

Spring 2017

# Practice Management

A D V I S O R

**Taking care of business**  
*4 strategies for a more  
dynamic medical practice*

**What can you do to  
prevent employee fraud?**

**Catching up with  
meaningful use in 2017**

**The power of delegating:  
Improving practice efficiency**

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**HCAA**  
National CPA Health Care  
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## 2. Determine your brand

Before you can market your practice, you've got to brand it. Ask the fundamental questions of who you are and what your practice is about. What sets your practice apart from other practices in your area? It might be hospitality, a great bedside manner or efficiency.

Whatever makes your practice unique, recognize it and develop it. These are so-called "nonclinical factors." In essence, they involve that part of your practice that helps develop patient-physician rapport.

## 3. Market the practice

Once you've identified and established your practice brand, you can market it. This is important. Don't wait for patients to walk through the door. Be proactive. Generally, a good marketing plan has four pillars:

**1. Web-based marketing.** This includes the practice website, social media, online videos, review sites and potentially even Google search rankings.

**2. Referral marketing.** Your practice needs an appropriate and effective referral program for medical and nonmedical sources.

**3. Internal marketing.** This includes everything that happens as soon as a patient pulls into your parking lot. It includes signage, your building, its cleanliness and layout, how staff greets patients, and how you as a physician interact with them. But it also includes whatever methods you use to stay in touch with patients, including follow-up emails, reminder phone calls and newsletters.

**4. External marketing.** The single most important thing a practice can do is generate a steady flow of new and regular patients who need your services. Reach out to the community and sponsor events or sports teams if that makes sense for your practice. Attend health fairs and work with large employers in the area.

## 4. Hire good people and lead

Physicians can't do it alone, and patients often spend more time in the presence of your nurses, phlebotomists and receptionists than they do with

### Cooking up a spaghetti fund

Sometimes a physician practice just wants to try something new to see whether it works. Or, as the old saying goes, "Throw it against the wall and see if it sticks!" If this approach appeals to you, budget for it by creating a "spaghetti fund." This way, the experiment becomes a planned expense rather than a potentially unpleasant financial surprise.

After you make the change, be sure to look at the numbers. Don't hesitate to abandon the experiment if it's not working. Adapting and reinventing are key strategies to survival and success.



you. Good technical skills matter, but so do the so-called soft skills — personality and attitude.

A physician in a private practice has a lot of job titles, such as doctor, employer, business person, biller and contractor. But one of the most vital titles is leader. And there's a difference between a leader and a boss. A boss tries to get things done, while a leader empowers and motivates the team to get things done.

### Evolving with the times

These are just a few ways you can stay competitive in the midst of the many regulatory, economic and competitive challenges of the health care industry. Above all, the key is to evolve with the times and never let your practice stagnate. ▶

# What can you do to prevent employee fraud?

Employee fraud costs industries billions of dollars a year — and health care is no exception. It's important to be aware of the potential for misdoings in your practice and take steps to prevent them by closing down opportunities. Ensure that your internal controls are designed to provide maximum protection.

## What is it?

The most common forms of employee fraud are:

- ▶ Theft of receipts or cash on hand,
- ▶ Altering or forging a check,
- ▶ Submitting fictitious invoices,
- ▶ Paying personal expenses with practice funds, and
- ▶ Payroll or expense reimbursement fraud.

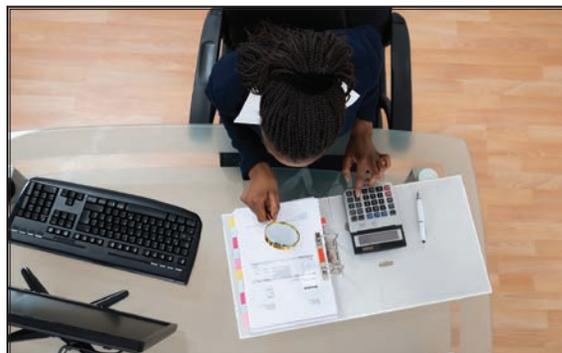
These thefts often go undetected for between eight and 36 months. And, in most cases, employees who steal money work alone. Many have been with a practice for three or more years.

## How can you deal with it?

The best way to deal with employee theft is to keep it from happening in the first place. Doing so requires implementing sound internal controls, including:

**Risk assessment.** Examine your practice's policies, procedures and processes for any faults in the system for protecting integrity and ethics. Conduct a risk assessment every two years or whenever there's a major system change (such as a new electronic health record [EHR]) or personnel change (such as a new billing clerk).

**Separation of staff duties.** Avoid having a single employee in charge of purchasing and of approving and adding vendors. Although it may be difficult to



spread duties among several employees in smaller practices, it's critical to implement internal controls that let employees know they'll likely be caught if they steal.

Also, checks with invoices should be given to the appropriate physician for him or her to approve and sign. Similarly, if you're using an electronic bill payment system, only owner-physicians should be authorized to approve payments.

**Monitoring employee behavior.** Look for telltale signs that an employee is involved with or considering fraud. For example, an employee who never goes on vacation or takes a day off may not want someone else to have access to his or her files. To combat this behavior, require all employees to take scheduled vacations.

## What should you look for?

First and foremost, get criminal background checks for all new hires as well as current employees. But keep in mind that nearly two-thirds of offenders aren't prosecuted, so their next employer might be unable to learn of their criminal pasts.

Conducting credit checks on all new hires and periodically on current employees is also a good idea. However, be aware of state law and the federal Fair Credit Reporting Act. You generally need the person's permission to run a credit check and,

in some states, credit checks are allowed only for positions with certain financial responsibilities.

### What about audits and training?

Employees should know that unannounced audits are possible, but they shouldn't know what data they'll cover. Such audits need not be top-to-bottom reviews of the practice's finances. They can focus on specific areas.

Also, periodically reconcile overlapping financial records. For example, compare receipts that are recorded in the billing system to revenues recorded in the accounting system, and then cross-check those numbers with your bank deposits. Make sure someone other than the person who prepares the records conducts the reconciliation.

Consider restricting employee computer access to only those computers, programs and electronic data that they need to perform their jobs. Educate your staff about what constitutes fraudulent, illegal and unethical actions; their role in preventing and deterring fraud; and how to recognize the signs of prohibited behavior. Doing so will not only make them more likely to notice suspicious behavior, but also diminish their ability to defend themselves if they're caught in the act of defrauding the practice.

### Who can help?

Finally, ask your CPA for help implementing preventive measures and investigating any fraud that comes to light. It's particularly important to get professional help as soon as you spot a potential problem. ▶

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## Catching up with meaningful use in 2017

As most in the medical profession know, "meaningful use" refers to use of certified electronic health record (EHR) technology. Implemented in 2011, meaningful use has had three stages: Stage 1 ran from 2011 to 2013, Stage 2 began in 2014, and Stage 3 began in 2016.

Each stage has overall objectives. For Stage 1, the objective is data capture and sharing; for Stage 2, it's advanced clinical processes; and, for Stage 3, the objective is improved outcomes.

### It's complicated

The Medicare Access and CHIP Reauthorization Act (MACRA) essentially replaces the current meaningful use criteria starting in 2017, which complicates matters. There are two ways to participate in MACRA: 1) the Alternative Payment

Model (APM), and 2) the Merit-based Incentive Payment System (MIPS).

Providers who don't meet the qualifications for the APM — that is, through participation with an Accountable Care Organization (ACO) — will automatically default to the MIPS program.

### Components and compliance options

Each of four components is weighted and, taken together, generate a provider's unique composite score. The components are quality (formally, Physician Quality Reporting System [PQRS], but now consisting of only six measures), weighted at 50%; improvement activities (formally, meaningful use), weighted at 25%; advancing care information, weighted at 15%; and cost (waived in 2017), weighted at 10%.

The composite score ultimately determines the provider's fee schedule and is posted on the Centers for Medicare and Medicaid Services (CMS) website. The CMS will exempt physician practices with less than \$30,000 in Medicare charges or fewer than 100 Medicare patients per year. (The draft rule set the threshold at \$10,000 per year.)

MIPS provides three compliance options for 2017:

- 1. Test.** If you submit a minimum amount of 2017 data to Medicare (for example, one quality measure or one improvement activity for any point during the year), you can avoid a downward payment adjustment.
- 2. Partial.** If you submit 90 days of 2017 data to Medicare, you may earn a neutral or positive payment adjustment.
- 3. Full.** If you submit a full year of 2017 data to Medicare, you may earn a positive payment adjustment.

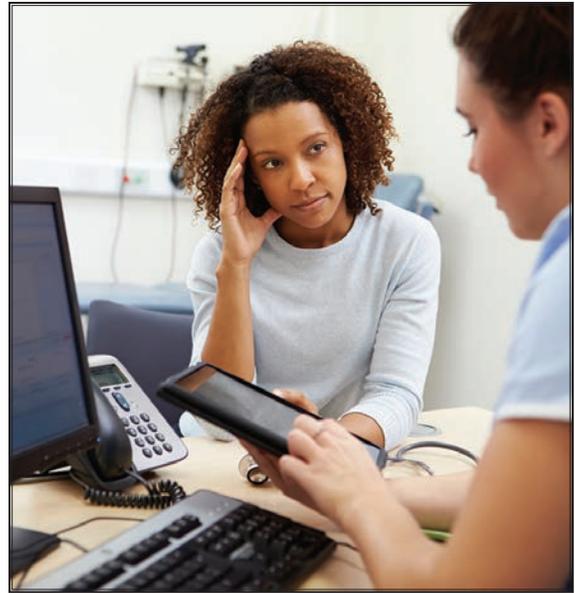
The size of your payment will depend both on how much data you submit and your performance results.

### Final ruling (for now)

In October 2016, the CMS published a final ruling for meaningful use that carries through 2017. The rule also has provisions that encompass Stage 3 in 2018 and beyond.

For instance, there is a 90-day reporting period for new participants in 2016 and 2017, and for any provider moving to Stage 3 in 2017. According to the CMS, "New participants who successfully demonstrate meaningful use for this period and satisfy all other program requirements will avoid the payment adjustment in Calendar Year 2018 if the eligible professional (EP) successfully attests by October 1, 2017."

In addition, there are 10 objectives for EPs, including one public health reporting objective. This is down from the 18 total objectives required in earlier stages. The Clinical Quality Measures (CQM) reporting requirements for EPs remain the same as previously finalized.



And in 2017, the Stage 3 requirements are optional. All providers will be required to comply with Stage 3 requirements starting in 2018 using EHRs certified to the 2015 Edition.

### Stage 2 tweaks

Stage 2 objectives and measures have been tweaked for 2017 to align more closely with the forecasted Stage 3 requirements of meaningful use. Notable provisions include eight objectives for EPs — in Stage 3, more than 60% of the proposed measures require interoperability (up from 33% in Stage 2). In addition, public health reporting has flexible options for measure selection, and CQM reporting aligns more closely with the CMS quality reporting programs and has finalized the use of application program interfaces (APIs) that will enable the development of new functionalities to build bridges across systems. These changes are expected to improve data access and efficiency.

### Uncertain future

It's also worth noting that, on November 30, 2016, the American Hospital Association contacted then-President-elect Donald Trump to ask that his administration cancel Stage 3 of the meaningful use program. With the Republican-controlled Congress determined to "repeal and replace" the Affordable Care Act, there's some uncertainty surrounding meaningful use requirements. Contact your CPA for the latest updates. ▀

# The power of delegating: Improving practice efficiency

Obviously, performing the duties of a physician is what a physician does best. So why is it that physicians often spend valuable time taking care of financial, recordkeeping or other functions unrelated to their medical responsibilities? Delegating is hard. But from a business perspective, spending too much time on nonmedical concerns can reduce profits in the long run.

## 6 tips to consider

Being a leader in service to other people requires giving control, not taking control. Here are six quick tips for delegating:

1. Ask why you're not delegating a particular task and make sure your reasons are good ones.
2. Choose the right person. (Not everybody is suitable for every job.)
3. Avoid vagueness and clarify the job's mission as completely and as accurately as possible — including your reasons for wanting the task done in a specific way.
4. Note the difference between micromanaging and managing, and stay open to the possibility your staffers might have a better way of doing things.
5. Communicate quality and quantity expectations so that staff understand the task's parameters.
6. Praise staff members when they've done a good job and tell them specifically what pleases you about their work.

Don't be surprised if delegating doesn't go perfectly right

away. Be prepared to switch around assignments to find the best fit.

## Smart safeguards

It's possible to trust your staff and still install safeguards so you know where your practice's money is going. Who makes the deposits? How is it monitored? Who has access? Who reconciles the bank account?

It's a good idea to meet regularly with your accountant to review monthly financial statements. Hold weekly meetings with your business office manager and practice manager, too, so everyone is on the same page.

## Give and take

In nonfinancial areas, evaluate whether you can delegate. Some duties can't be delegated because of legal and medical issues — but most can be. It's important to assign jobs that can be quickly taught and that you're comfortable giving up. After you're satisfied with how those jobs are being done, move on to bigger things. Your CPA can assist you in determining what and how to delegate. ▶



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