Tips for Improving the Health of Your Bottom Line

BY SOPHIA BENNETT

Declining reimbursement rates are one of the top problems facing medical clinics today. Given that private and government insurance plans are facing challenges of their own, this trend is likely to continue for a long time.

But there are things medical practices can do to to combat the problem of shrinking reimbursements and to keep the bottom line looking healthy. Nicole McOmber and Jeremy Prickel with Jones & Roth CPAs and Business Advisors, one of Oregon's largest CPA firms, share two tips they give clients looking to save money while never compromising patient care.

❶ Be Proactive about Contract Negotiations

When it comes to securing better reimbursement rates from insurance companies, there are several things medical practices can do to put themselves in a powerful position. McOmber points out that it's important to be proactive about when it's time to negotiate. That way, if you feel like you're getting a bad deal, you can take the first available opportunity to approach the insurance company and ask for a better rate.

To determine what that rate should be, and make the case for why you need it, pull all your existing contracts and "really comb through them to determine who your higher volume payers are," McOmber says. "That will help your practice analyze your entire contract situation and determine where you need to dive deeper."

If an insurance company really isn't paying enough to cover the cost of serving your patients, it may be appropriate to reject a contract. In making that decision, it helps to have good financial statements that truly reflect income and expenses.

It helps to have an experienced Healthcare CPA who helps you manage the business side of your practice.

"There's a whole spectrum of challenges that doctors run into, from dealing with human resources issues to technology changes and policy reforms," McOmber says. "We help clinics with more than just financial statements and taxes — determinining physician compensation schedules, business planning, establishing policies and procedures, and helping with contract review and negotiation."

❷ Take Advantage of Cost Savings, Economies of Scale

Even if a company can get their reimbursement rates to remain the same, costs are going up all the time. Medical practices can also improve their financial situation with some basic belt-tightening and best practice implementation. "Physicians can learn how to save better and be really efficient in their practices," Prickel says.

Nicole McOmber, CPA   **Jeremy Prickel, CPA**

That means examining everything from supply costs to staffing ratios. "We can actually take a group's financial statements and benchmark them with their peers. It helps them get an idea of how they're doing in terms of expense management, production and salaries," says Prickel.

Thanks to McOmber and Prickel's years of experience in Jones & Roth's Healthcare practice, they can share ideas designed to help medical practices achieve better economies of scale. In urban areas, doctors are connecting with hospitals and larger medical groups. In rural areas, medical practices can propose becoming a satellite office for one of the larger providers in their region. Even people with extreme specialties can partner to cut overhead and other costs.

"We see many who are partnering with practitioners in a specialty that complements their own," McOmber says.

Part of Jones & Roth's expertise comes from their practice of loaning their staff out to offices that need an administrator on a temporary basis. "It's given us a tremendous amount of experience with managing medical practices," Prickel points out. "We've learned how to troubleshoot and solve problems."

Jones & Roth's Healthcare practice offers regular online webinars that are free of charge and open to the public. Visit **www.jrcpa.com** to learn more.

Sophia Bennett is a freelance business writer based in Eugene, Oregon. Her work has appeared in Oregon Business, 1859 Oregon's Magazine and many other publications.