Financial Disclosure

• Haroon Ilyas, MD is a paid speaker and consultant for Bausch & Lomb, Nicox, Alcon and Allergan.

• Michelle Fleshner has no financial interests to disclose.

Brandon Eye Associates

• Incorporated October, 1997

• Multi-specialty group with 4 MDs and 1 OD
  – General Ophthalmology
  – Cornea and External Disease
  – Retina
  – Oculoplastics

• Beautiful facility including
  – 15 exam lanes
  – 3 visual field machines
  – GDx
  – OCT
  – Corneal Topographer
  – Zeiss Fundus Camera
  – OIS Fluorescein Angiography
  – YAG Laser
  – Argon Laser

Brandon Eye Associates

• Staff-friendly practice
  – Beach picnics
  – Cruise drawings
  – Office games

• Integration of EHR 2010

• 50% overhead

Sounds great ... so ... what went wrong?
Red Flags

- Creditors were calling physicians at home
- Bills weren’t getting paid
- Managing staff was unable to keep up charade.
- Doctors hired new Administrator...again

What we found...

- Administrator computer wiped clean
- Back-up to Administrator computer wiped clean
- File cabinets nearly empty

What we found...

- Some bills had not been paid for 9 months
- $300,000 line of credit maxed out. Only paying interest on account
- $110,000 loan against owner’s life insurance policy. Only paying interest on loan

What we found...

- Overhead: soft 86.7%

The Rebuild

The crux of the problem boiled down to three major issues:

EHR / Patient flow

Staff management

Cash management
EHR / Patient flow

EHR System
- EHR system was slowly draining our practice
- Poor selection for the patient volume
- Crashed regularly
- Needed full-time employee dedicated to EHR system issues

EHR System
- 40(+) minutes to work up an established patient
- EHR vendor recommended new server to solve crashing issues. Purchased $20,000 new server. Issues were not resolved.
- Everyone (staff, doctors, patients) agreed a new system was necessary for success

EHR Recovery
- Included staff and doctors in evaluation and selection of new EHR system
- Visited a practice with the system in place and watched flow for several days
- Timed work ups
- Evaluated imaging system

EHR Recovery
- Before and during implementation of new system, vendors, doctors and management participated with employees to ensure optimal customization for user friendly operations
- Staff given scheduled training time for classes and time both with a trainer and with mock situations on a test system prior to implementation

EHR Recovery
- Schedules decreased by 20% to start during integration from EHR (1) to EHR (2)
- Schedules quickly exceeded EHR (1) capacity
- All charts audited and reviewed for learning opportunities with staff
Flow

- EHR(2) running smoothly
- Schedules beyond EHR(1) capabilities, doctors still had free time. How do we maximize the facility?
- Monitor and evaluate clinic flow and work processes while getting feedback from clinical staff

Flow

- Purchased additional Pachymetry Pens
- Purchased additional Tono Pens
- Added 2 exam rooms in 2012 and 5 in 2013/2014
- Scheduled “work up room” to technicians

Flow

- Purchased 4th Visual Field Machine
- Added visual field schedule
- Replaced old AR and topographer with OPD
- Replaced Zeiss Fundus Camera with Kowa non-mydriatic camera

Flow

- Updated OIS Fluorescein camera and software
- Purchased Endothelial Cell Count
- Replaced B-Scan
- Increased Retina schedule from 3 days per week to 5
- Hired full-time Glaucoma Specialist to compliment existing MD staff and reduce days scheduled

Unpaid Overtime

- Workers were required to clock out and work off the clock and / or flex hours within an 80 hour pay period
- Manager “turned off” overtime calculations in payroll system
- Employees were given PTO hours in lieu of overtime pay

Staff
Unpaid Overtime

- Consulted with an attorney
  - Reviewed 3 years of payables, PTO records, HR files and time sheets

Unpaid Overtime

- Paid current and previous employees overtime pay at most current salary
  - Sent certified mail return receipt to ensure records

Staff

- Rampant nepotism was adversely affecting practice
- Staff promoted or treated more favorably if related to some managers or long-term neighbors of some managers

Staff

- Eliminated Assistant Administrator position
  - Evaluate staff and pay according to experience, certification and productivity
    - Technicians were previously “topped out” at $15.00 per hour
    - Surgery scheduler claiming 20 hours OT per week

Staff

- Create SOP manual so all employees were on the same page
- Train staff
  - 90 Day training program for technicians
  - BSM Consulting training modules for all staff

Staff

- Offer certification and provide continuing education for staff
- Review staffing requirements and hire qualified, competent, talented people to fill those positions
- Provide equipment and facilities necessary for success
Cash Management

Payroll Management

• One manager was in control of payroll. Manager allotted monies without consultation with the owners.

• Excess bonuses that negatively affected fiscal health of the practice were given without consultation of owner physicians or accountants.

• Insurance policy does not cover losses incurred through payroll.

Cash Flow

Payroll Management

• Solution – Owners review and approve payroll bonuses and salary changes

Cash Flow

• Eliminated unnecessary overtime

• Paid bills timely to eliminate late charges

• Auto-payment when possible

Cash Flow

• Slot CPT codes so proper cash flow reports can run
Cash Flow

- Reviewed exam notes and charges to ensure proper billing thereby reducing days in AR and increasing net payment
- Eliminated poorest paying insurance contracts to free slots for better paying patients
- Reduced number of checking accounts

Cash Flow

- Changed when appropriate from free checking account to interest bearing account
- Negotiated every contract prior to purchase or lease to ensure best possible terms for practice
- Negotiate existing contracts

Cash Flow

- Employee Health Insurance
  - When up for renewal, the premiums skyrocketed. We were forced to decrease the richness of the policy.
  - Soon thereafter, we were able to join our local medical society group plan with richer coverage at a reasonable rate

Cash Flow

- Christmas Bonus decreased from 2 weeks to 1 week salary
- Cruise drawing at summer picnic eliminated. Instead, practice paid for hotel room for employee (and family) as opposed to $100 towards room

How did this happen?

- Owners were very trusting of long-time management
- Owners didn’t ask questions
- Owners didn’t participate in management decisions

How did this happen?

- Employees afraid to speak to owners for fear of losing their jobs
- Accountants not able to speak directly with owners
- Lack of proper reporting procedures
How did this happen?

- Partnership buy-in
  - Straight salary to partners without regard to receipts or overhead
  - Owners salary was never affected

Where we are today...

Staff Friendly Office

- Celebrate anniversaries of staff
- Summer party at the beach including rooms for staff families
- Monthly activities for staff including lottery, FISH, food drive, Family Feud, cook outs, TABOO, ice cream parties and costume contests

Outstanding Debt

- $300,000 line of credit reduced to $230,000
- $110,000 loan against life insurance paid off

*Note...when paying down debt keep in mind the owners will have to consider this as income for tax purposes. Keep enough aside to cover tax burden.

Overhead

- From 86.7% overhead to...

49.83%
Overhead

• 49.83% overhead includes:
  – Paying for equipment in cash
  – Raises for staff
  – Incentives for staff
  – Bonuses for staff
  – Paying down debt

• Owners are now getting distributions from practice

Don’t wait until the owner’s pocketbook is affected before you start asking questions.