician compensation levels despite dwindling reimbursement

One of the biggest pain points that anesthesia medical group practices face is implementing a compensation plan that reflects new market realities. A failure to align physician compensation strategies with the value based environment will increase the risk of non-compliance. Volume based compensation models should be replaced by performance based plans to keep pace with evolving regulations.

For developing an optimal physician compensation plan, group practices should track key benchmarks.
5 Important benchmarks that can help establish base compensation for physicians:

- Number of patient visits per workday
- Relative value units produced
- Productivity ratio
- Actual cash collected
- Total number of appointments/ hours spent in patient care

Download this free template to track physician productivity benchmarks
Containing core operational costs remains a key issue. The cost of running a medical practice has increased more quickly than Medicare payments and the consumer price index. From EHRs to medical supplies everybody who is a part of the healthcare eco system is angling for more dollars.

Controlling the costs of office and medical supplies and reducing energy costs are definitely smart ways to minimize operational expenses. But conventional cost cutting methods such as these can only help to a certain extent. To contain costs, group practices must focus on effectively managing care variations and smarter utilization of resources.

**Download this free template to know your top insurers**
Bending the cost curve

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Increasing the practice's efficiency</td>
<td>48%</td>
</tr>
<tr>
<td>Exploring different business models (i.e. mergers, becoming part of</td>
<td>34%</td>
</tr>
<tr>
<td>a hospital system, patient-centered medical homes, ACOs, etc.)</td>
<td></td>
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<tr>
<td>Adopting technology to improve clinical decision making/</td>
<td>31%</td>
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<tr>
<td>support evidence-based medicine</td>
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<tr>
<td>Pursuing meaningful use certification</td>
<td>25%</td>
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<tr>
<td>Adopting other types of healthcare IT</td>
<td>17%</td>
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<tr>
<td>Increasing and/or improving patient education efforts</td>
<td>16%</td>
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<tr>
<td>Public reporting of quality metrics</td>
<td>14%</td>
</tr>
<tr>
<td>Increasing attention on patient safety</td>
<td>11%</td>
</tr>
</tbody>
</table>

Question: Which of the following are the top focus areas for your office/practice over the next 3-5 years?
3 areas group practices can minimize costs

STAFFING

BILLING

TECHNOLOGY
Hiring too many staff is a huge revenue drainer. Hiring part-time staff to handle peak hours is one strategy that can result in huge cost savings. The saved half-time salary adds up to thousands of saved dollars annually. Calculating the total number of hours to handle tasks based on patient volume will help you determine effective staff utilization. Outsourcing staffing functions and revenue cycle processes is another proven way to control costs.

Reducing billing inefficiencies can lead to a significant reduction in costs. A better medical billing flow will tighten the billing cycle and reduce the time taken to receive reimbursement. An effective medical billing process is one of the surefire ways to put a cap on rising costs.

Most healthcare organizations feel technology exacerbates costs. But the right technology can reduce overall costs and slow the growth of expenditures. Tracking vital key performance indicators will enable group practices to eliminate revenue leaks and ineffectual revenue cycle processes.

Download this free template to know the efficiency of your claims cycle.
The lack of standardized processes and workflows causes inefficiency across group practices. Most group practices are joining larger healthcare systems to gain a foothold in the tumultuous healthcare landscape. It is vital to follow a standardized workflow to integrate new providers and practices into the group.

A non-standardized process will lead to missed revenue and disorganized workflows. Gaining visibility across different processes will increase the bottomline benefits of group practices. Of course it is easier said than done. Fortunately there are several tools and resources that deliver critical business intelligence and shine a light on the metrics that matter.
What To Look For?

Here is what to look for in a BI app:

☑ Powerful drill down capabilities and ease of access

☑ Robust reporting of operational and financial data

☑ Realtime tracking of performance, trends and KPIs

Have 5 minutes to spare? Check if theBillingBridge fits your needs.
In the consumer directed healthcare environment (CDH), patients shoulder most of the payment responsibilities. After claims adjudication a part of the financial responsibility is passed on to patients. It is essential to rethink traditional revenue management strategies to survive in the current climate.

Improving the patient’s financial experience is now a front and center issue. It is essential for providers to encourage patients to pay early and educate them on their payment responsibilities. Group practices usually face a high level of bad debt when it comes to patient payments.

To improve the financial experience of patients and reduce bad debt, healthcare experts have identified key milestones that need to be focused on in the patient journey.
They are…

- The appointment scheduling process
- Patient registration
- Payment resolution

Download your free appointment summary template here

A revenue cycle that is on the hamster wheel

The revenue cycle of medical practices is becoming increasingly complex. To improve revenue capture and contain costs group practices should re-engineer their revenue cycle to keep up with the seismic changes in the healthcare environment.

- 12% of revenue is wasted due to avoidable administrative costs
- Medical billing inefficiencies account for 74% of these costs

Anesthesia
BillingBridge
Percentage of revenue written off by medical practices has increased by 5.9%

Net AR days outstanding increased by 9.9%

A quick guide to improving revenue cycle performance:

- To reduce denials in the back end, improve the capture and verification of pertinent patient information. Optimize charge capture and reduce the time taken to post charges.
- Track vital revenue cycle KPIs to minimize gaps and redundant processes.
- Set goals and benchmarks to improve collections.
- Scale down on denials by identifying denial patterns and insurer-wise details.

Track common denominators. Download free denial analysis template.
AnesthesiaBillingBridge is a revenue cycle management company with footprints all across the country. We help healthcare organizations maintain a positive cash-flow, stay compliant and reduce cost to collect. Our tools and applications will enable medical practices to take quick decisions about their revenue cycle operations.

About US

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Contact US

Address:- 3907 Liggio St Suite A/B, Dickinson TX-77539

Toll Free:- 713-893-6202

Email:- support@anesthesiabillingbridge.com