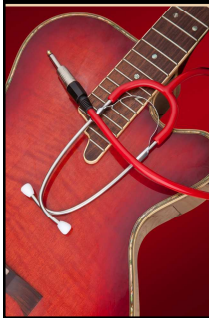


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Expanding the Scope of Your Practice: Does it Make Sense?

Keith Borglum, CHBC
Robert J. Holzhauer, MD, MBA
J. Allen Meadows, MD
Warner Carr, MD

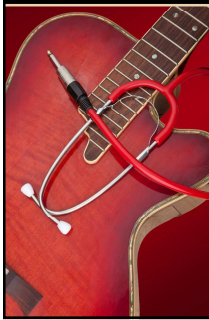
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Learning Objectives

- Understand how to conduct a cost-benefit analysis to determine if adding a new service or procedure is the right decision for your practice
- List three procedures or services an allergy office can add to enhance patient satisfaction and the practice bottom line
- Identify strategies for competing with other health providers in your community

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Calculating and Benchmarking Expenses

Disclosures:

Keith Borglum is:

a Licensed & Certified medical practice Broker and Appraiser

a private practice consultant to physicians

author of the *Medical Practice Forms Book*

author of the *Medical Practice Pre-employment Tests Book*

author of the *Medical Practice Valuation Workbook*

contributor to the *AAAAI Resource Workbook*

member Society of Certified Healthcare Business Consultants

member Medical Group Management Association

member Institute of Business Appraisers

member National Association of Certified Valuation Analysts

member California Association of Business Brokers

member of consultant-panel or faculty of other associations

Many of which provided information or data

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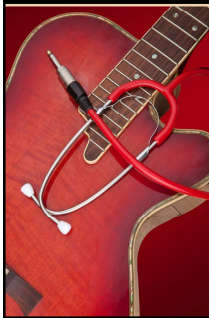
Cost-Benefit Analysis

• First – What are the Goals?

- Philosophical
- Personal clinical interest
- Improved services / quality
- Competitive advantage
- Net profit
- Get better insurance/ACO contract
 - Fee-for-service
 - Capitation / global



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Cost-Benefit Analysis

- **Fee-for-service**
 - How much extra labor & expense?
- **Capitation / Bundle / ACO**
 - Will it “carve out” cap \$?
 - Will it save risk pool \$?
 - Will it earn quality bonuses/(P4P)?



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Cost-Benefit Analysis

- **Analyze labor costs**
 - You: \$150-\$250/hr
 - Staff: \$10-\$50/hr, or addl \$150+
- Will it require more staff or will it in-fill to existing staff?
- **Lowest skill-level legal?**
 - May differ FFS v Cap



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Cost-Benefit Analysis

- **Analyze equipment costs**
- Equipment costs tend to be fixed over a period (except “per click”)
 - Ex: \$50,000 cash purchase,
or financed 5 years/5%/\$190/mo
or financed 10 years/5%/\$106/mo
- Maintenance & repair costs?
- New or used or leased?
 - Never lease if you can buy



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Cost-Benefit Analysis

- **Need tenant improvements?**
 - Fixed over a period
 - Plus possible increased rent
 - Ownership reverts to lessor so you want to stay a long time
- **Example:**
 - $\$150/\text{sqft} \times 500\text{sqft} = \$75\text{K}/\$800/\text{m}$
 - $\$2/\text{sqft} \times 500\text{sqft} = \$1000/\text{m rent}$
 - $= \$1,800/\text{mo facility costs}$

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Cost-Benefit Analysis

- **Analyze variable supply costs**
 - Actually used
 - Waste / expired / pilfered
- Use is productivity-dependent
- Included or FFS billed?
- Price-sensitive v “Costco”?



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Cost-Benefit Analysis

- **Source of patients**
 - Add-on service to existing?
 - Or marketing costs to attract?
 - Or high referrer-demand?
 - Allowing additional add-ons or conversions to other services



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Cost-Benefit Analysis

- **Satellite offices**

- #1 reason for owner dissatisfaction
- Adds management complexity
- If hiring extra providers, who will service satellite if provider leaves?



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Cost-Benefit Analysis

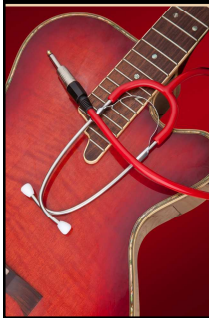
- **Leverage routine-visit labor:**

- Employ an allergist at \$250,000+
- Employ an FP at \$180,000+
- Employ a PA/NP at \$90,000+

- *They all charge & get reimbursed the same!*



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Cost-Benefit Analysis

- **Sublets**

- ENT, Derm, Pulmo, Lab, Imaging
- Can charge for rent, staff, supplies, equip, furnishings, signage, etc
- All open scrutiny for “fee-splitting” and a red-flag alert with OIG / State
- Can’t charge more than market rate rent. So why bother?
- Have a FMV 3rd-party report on file if you do it

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Cost-Benefit Analysis

- **Practice purchase is very profitable if:**

- At the right price
- It earns you profit in excess of your personal labor
- You have the ability to manage it
- FMV is approx 1.5 x pre-tax net above compensation for your personal FMV of labor

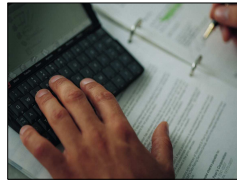
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Cost-Benefit Analysis

- **Summary**

- Know all your costs
- Have CPA do tax-analysis & reality check
- Know where patients come from
- Know volume required for profit



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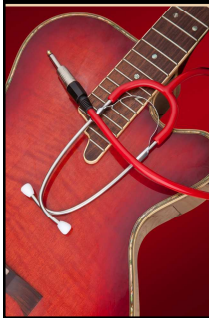


Strategies to Compete

- Contracting
- Networking / referral building
- Traditional media / methods
- Web site(s)
- Social Media @
- See AAAAI Resource Guide for details, Chapter 7, & 2011 AAAAI Marketing Workshop archive



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Economics of Hiring a Nurse Practitioner:

The Experience of One Northeast Practice

- 2 NPs for practice of 7 MDs
- 5 offices to staff with MDs/NPs

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Economics of Hiring a Nurse Practitioner

- 1 NP (8 yrs with practice, 32 hrs/wk)
 - Revenue of \$157K in 2012
 - Netted practice \$63K
- 2nd NP (1 yr with practice, 40 hrs)
 - Revenue of \$149K, netted \$60K
- Each NP paid hourly with bonus if they covered direct expenses and 60% practice overhead. Both did.

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Economics of Hiring a Nurse Practitioner: Caveats

- One MD must be responsible for oversight of work of NP
- May want to limit NP practice to follow-up and sick visits
- Risk the wrath of referring MDs who may be offended by “lower level” practitioner seeing their patients instead of MD specialist

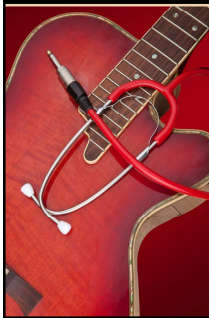
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Intravenous Infusions: Experience of a Northeast Practice

- 4 of 7 allergists also rheumatologists (more likely to generate infusion patients than “pure” allergists)
- Approached by dominant insurer to reduce cost of infusions (traditionally done in hospitals)
- Began with Remicade for RA (now also used for inflammatory bowel disease, psoriasis, other inflammatory diseases)

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Infused Drugs

- Remicade and Orencia for RA
- Boniva and Reclast for osteoporosis
- Rituxin for RA, Wegeners, other vasculitides
- Actemra for RA, adult and juvenile
- Benlysta for SLE
- Krystexxa for chronic gout
- IVIG for hypogammaglobulinemia
- Privigen for hypogammaglobulinemia, polymyositis and dermatomyositis

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Intravenous Infusions: Economics

- In 2012, generated \$4.06M (37% of practice)
- High overhead service: profit to practice averages about 15% (\$609K)

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Intravenous Infusions: Caveats

- MDs must be in attendance for direct oversight of RNs work in infusion center
- Infusion patients should be seen by practitioner for at least brief history and physical exam at each visit
- Reactions to infusions may be different from those seen with immunotherapy

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Sublingual Immunotherapy (SLIT)

- Not FDA-approved
- Not reimbursed by insurance
- Proven efficacy if:
 - highly concentrated extracts
 - single antigen
 - follow protocols used in studies

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Sublingual Immunotherapy (SLIT): Economics

Limited Market

- Small # of allergens
- Willing to pay cash

No need to discount

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Sublingual Immunotherapy (SLIT): Economics

- Pay extract company to prepare extracts
- Charge patients multiple of cost
- Can advertise and use SLIT as “loss leader” since most patients will end up on SCIT

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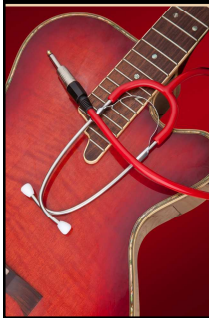


**If All Else
Fails...**

RAW HONEY


**ALLERGY
BUSTER**
LOCALLY GROWN

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Expanding Scope of Practice: Virtual Office Visits & COPD

J. Allen Meadows, MD

Clinical Instructor, UAB Montgomery Internal
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Virtual Office Visits: Requires Patient Portal Web Site

- Advantages
 - Nothing drives traffic to your site better
 - Really improves placement with search engines
 - Better Encourages patients to check the web site instead of calling the office
 - Requirement in federal "Meaningful Use" standards
- Disadvantages
 - Much more expensive
 - Patients must register to participate
 - Requires many people in your office to be "in charge" of various areas including the doctor and practice manager

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Patient Portal

- Examples of services that can be hosted on Patient Portal web sites
 - Virtual visits or email communication
 - eNewsletters to patients
 - Appointment scheduling
 - Prescription renewal
 - Online bill payment
 - Interactive maps
 - Prior authorization requests
 - Completion of registration materials, and pre-evaluation questionnaire
 - Hosting of Personal Health Records

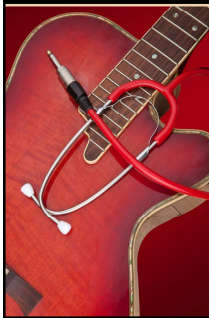
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Patient Portal eNewsletter

- Examples of information I send in eNewsletters
 - Links to medication coupons on my web site
 - Last minute changes in shot hours
 - Availability of flu shots
 - Job openings
 - New services the practice offers
 - Planned TV appearances
 - Asthma camp applications

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Patient Portal

Why Consider Virtual Office Visits?

- Desirable patients think they want it
 - Few actually use it
- A good option for patients whose “time really is money”
- Option every other year for annual visit “easy” patient with hives or rhinitis
- Great option for students out of state or international travelers

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Patient Portal

Why Consider Virtual Office Visits?

- Most are easy to do using templates
 - Intuit offers product which asks questions for you!
- Something staff can offer “difficult” patient who is over due for a visit
- Aware of practices who now give “sick calls” three options
 - See a CRNP
 - Virtual visit
 - Talk to an RN on the phone for a fee

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Patient Portal

Why Not Just Send an Email?

- Not easy to get paid for emails
- People under 30 don't read emails
- Email communication is governed by HIPPA laws
- Communication must be encrypted and secure
- Published eRisk Guidelines
- Most operate like online banking
 - Patient receives an email indicating they have a message & log-on to a secure site

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Virtual Office Visits: The Pitfalls

- Governed by each state's BME
 - A supplement to, not substitute for in person visits
 - In Alabama may give advice and refills to a patient, *if medically appropriate*, for a maximum of 2 years of an in-person visit
- Practicing in a state you have no license
- Must be able to electronically collect credit card payment upfront
- Malpractice carrier must know you are doing online visits

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Virtual Office Visits: The Pitfalls

- Some insurers pay for virtual visits
 - Rates are so low barely worth filing the claim
- Most insurers don't pay but require patients to waive their right for you to file a claim on the service
 - Most except a virtual waiver
 - Waivers built in to most sites that offer service

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Virtual Office Visits: Options

- Ask your current local web site developer to create a virtual visit module
 - Prohibitively expensive
 - Unlikely to meet all government & insurance rules & regulations
- Use an established provider of online communication
 - As an add-on to an existing site
 - To replace an existing site

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Virtual Office Visits: The Big Five Players

- Intuit
 - Acquired the ACAAI Medem sites in 2009
 - Comprehensive suite of online services purchased “a la carte”
 - Very expensive startup and maintenance costs, especially if using interactive services
 - Outstanding references

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Virtual Office Visits: The Big Five Players

- Kryptiq
 - Only offers online communication as an add-on to existing web site
 - At least on the surface seems more affordable
- Relay Health
 - Does not return the calls of a small practice

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Virtual Office Visits: The Big Five Players

- Google
- Microsoft
- I'm sure there are others

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Expanding Scope of Practice: COPD

- Asthma and COPD
 - Conditions often overlap
 - Often confused by patients & PCP's
- We already treat respiratory disease
- Drugs used to treat overlap
- Much more common than you might think

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COPD: What Can We Do the Others Don't?

- Teach spacer use
- Ensure nebulizer is functional
- Manage co-morbid conditions
- Rhinitis
- GERD
- Hold their hand, ensure compliance

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COPD: What Can We Do the Others Don't?

- Just like with asthma, many pulmonologists are overwhelmed
 - With more severe patients
 - Over-manage acutely and under-manage chronically
- Co-management
 - I manage day-to-day problems
 - Pulmonary sees once a year
- I draw the line at oxygen use

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Discussion

- www.eallergy.yourmd.com