

10 Critical Questions For Physicians In Private Practice

And the Single Choice
That Can Help Your Practice
to Prosper and Grow

Vicki Rackner, MD, FACS

Foreword by Adam Phillips



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10 CRITICAL QUESTIONS FOR PHYSICIANS

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10 CRITICAL QUESTIONS FOR PHYSICIANS

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FOREWORD

Transformation begins the moment a physician realizes that their practice *is a business*. At that moment, they understand that they get the best results when they focus on what they are good at: building relationships with patients, being the best doctor they can be, and delivering excellent clinical care.

Good businessmen and women have the wisdom to seek out experts to contribute the business skills they never learned in medical school or residency.

In this book, Dr. Vicki Rackner poses 10 questions that can facilitate this transformation for you.

Whether you are launching your career or are planning to retire soon, she shares some great insight to help you achieve the personal, professional and financial rewards that attracted you to a career in medicine. When physicians connect with Dr. Rackner they say, “It’s like sitting down at the kitchen table and having an honest conversation with my new doctor-friend.”

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MRMAA is the nation's largest network of Certified Medical Revenue Managers. Our certified members specialize in making practices more streamlined and profitable. We've been able to make a dramatic difference in cash flow and efficiency for thousands of practices across the nation using our processes and systems.

As you read this book, you will see why I asked Dr. Rackner to head our Advisory Board. We are aligned in our mission to help physicians maximize the health and viability of private medical practices in today's complex healthcare environment.

Our goal in creating this book is to *help you find the joy in practicing medicine* once again and to thrive in private practice.

Adam Phillips

Co-Founder, Medical Revenue Management Association of America

INTRODUCTION

Are you enjoying the personal, professional and financial rewards that attracted you to a career in medicine?

Dr. J, a physician in private practice said, *“I used to look forward to putting my key in the door of my practice. Not any more. I’m stressed all the time. If things keep on going the way they are, I’m going to burn out.”*

He hired me as a coach to help him reconnect with the joy in medicine.

After we had worked together a few weeks he said to me, *“Vicki, you have lots of great ideas. I’m impatient, though, and I have ADD. **What is the ONE thing I could do that would make the biggest impact?**”*

After reflecting on this excellent question, I said, **“Outsource your medical billing. It will give you more revenue, more control and more data to guide your choices.”**

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How do I know?

As a practicing physician, I ran my own surgical practice. I saw first-hand what happens when billing goes off track. I recognize the many benefits I enjoyed as a result of outsourcing my billing.

This one decision helped my practice to prosper and grow beyond anything else I implemented in my practice.

Further, as a coach to physicians, I see how outsourcing billing has transformed the practices and lives of many, many physicians.

But not every medical billing company has the training, experience and technology to help you reduce your rejections and increase your revenue.

I will point out what to look for and, if you are currently outsourcing, what to ask your current biller to make sure they are the right choice.

You are most likely reading this book because you, too, are interested in experiencing more rewards from your practice.

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In this book you will find 10 critical questions to ask yourself as you consider how you can transform your practice - and your life.

This book will help you if you want to:

- **Work smarter and not harder in your practice**
- **Avoid or treat burnout**
- **Optimize the sale price of your practice**
- **Avoid costly mistakes**

Further, you will see how outsourcing your medical billing offers answers to each of these questions.

My Story

I call myself an “accidental surgeon”. When I was in graduate school, I had a surgical emergency. A large ovarian cyst ruptured, and tore a hole in a pelvic blood vessel. By the time the surgeons got into my belly, they found I had lost almost half of my blood volume.

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I woke up from the operation grateful to be alive! I decided I would become a surgeon and save the lives of others like my own had been saved.

After completing a surgical residency, it was time to decide on my practice setting.

Most of my family members ran small businesses, and I knew I wanted to run my own private practice one day. Before I struck out on my own, though, I wanted to get some experience.

I joined a solo surgeon who was looking for an associate to help with his call schedule. Let's call him Tim. It had just been Tim and his office manager Ellen for years. Ellen described her job as "doing pretty much everything in the office except the operating."

Tim extolled Ellen's virtues. She was hard-working, and had not missed a day of work in years. He could not remember the last time she took a vacation.

A few months after I joined the practice, **Ellen surprised us with a typed letter telling us she was quitting. She gave us two weeks notice.**

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Tim was beside himself. He and Ellen had been a team for years and years.

We decided to hire a temp to do the front office work so we could take our time finding the right assistant.

Patients loved our temp. She even went into the waiting room to help our elderly patients complete their paperwork. We considered hiring her, but decided we wanted someone with a bit more experience than she had.

We continued to interview candidates, and found a wonderful assistant whom we hired.

But what about the billing?

Ellen had done the practice billing, and we couldn't just let the billing pile up until we found our next hire.

Tim's wife said, "How hard could billing be? You just check boxes on an insurance form and send the claims to the insurance company. I'll do it until you can hire a replacement for Ellen."

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After a few short weeks of “doing the billing” this woman threw up her hands because she had so underestimated the complexity of the job.

In the meanwhile, the balance in the practice checking account showed the signs of neglect. We had to make “owner investments” to pay our quarterly taxes.

Then some bad news

About a month after we hired our new office manager, we got a call from the temp agency. They apologized and told us they had neglected to do a thorough background check on the temp they sent to us.

They recently learned that she was a convicted felon. Her crime? Medicare fraud.

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Suddenly Tim and I saw those interactions in the waiting room between the temp and our elderly patients in a new light.

We were told by the temp agency to keep our eyes open for irregularities in billing. How could we begin to tell? By then the billing was a tangled mess.

Slowly, as our new employee attended to the neglected billing, the balance in our checking account began to rise and we moved into a new normal.

Time for a change

Tim and I took calls at two hospitals, renting office space one day a week from a plastic surgeon at the second hospital.

The clinicians who treated breast cancer at this second hospital decided to join forces and create a multi-disciplinary breast cancer team. I wanted to be a part of this team.

I was able to take over the plastic surgeon's lease for the office space and struck out on my own.

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I knew I had to be very careful about whom I hired as an office manager.

I also knew that I never again wanted my bank account to run low because of billing problems. As I set up my office I knew I would hire an outside billing company.

I asked around for recommendations, and one woman came highly recommended by several physicians I trusted. I interviewed her and decided to hire her to do my billing.

In retrospect, I see that outsourcing my billing had benefits that I never would have imagined.

Taking Control of Revenue is Key

Just as oxygen sustains lives, so too, cash flow sustains practices. When you are worried about money, you engage in distracted doctoring.

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Knowing how money flows in and out of your practice is as important as knowing the I's and O's of your critically ill ICU patient.

What would you do if 30% of a patient's IV fluid or IV meds were leaking onto the floor? Would you turn up the rate of flow to make up for the leak, or would you fix the IV?

Most physicians in private practice are walking away from up to 30% of their revenue by failing to manage their system of billing and collection.

Instead of fixing the leak, they try to work harder. In the process many will burn out.

Dealing with constant stresses about whether there is enough money in your bank account is like financial heart disease. The first step is to open up the occluded vessels.

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I want you to thrive in your private practice.

In order to reconnect with the joy of medicine, you must take control of how cash flows in and out of your practice.

You must know that you will be able to meet your financial obligations at home and in your practice to reconnect with the joy of medicine.

**10 Critical
Questions You
Must Ask Yourself
If You Want Your
Private Practice to
Grow and Thrive**

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These questions are the result of my own struggle to focus on my patients and, at the same time, make sure that my practice was profitable and enjoyable.

As you consider each of these questions, think of how implementing some of these things in your own practice might affect your own happiness and satisfaction in serving your patients.

Your many years of education and training have gotten you to where you are today. How do you make sure that you continue to enjoy what you do and serve others?

Like me, you were probably not trained in how to run a business and make it profitable. But the fact is that, **unless your practice is profitable, you cannot continue to serve your community and provide a solid future for you, your patients and your employees.**

By thinking about each of these questions you will be able to focus on the things you need to do to grow and prosper.

1. Are you utilizing the right person to get the job done correctly?

What separates highly successful people from not-so-successful people?

Successful people invest their time doing things that they're good at and that they enjoy. Then they find the right people to do the jobs that fall outside their competency and interest.

As you decide whether or not to take on a task in your personal or professional life, I invite you to ask yourself the **Two Deciding Questions**:

1. Do you enjoy doing it?

2. Are you competent to do it?

Successful people usually require the answers to both of these deciding questions to be “yes” before they take on a task.

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Today I help physicians reinvent themselves so they thrive. It's work I enjoy. My clients tell me they appreciate the insights I bring to them. Yes to numbers 1 and 2.

I also enjoy doing home remodel projects. I'm fearless about taking a sledge hammer and knocking down walls. However, my limited competency became clear when I unwittingly removed part of a load-bearing wall. Yes to number 1, no to number 2.

There are other tasks I can do, like clean the gutters or mow the grass, but I don't enjoy doing them. No to number 1; yes to number 2. To stay in my sweet spot, I hire other people to do them.

Last, there are activities for which I have neither the skill nor the desire. I hire a CPA to do my taxes. I hire lawyers to review contracts. I hire my hairdresser to suggest a hairstyle she thinks will be flattering on me. No to numbers 1 and 2.

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In general, people who do things day in and day out get the best results.

You can bring these two questions to your medical practice.

I enjoyed delivering clinical care, and patients told their friends about me. Yes to numbers 1 and 2. I did not enjoy dictation, but it was part of the job. If I was going to perform a surgical procedure, I needed to dictate an op note.

I did not enjoy managing the business side of my medical practice. At that time, I had a limited set of business skills, too. No to numbers 1 and 2.

I saw in my experience with Tim that not attending to the business side of the practice has dire consequences. I understood the importance of managing cash flow. Someone needed to do billing.

Who was the right person to do the billing for my office? It was the person who spent all day every day doing the billing for doctors like me.

The right person knows what the trends are. This person sees what happens to the claims of her other doctor clients, and can take advantage of that experience.

If I kept the billing in house, my staff would spend a large portion of their time doing the billing.

It was clear to me that I would be better off financially outsourcing my billing.

**At the end of the day—
after all salaries and fees
were paid - I would have
more money in my
checking account by
outsourcing billing than
by keeping it in house.**

There was a further problem keeping my billing in house: the person who did the billing would need direction from me. I knew I did not have the skill set or the interest in overseeing billing. I just wanted it done right.

Who is the best person to perform the critical task of keeping money flowing into your checking account?

Summary

Optimize the performance of your practice by assigning the task at hand to the right person.

Oftentimes you have more control over your practice by hiring the experts.

2. How are you creating checks and balances to prevent fraud and theft?

As I look back at my experience with my first partner Tim, I wonder why his long-time assistant Ellen really quit after I joined the practice.

Tim was taking a closer look at his books now that I had arrived. One day I overheard him discussing some discrepancies with Ellen. It could have been an honest mistake.

Or maybe not. Could Ellen have been diverting some of the practice income for her own personal use, and cooking the books to cover her tracks?

We know that medical practices are common targets of theft and fraud.

All the warning signs were there with Ellen. She never took vacation or even a day off. She got very annoyed every time I asked about billing practices.

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We also know that physicians tend to be trusting people. Tim had decided years ago that he trusted Ellen, and let her do her job with little oversight.

However, sometimes we trust the wrong people.

Think about the people who trusted Bernie Madoff with their money.

I recently learned that a business associate I have known and trusted for years was really a wolf in sheep's clothing.

Randy is an extremely charming, highly intelligent and well-respected leader among his peers. I saw him as an honorable man with an amazing life story.

I was excited when Randy's assistant set up an appointment for us to speak by phone to discuss a project he wanted to hire me to complete. In that initial call, he told me he wanted to move forward with this project. We came to an agreement about my fee, the scope of the project and the timing.

Randy had a sense of urgency, so I sent him an invoice and dove in to meet his deadline.

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I was surprised when he did not immediately pay the invoice, as prepayment is one of my terms of service. I told myself that maybe he overlooked the payment link in my email. Or maybe he was distracted with travel.

I sent him a second invoice a few days later. He did not pay that one either.

I felt irritated, but calmed myself with the thought that maybe he put a check in the mail instead of using my online shopping cart.

After two weeks went by without payment, did I advise Randy that I would put the project on hold until I was paid?

No. Instead I delivered the initial work product. I thought this would compel him to honor his commitment. He was very complimentary and pleased with the work I delivered.

Still no payment.

It was not until I placed a collection call to his assistant that I learned the truth. Randy instructed her to hold off on payment.

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A few hours after this call I got an email from Randy saying he wanted to renegotiate my fee. I told him that we had already come to an agreement and reminded him of our verbal contract.

At the moment I knew the truth: Randy played me! His flowery words and even his urgency were nothing more than ways to manipulate me so he could get what he wanted on his terms.

More importantly, I allowed myself to be played.

Why do I share this story with you?

You might know charming, intelligent people who work hard to fool you.

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A patient, an employee or even a friend from church could be a person who can and will dominate others to get what they want. This includes stealing your hard-earned dollars!

I am not suggesting that your staff members are anything other than people of integrity. However, **how well do you trust your own ability to assess whom is trustworthy?**

Since theft and fraud are systems problems in medical practices, doesn't it make sense to create a systems solution?

If the person submitting the bills is the same person who collects patient co-pays, opens the mail, pays your vendors, deposits checks and does the reconciliation, you have made it very easy for a

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dishonest person to walk away with your hard-earned fees.

By outsourcing my billing, I created a system of checks and balances.

I invite you to consider what systems you can put in place to protect yourself from theft and fraud.

Summary

Medical practices are vulnerable to theft and fraud.

Put systems in place to assure that you do not become a victim of crime.

3. What are you doing to minimize the risk of medical malpractice lawsuits and payer audits?

Nightmare events like medical malpractice lawsuits and audits can drain your energy, your time and your bank account.

The best approach is to think proactively about how to minimize the risks of these events unfolding.

What are you doing to minimize your risk of medical malpractice lawsuits?

Here's something certain to ruin your day: a stranger rings your home doorbell at dinner time, and serves you with legal papers saying that you and your "marital community" have been sued for medical malpractice.

Been there. Done that. When I prevailed legally, my lawyer said, "In a lawsuit, even if you win, you lose."

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Invest time to decrease your chances of being sued.

Why do patients sue their doctors? Do they pick up the phone to a lawyer and say, “I got a bad clinical outcome and I want to sue”?

No! My own experience serving as an expert in over 100 cases of alleged medical negligence is that patients don't sue because of the clinical care; **patients sue because of a breakdown in the communication around the clinical care.**

Finances are contributing factors to 40% of phone calls patients make to medical malpractice attorneys.

You always want to deliver the standard of care for a reasonably prudent physician in your community; however, the actions of your office staff and your billing practices are important, too.

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Outsourcing my billing offered a layer of protection against allegations of medical malpractice.

What are you doing in your practice to address your patients' financial obligations and resolve billing disputes? Are you treating patients' financial pain with the same care and respect you use when you treat their physical pain?

What are you doing to minimize your risk of payer audits?

Here's something else certain to ruin your day: a certified letter from a third-party payer saying that you are going to be audited.

Many physicians fear a payer audit more than they fear an IRS audit. And with good reason. **The outcome of the payer audit could mean anything from the refund of overpayments to exclusion from the health plan or even a federal fraud and abuse investigation.** Federal judges can sentence violators to prison.

I wanted to do everything within my power to decrease the risks of an audit, and outsourcing my billing offered a layer of protection.

A Bit of History

Since the inception of Medicare, the fees paid to any individual physician were only known to the Centers for Medicare & Medicaid Services (CMS) and an individual provider.

In the spirit of greater transparency, a piece of the Affordable Care Act legislation included an extension of the Freedom of Information Act. Medicare claims data would now be a matter of public record.

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Since 2014, the CMS has publicly released physician Medicare claims data that identifies individual physicians and outlines the costs and services provided to their Medicare patients.

As the data was scrutinized, it was clear that there were physician outliers -- physicians who received disproportionately more than their peers. The assumption was that the outliers were engaging in Medicare fraud.

The Department of Justice is actively investigating and prosecuting providers defrauding Medicare.

Recovery Audit Contractors (RACs) - the CMS contractors charged with identifying improper payments to healthcare providers - are paid on commission! They get between 9.0 percent and 12.5 percent of any improper payments they identify.

Small and medium-sized practices are not below the RAC radar.

Recently, more than 400 defendants were charged with participating in fraud schemes involving about \$1.3 billion in false Medicare and Medicaid billings.

Who Gets Audited?

The triggers for audits are shrouded in mystery. However, in speaking with physicians who were audited, here are the reasons they gave:

Billing Outliers - Some third-party payers compare utilization patterns among physicians with similar practices in the same geographic area.

- **A provider might be flagged for an audit if he or she bills more of**

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specific procedures than community averages.

- **A provider might be flagged for receiving overall reimbursement exceeding a certain guideline set by the payer.**

Changing Billing Patterns - A provider might be flagged if the practice's billing patterns or reimbursement amounts change substantially over a short time.

Sometimes there is a perfectly reasonable explanation for the increase, such as the purchase of a new piece of equipment. If that's the case, it may behoove the provider to proactively notify the payers of the situation.

Employee or Patient Complaints - Unfortunately, complaints from disgruntled former employees and patients can trigger audits or investigations.

Random Audits - The Audit and Inspection Committee occasionally recommends audits of physicians chosen at random. Random audits serve as

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a type of control measure against which to compare selective audit results, as well as to identify any inappropriate billing patterns that would not necessarily have been flagged for review under current selection parameters.

How to Reduce Your Risk for Audits

Here are some ideas about what you can do to reduce your risk.

Avoid fraudulent billing practices. I know this goes without saying. According to CMS, healthcare fraud involves “knowingly submitting, or causing to be submitted, false claims or submitting misrepresentations to acquire claims reimbursement from payers for which no entitlement exists.”

Avoid audit triggers. With the stakes being so high, doesn't it make sense to work with professionals who can help you avoid audit triggers?

Respond meticulously to patient complaints. When a patient brings a problem to your attention, listen!

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Let the patient know that he or she is being heard.
Inform them what your plan is to resolve the issue.

Hire the right people and maintain good relationships with your employees. The right employees can be tremendous assets to your practice; the wrong employees can be tremendous liabilities. Take your time and hire the right people after vetting them. Have employment policies and procedures in place so your employees know what to expect.

Summary

Untoward events like medical malpractice lawsuits and audits are part of the landscape in the practice of medicine.

Make sure that you are doing everything you can to minimize the risk.

4. How Are You Building Your Ideal Practice?

Let's say you had a magic wand and you could craft your ideal week in your medical practice.

- **Who would your ideal patients be?**
- **What medical conditions would you be treating, and how?**
- **What worries that normally weigh you down could be alleviated?**

Now imagine that you had the skills and tools to make this a reality.

You do!

It's very easy to react and respond to the growing demands on your time and attention. If you were an athlete, they would call this playing not to lose.

Many physicians feel that they are victims of the changing healthcare climate, and they play defense against their eroding sense of autonomy.

Thriving doctors play to win. They identify the factors they control -- and then control them.

You are much more in control of the direction of your practice growth than you ever imagined.

You do, in fact, have the power to move closer to that ideal week you imagined. Here's how.

How Do You Maintain Control Over Your Cash Flow?

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I spoke with a cardiologist who was on the verge of bankruptcy. He implemented many of the suggested changes that would turn his practice around.

However, he insisted that he maintain control over his billing. **His perception was that he was in control of billing by keeping it in house.**

I invited him to look at how much control he really had. Yes, his staff prepared the insurance claims. However, his accounts receivables - not his bank account - was growing. This was the core of his financial problems.

It was only when he outsourced his billing that he got control over his finances.

Step #1: Identify your ideal patient

Think about your five favorite patients. What qualities do they share? How are they different from your least favorite patients?

Step #2: Identify your most profitable activities

As I gained more experience in my practice, I observed that there were certain kinds of patients I really enjoyed seeing, and certain procedures I really enjoyed doing.

I also knew that my “hourly wage” varied tremendously depending on my caseload.

You do not generate the same fees for all the patients you see. Some patients and procedures are more profitable than others. **The profitability of each diagnostic or procedure code might offer insights that will help you craft your ideal practice.**

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This is where working with an outsourced billing expert becomes particularly helpful. Ask for their help in completing this analysis.

Ask them to run reports that give you the revenue generated by diagnostic or procedure codes.

You may decide to continue to perform procedures, even though they are not very profitable for you; however, as you design your practice, you will have data to support informed choices.

Step #3: Create a brand that attracts more of these ideal patients whom you help through profitable activities

Shoppers have different experiences at Nordstroms than at Target. Buying salad ingredients is different at the farmer's market than at Safeway. A brand is a shorthand that captures the difference in the experience.

**Patients, like shoppers,
have choices. Your brand
captures the reasons
patients come to you
rather than to the clinic
across town.**

Your branding captures the essence of the experience of working with you and interacting with the people in your practice.

Here are three dimensions of your brand to consider:

**Do you offer an extraordinary
relationship?**

The doctor-patient relationship is the foundation of the health care system. Is your practice structured in a way that you can understand what your patients want, what their health beliefs are, and why they want to achieve a given medical outcome?

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I have asked thousands of patients, “What do you want in a doctor?” Here’s what they say:

- **“I want a doctor who cares about me as a person.”**
- **“I want a doctor who listens.”**
- **“I want a doctor who treats me respectfully.”**
- **“I want a doctor who cares what I think.”**
- **“I want a doctor who has experience with patients like me.”**
- **“I want a doctor who will tell me the truth - kindly.”**
- **“I want a doctor who will be there for me.”**
- **“I want a doctor who does not judge me.”**
- **“I want a doctor who understand that I am watching my pennies.”**

Patients want physicians who are authentic and present.

Do you deliver an extraordinary patient experience?

Chuck Armstrong, the former President of the Seattle Mariners, coached all of his employees, “Treat every fan as if he or she is visiting Safeco Field for the first and only time.”

What level of comfort, convenience and kindness do your patients enjoy as you deliver medical care?

Does your staff see your vision and work to create this experience every day for every patient at every encounter?

Do you deliver extraordinary patient outcomes?

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The Shouldice Clinic performs one procedure: an inguinal hernia repair. They get such extraordinary results that patients fly in from around the world to get their repair there.

In his book *Better*, Dr. Atul Gwande points out that 117 centers treat cystic fibrosis. The mean lifespan of all centers is 33 years; however, a clinic in Minnesota boasts a 47-year survival.

Do you also deliver an extraordinary result? Do members of your community know about it?

Do you leverage technology in extraordinary ways?

The word “doctor” comes from the Latin root for teacher.

When I started my practice, I focused on educating, diagnosing and treating patients physically in front of me in formal medical settings like my office or the hospital.

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However, our exploding technology allows you to deliver your wisdom and impact the lives of people across the globe.

- **What if you created videos that answered questions your ideal patients frequently ask?**
- **What if you became the architect of an online community?**
- **What if you started a live Q&A Periscope broadcast to your community?**
- **What if you created a podcast on iTunes that covered topics of interest?**
- **What if you started a blog on your website?**

Summary

You can shape the direction of your practice growth so that you achieve the personal, professional and financial rewards that attracted you to a career in medicine.

What level of comfort, convenience and kindness do your patients enjoy as you deliver medical care?
Does your staff see your vision and work to create this experience every day for every patient at every encounter?

5. How Are You Preventing or Treating Burnout?

To paraphrase Tolstoy, happy doctors are all alike; unhappy doctors are unhappy in different ways.

The biggest joy-killer I see among physicians in private practice is burnout.

Think how you feel when you walk into an exam room, and see one of your favorite patients smiling ear-to-ear because finally she has the energy to enjoy her family, thanks to your care.

Now compare that to the feeling you get when you walk out of an exam room after verbally sparring with a patient with a million excuses about why he can't comply with the treatment course you outlined.

Every day you make deposits and withdrawals into key “energy” accounts: your personal rewards, your professional rewards and your financial rewards.

Your goal is to make day-to-day choices that keep all of your “energy” accounts in positive balance.

If you're a physician practicing today, you run the risk of burning out.

I think of burnout as an overdrawn “energy” checking account.

Here are some questions to help you minimize toxic stress and avoid or treat burnout:

1. Where are you now?

How full are your energetic accounts right now? Please take a moment to score yourself.

On a scale of 1 (low) to 5 (high), what is your satisfaction with your current level of:

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- **Income** 1 2 3 4 5
- **Professional rewards** 1 2 3 4 5
- **Work/life balance** 1 2 3 4 5

2. Where would you like to be?

Imagine your calendar filled with patients and clinical activities that bring you joy.

Imagine being there in a significant way for your family.

Imagine never having to worry about money.

If you so choose, you're invited into a set of exercises to imagine this ideal life.

3. What are your personal goals?

Your work supports your family, but your family supports your work.

Here are some questions for your consideration:

10 CRITICAL QUESTIONS FOR PHYSICIANS

- **How many times a week would you like to have family meals?**
- **How many of your kids' events would you like to attend?**
- **How much time do you devote to exercise?**
- **How well prepared are you for life's emergencies?**
- **How much vacation time do you want each year?**
- **How many hours do you want to work each week?**
- **What are 10 wild, crazy things you have always wanted to do?**

4. What are your professional goals?

A dream drew you to a career in medicine.

Here are a few questions to help you clarify what your days might look like if you were living that dream:

10 CRITICAL QUESTIONS FOR PHYSICIANS

- **Do you like working with a certain kind of patient? Avoiding another kind?**
- **Do you have a special interest in a specific disease process?**
- **Are there procedures you love to do or problems you love to solve?**
- **Have you pioneered a new approach that works?**
- **Would you like to go on a medical mission? Do more outreach in your community? Reach out to the medically underserved?**
- **What are your hobbies? Do you draw cartoons? Cook? Make people laugh?**
- **Would you like to hold an elected office and shape public policy?**
- **Are you passionate about a product or a system for health-promotion?**
- **Are you passionate about the healing power of animals?**
- **Do you like to write? Do you have a book in you?**
- **What are you doing when time stands still?**

5. What are your financial goals?

You exchange your time for money - and money for time.

True wealth is the ability to control your time. You can do what you want to do when you want to do it.

A solid financial foundation buys you freedom.

The path to financial freedom is a smart discipline of spending, saving and investing.

6. How much money do you really need?

Here are some questions for your consideration:

- **What are your current fixed expenses?**
- **What big expenses will you face in the next 5, 10 and 15 years?**

10 CRITICAL QUESTIONS FOR PHYSICIANS

- **At what age would you like to retire?**
- **What lifestyle would you like to enjoy in retirement?**
- **Are you on course to fund your retirement dream?**
- **What is the value of your time with family?**
- **Do you have disability insurance and long-term-care insurance?**

One of the most important questions is this: what are you doing to make the tax law work for you? Do you have the correct corporate structure? Are you walking away from tax savings?

How do you get there?

Here are three basic steps:

- **Spend more time in your “sweet spot”**
- **Treat your money with respect**
- **Negotiate more effectively**

10 CRITICAL QUESTIONS FOR PHYSICIANS

You get to your ideal life by spending more time doing the things that bring you joy, and less time doing the things that drain your energy.

Further, you treat your money with respect. You do not walk away from earned income, or tax savings. You make your dollars work as hard for you as you work to make those dollars.

In general, the more time you spend calling on your unique gifts, strengths and talents the more rewards you will find.

How do you find your gifts, strengths and talents?

You have a unique set of strengths, gifts, and passions. Paradoxically, you may look right beyond them. Things may come so easily for you when you're in your sweet spot that it's easy to dismiss your gifts.

Here are some exercises to help you identify your strength and gifts.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Ask friends and colleagues, “If you could only call one person for help, under what circumstances would you call me?”

“If I were on the cover of a magazine, what would the magazine be and what would the article be about?”

Think about times in the past when time stood still. What were you doing?

What are your hobbies?

What compliments do you get from patients and colleagues?

Treat Your Money with Respect

To achieve freedom from financial worries, treat your money with respect!

Don't walk away from earned income by leaving money on the exam table.

Pay attention to the “revenue cycle” and the flow of money into your practice. Ask your Medical Revenue Manager to provide you with reports on a regular basis.

Negotiate Wisely

We physicians are rewarded for responding to the wants and needs of others. However, many of us do this at the expense of our own needs.

Your wants and needs are important, too! Please give yourself permission to take care of yourself.

Negotiation is a conversation that helps you get what you want. It's an art and a skill that can be improved.

Negotiation can help you get better compensation for your services, protect family time or eat in the restaurant that YOU want to go to.

Summary

You do not need to succumb to toxic stress. You can take control of the factors over which you have control. A solid financial foundation gives you more choices.

10 CRITICAL QUESTIONS FOR PHYSICIANS

6. What Are You Doing to Manage Staffing Issues and Assure Your Practice Runs Smoothly?

Consider this: the very first contact your patients and referring physicians have with your practice is not with you; it's with your staff!

Your staff members are your brand emissaries.

I remember sending a patient to a neurologist I respect. When she came back, she said, "Never send patients to that office. They were terrible!"

She told me about several specific exchanges that she witnessed as she waited. She said, "The receptionist was rude and disrespectful. It put everyone in the waiting room on edge."

When I ran into the neurologist in the doctor's dining room, I shared this feedback. He said, "I'm shocked. This person is always so pleasant with me! I promise you that I will fix this."

10 CRITICAL QUESTIONS FOR PHYSICIANS

He called me several weeks later and let me know that he had fired this person. There were many other complaints about this person that he had simply not known about.

What are you doing to assure that you hire the right staff, set expectations for their behavior and plan for their absences?

Hire the Right Staff for the Long Term

Make sure that they have the skills, tools and desire to create the experience you want your patients to enjoy.

You also need to make sure your staff sweats the small stuff. No detail in patient care is too small to perform excellently.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Some people seem to create drama; others diffuse it. And don't just trust your instinct. Call references. Inquire how this person performs under pressure.

Create a probationary period so that you can see for yourself how a new employee performs in your practice.

An HR executive for a major corporation told me, "I can teach most people to perform most tasks. I can't teach people to be nice. They either have it or they don't."

The hiring process requires an investment of your resources. Get it right the first time! Getting this wrong could lead to costly outcomes.

Set Expectations

Make sure that you lay out what you expect from your staff. An employee handbook can and should:

- **Outline tasks for which employees are responsible**

10 CRITICAL QUESTIONS FOR PHYSICIANS

- **Spell out the values of the practice (We treat everyone with respect; we let people know what they can expect.)**
- **Identify unacceptable behavior**
- **Address conflict resolution strategies**
- **Describe the process for addressing performance issues at work and circumstances that lead to termination.**

Things happen in the lives of normal people. People go on vacations. They get sick. Their husbands get transfers. With each change, I had to find new staff and anticipate a steep learning curve.

How do you assure that your office runs smoothly if and when things happen to your staff?

What are you doing to assure your practice runs smoothly when your staff goes on vacation, gets sick or quits?

10 CRITICAL QUESTIONS FOR PHYSICIANS

I employed a series of women who helped me run my practice. They were integral parts of the practice, and I relied on them.

I learned from my early experience with my first partner that there was a literal cost to disrupting the billing.

I am grateful that I outsourced my billing and never saw disruptions in cash flow.

Consider how you will protect yourself if something happens to your staff.

Summary

The right staff members will help you and your practice thrive; hiring the wrong staff is costly.

Outsource your medical billing so that cash continues to flow if and when your staff is unavailable.

7. How Do You Protect the Privacy of Your Patients and Yourself, and Avoid HIPAA Violations?

We all know that we need to protect the privacy of patients' clinical information.

Do you have policies and procedures in place to do so?

Overlooking HIPAA compliance can be very costly.

For example, every day thieves steal laptops and smart phones. It's a huge hassle to replace them and try to restore the data. However, what happens if your office manager's laptop is stolen, and she has uploaded medical records that are not encrypted?

10 CRITICAL QUESTIONS FOR PHYSICIANS

A physician to whom this happened discovered that he could be liable for a \$250,000 fine for each unsecured medical record that was lost.

Many HIPAA violations can be avoided by moving patient information (including billing) to a HIPAA secure cloud platform. **In cloud-based systems, patient data is not stored on laptops or unsecure drives waiting to be stolen.**

And because each person who accesses systems containing patient information has a unique login and password, monitoring everyone's behavior is straightforward and efficient.

An estimated 75% of the medical market currently uses in-house server-based software, but according to the AMA, the trend toward cloud-based solutions is accelerating.

The fact is, cloud-based applications are built to help with HIPAA compliance issues.

10 CRITICAL QUESTIONS FOR PHYSICIANS

There are 49 HIPAA compliance rules that must be met by billing software used by medical practitioners. A typical in-house, server-based program addresses 9 of them; a cloud-based billing application meets 32.

Further, outsourcing your billing outside of the US often brings with it similar HIPAA concerns.

Make sure you have the policies and procedures in place to comply with the HIPAA rules. Outsourcing your medical billing can help.

Protect your own privacy

Have you ever been in the hospital cafeteria and overheard the conversation of office staff?

While I don't eavesdrop intentionally, I could not help but overhear what they had to say. Much of it was gossip.

I always emphasized to my staff that what happens in the office stays in the office. Hopefully you have staff who respect the privacy of your patients - and

10 CRITICAL QUESTIONS FOR PHYSICIANS

yourself. However, people are people, and sometimes they make mistakes.

The best way to protect the confidentiality of my practice finances was to limit the number of people who had access to the numbers.

One of my colleagues told a sad story. His office manager had embezzled from the practice, which she justified by saying, “The practice would come to a halt if I were not there running things. He needs me!

Why should I make so little when my boss makes so much? I was just helping myself to what I deserve.”

I paid my staff on the top of the earning range for employees who held their position. I shared information about expenses and invited the staff’s comments about how to be more efficient.

The reality is that I took home about 10X the amount that my employees did. Is this fair? Is this right? Only you can determine this. I know I worked a lot harder and a lot longer to become a physician, and I put in more hours than any of my staff.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Offices run more smoothly if incomes are shared on a strict, need-to-know basis.

Summary

Put systems in place to protect the privacy of information.

Many HIPAA violations can be avoided by moving patient information (including billing) to a HIPAA secure cloud platform. In cloud-based systems, patient data is not stored on laptops or unsecure drives waiting to be stolen.

8. Who are the Members of Your “Dream Team”?

Fifty years ago, my aunt and I stopped at my uncle’s practice to drop off a clean shirt and tie. My uncle was in the operating room repairing a fractured hip, but his office manager Della was there to greet us.

My uncle and Della managed every task needed to run the practice. Della managed his schedule, typed and mailed consultation notes to the referring physicians, did the billing and filing and sterilized equipment.

Back then he got all of his patients through a network of referring physicians. He had no website, let alone a Facebook profile. When he sent a claim form to Blue Cross, they paid the full amount quickly.

As far as I could tell, the only other person on his payroll was his CPA, with whom he consulted about business decisions like his corporate structure or whether to buy the practice building.

How different it is today to run a thriving medical practice. You need to:

10 CRITICAL QUESTIONS FOR PHYSICIANS

- **Attract patients to your practice**
- **Deliver quality medical care and the patient experience your brand promises**
- **Optimize your practice revenue**
- **Keep up with regulatory changes**
- **Keep up with changing technology**

Today no one person can master all of the skills and tools needed to run a thriving practice.

Here are recommended members of your “dream team”:

Who helps you attract more patients to your practice?

Many physicians find that they are one of the best-kept secrets in their community.

10 CRITICAL QUESTIONS FOR PHYSICIANS

You cannot run a thriving practice without a steady stream of new patients.

What is your plan for attracting your ideal patients? Who will execute your campaigns to engage referring physicians, patient information-seekers and “power partners.”

What is your plan for managing your online reputation?

Who is your “lifeline” to answer technical questions?

My life changed in dramatic ways when my son left for college and I became an empty - nester.

Near the top of the list, I miss those days in which I could bring my misbehaving computer to my son and say, “Sweetie, I need your help. Please fix it!”

Small technology challenges incite high levels of frustration on my part. They drain my energy. They zap the joy from my days.

10 CRITICAL QUESTIONS FOR PHYSICIANS

These are not usually difficult problems to solve; having the know-how is really all you need.

The person who did my billing was my technology lifeline. I could call her any time and in a five-minute phone call she could save me hours of frustration.

You may be a technology wizard. If so, you might not understand my level of frustration with computer problems.

If you want to spend time helping patients rather than fighting with your computer gremlins, you need to have someone in your corner you can call and quickly resolve issues.

Who helps you assess the business performance of your practice?

Again, my outsourced medical biller generated reports to help me understand my cash flow.

10 CRITICAL QUESTIONS FOR PHYSICIANS

I would regularly speak with my colleagues about where they purchased supplies and services to keep the practice running smoothly.

What resources help your patients thrive?

The treatment of breast cancer was my practice focus.

Patients regularly asked me questions that my training had not prepared me to answer. What is the best diet for someone being treated for breast cancer? Could massage decrease the risk of lymphedema?

I remember visiting the Nordstrom bra-fitting experts to get some tips about bra fits.

What resources would help your patients live their best lives?

Who helps you translate your revenue to wealth?

The unfortunate reality is that half of doctors are behind in retirement planning. Further, half of physicians are financial do-it-yourselfers.

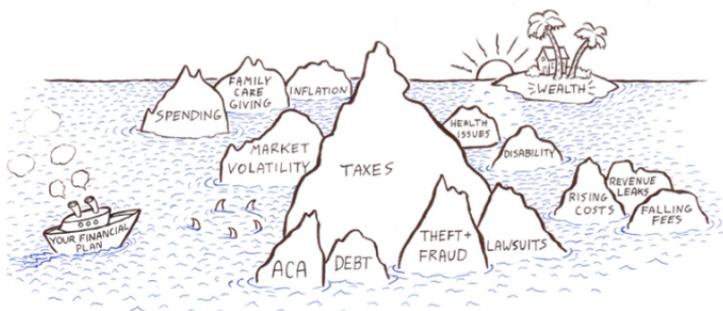
I have come to develop a healthy respect for the specific breadth of information needed to build wealth. I personally decided to hire experts at building wealth.

Summary

Practice-building and the delivery of quality health care is a team sport. Develop your dream team.

9. How do you “make the codes work for you” in a legal and ethical way?

Taxes represent your biggest lifetime expense.



Vicki Raekner, MD

Recently, we have seen the most sweeping tax reform in 50 years. Many of your deductions have evaporated.

Most CPA’s are “tax historians.” They review what’s happened in the past year and determine your tax liability.

A tax strategist will advise you about strategies and tactics you can proactively take to minimize your lifetime tax burden.

10 CRITICAL QUESTIONS FOR PHYSICIANS

I worked with a tax strategist who found \$1.5 million in tax savings over the next five years after I hired him.

Please print and post the following quote from a former Supreme Court Justice. Let what he says sink in and meditate each day on what he means.

It could result in you keeping more of your income and paying only the minimum in federal and state income taxes.

What are you doing to make the new tax code work for you?

The New Billing Codes

Billing codes and billing practices will always change.

One of my colleagues said, “I don’t want to know how the billing codes work; I want to make them work for me!”

10 CRITICAL QUESTIONS FOR PHYSICIANS

You want to engage in billing martial arts - you want to go with the momentum of the changes and make them work for you.

The person who is most skilled in making this happen is the person who works with doctors like yourself all day every day. They have a chance to see what the trends are. They see what's denied and what's working.

As you know, patients get better clinical outcomes when they are treated by physicians who see high numbers of patients with their medical condition. Experience counts. **So, too, you will get the best financial outcomes when you outsource your billing to the experts.**

Summary

Tax codes and billing codes impact your bottom line. Hire experts who can make the new tax codes and billing codes work for you.

10 CRITICAL QUESTIONS FOR PHYSICIANS

“Anyone may arrange his affairs so that his taxes shall be as low as possible; he is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase one's taxes. Over and over again the Courts have said that there is nothing sinister in so arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands.”

- Judge Learned Hand

10. How do you optimize the sale price of your practice?

You invest tremendous resources taking care of patients and building your practice. In fact, many physicians anticipate that the sale of the practice will fund their retirement.

When there is so much on the line, be smart about structuring favorable terms for the sale of your practice.

Here are some tips that will not only help you be more profitable, but will also increase the sale price of your practice.

Know and optimize your operational numbers.

The rule of thumb is that the purchase price of a medical practice is some multiple of your dividends. Dividends are defined as the practice income after salary and other expenses are paid.

Serious buyers look at your numbers, and the best time to tune up your numbers is today.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Track and optimize:

- **Accounts receivable**
- **Age of receivables. The longer payment is delayed, the less likely it is to be collected**
- **Average daily charges**
- **Collections percentage**
- **Patient collections**
- **Denials**

**Outsourcing your
medical billing is the best
and most cost-effective
way to track and
optimize your revenue.**

Address staffing issues. Buyers value the ability to step into a turn-key practice with competent, efficient staff. Have policies and procedures in place.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Track your marketing efforts. Every practice needs a steady stream of new patients. How do you get yours? If you can create a system that reliably attracts new patients - like your social media presence or educational videos - your practice has a higher perceived value. The goodwill of marketing efforts will not directly enter into the formal practice valuation; however, practices that invest in marketing efforts that work tend to be more profitable.

Create multiple revenue streams. Consider adding a cash aesthetic service. Consider hiring PAs or nurse practitioners. This will make your practice more attractive than if all the revenue came from your clinical activities. Further, you will not be financially penalized if you have cut back to part-time work.

What Is the Fair Market Value of Your Practice?

In order to sell your practice, you must find a buyer and come to an agreement about the sale price and the terms of the sale.

10 CRITICAL QUESTIONS FOR PHYSICIANS

You would like to “sell high”; the buyers want to “buy low.”

As you think about the value of your practice, you consider what you have put into the practice; your buyer wants to know what he or she gets out of the practice.

How do buyers and sellers bridge the gap and identify the fair market value of your practice?

Your buyer will undoubtedly hire an appraiser to make an independent assessment of the value of your practice. The contributing factors include:

- **The hard assets, like the furniture, equipment, and inventory**
- **The goodwill of the practice (trade name, online reputation, trained staff)**
- **The accounts receivable**
- **The value of the building if it's owned**

Before you list your practice...

Here are some tips that will help you successfully navigate the sale of your practice.

Know your goals. You have reasons for deciding to make the life-altering choice to sell your practice. Further, you have reasons to sell now. You are much more likely to be satisfied if you gain clarity about your goals from the outset.

Appeal to diverse buyers through national efforts. One buyer may be interested in moving to your area to be near aging parents; another buyer could be primarily interested in the practice building. A third could be interested in your patient population.

Know the market. What is the sales price for similar practices in your area?

Stage your practice. When you sell a house, you stage it; stage your practice too. Give the walls a fresh coat of paint. Dump the three-year-old magazines.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Know financing options. What is the major barrier to a sale? It's the ability of a potential buyer to finance the purchase. You have a better chance of making a deal if you can point the potential buyer in the direction of financing options.

Understand your buyer. A buyer weighs the cost of acquiring an existing practice against the costs and risks associated with establishing a new practice. The ideal disciplined buyer wants to know the answer to simple questions: What kind of return will I get on my investment? What is the purchase price? What revenue stream does the practice generate now? How certain can I be that the revenue stream will continue in the future?

Be organized. When you are ready to make the sale, have the paperwork ready. This includes:

- **Five years of tax returns**
- **A list of tangible assets (furniture, equipment, supplies)**
- **Income statements**
- **Copies of managed care contracts**
- **Procedure production report**
- **Cash collections by payer source**

10 CRITICAL QUESTIONS FOR PHYSICIANS

Structure a smart deal. You can structure the sale of your practice in one of two ways: (1) a stock purchase, or (2) an asset purchase.

In a stock purchase, the practice legal entity remains in place, and the buyer becomes a shareholder. This is the model of choice when groups of physicians jointly own the practice.

This model tends to favor the seller, who enjoys tax advantages and avoids the need to close the legal entity. While a buyer enjoys the benefits of joining an established practice, they also assume the liability. The buyer who is joining a group will enjoy these benefits when he/she leaves the practice.

In an asset purchase the seller's legal entity is dissolved and the buyer creates his/her own into which the practice assets are transferred.

This model tends to favor the buyer, who is most likely to enjoy the tax benefits and avoid the liability issues.

Keep your options open. Promote nationally and continue entertaining offers until you have a signed

10 CRITICAL QUESTIONS FOR PHYSICIANS

contract. Both buyers and sellers have more leverage if they have multiple offers.

Minimize the taxes you pay. Consider the doctor I know who paid 80% of the sale price of the practice in taxes. Work with the right team who can help you structure the sale in a way that will minimize your tax burdens.

Decide how you want to manage your accounts receivable. Your receivables are most likely your most valuable practice asset. You have a choice about who owns and collects the accounts receivable that reflect services rendered before the sale. You could sell your A/R to the new owner at a discounted rate. And you can optimize your revenue if you have already outsourced your billing, and your billing company takes care of your collections.

Decide how long you want to remain after the sale. You may want to continue to assure a smooth transition to the new owner. You may not be ready to retire and want to remain on a part-time basis. The buyer will decide whether he or she can afford to keep you on.

Negotiate wisely.

Key Questions Doctors Ask Before Selling a Practice

- **Why are you selling your practice?**
- **Why are you selling NOW?**
- **What are your personal, professional, and financial goals?**

If you are selling a practice, what's most important for you? This might include:

- **The timing of the sale (You may have some urgency if there are health concerns)**
- **The purchase price**
- **Assuring that the doctor who takes over your practice will be a good fit for your patients**

The more clearly you have these answers established before you begin the process the more likely you get what you want.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Your negotiating partner has different answers to these questions. Your ability to understand your negotiating partner's objectives will help you craft a win-win solution.

Avoid common mistakes.

Don't devalue your practice. Some physicians simply assume that their practice has no value and walk away.

Don't overvalue your practice. You may think about all the things you did to invest in the practice; your buyer wants to know what they can get out of it, and watch the numbers.

Don't put off the sale and wait to long. Finding the right buyer can take time. You do not want to be in a position of conducting a practice fire sale.

Don't let emotions take over.

Draw up a comprehensive buy-sell agreement. You know what lawyers say: if it isn't in writing, it didn't happen. Make sure your legal team has a

10 CRITICAL QUESTIONS FOR PHYSICIANS

contract law expert and that the buy-sell agreement addresses:

- **The purchase price**
- **The payment terms**
- **The role of the previous owner in the transition**
- **A noncompete clause**
- **Who owns the accounts receivable**

What a Buy-Sell Agreement Should Include If You Have Practice Partners

What happens if your practice partner becomes disabled or dies prematurely? Or your partner divorces and the ex wants half of the value of the practice? Make sure that you address these possibilities in the buy-sell agreement.

Summary

As you build your practice, you build its sales value. The best time to consider ways to optimize the practice value is TODAY.

Wrap Up

“Nothing pays like autonomy.”

Thank you for investing your time to contemplate 10 critical questions to help you thrive in private practice.

You’re practicing medicine at a time that seems to be characterized by eroding autonomy. It does not have to be that way.

It’s my hope that you take away the understanding that you have the power to preserve your autonomy and take control of the trajectory of your career.

I see a bright future for physicians in private practice. I believe that you can take steps to achieve the personal, professional and financial goals that attracted you to a career in medicine.

10 CRITICAL QUESTIONS FOR PHYSICIANS

Where is the best place to start?

Outsource your medical billing.

This will help you take control of one of the most important metrics of practice success - cash flow.

Are there other ideas that called to you as you read the book? Put them into action!

Wishing you much success and fulfillment on one of the most amazing careers on this planet!

Dr. Vicki Rackner

AFTERWORD

I sincerely hope this book has helped you see that there *are* ways to improve the health of your practice so you can get back to enjoying your work once more. In the end, you've also learned some great ways to make sure you get maximum value for your practice if you have decided to sell or retire.

But reading is one thing, doing is another. Should you wish to make some real changes in your life and in your practice, we can help. I help physicians all across the country every day, and my network of certified medical revenue managers can help you too.

If you'd like to speak to someone right away, simply contact the person who gave you this book for a free, no-obligation practice analysis.

Adam Phillips

Founder, Medical Revenue Management Association of America

About Vicki Rackner MD, FACS

Vicki Rackner calls on her thirty-plus-year medical career as a practicing surgeon, the clinical faculty at the University of Washington School of Medicine and serial entrepreneur to help her physician clients thrive.

As a nationally noted author, speaker, and coach, Dr. Rackner helps physicians in private practice achieve the personal, professional and financial goals that attracted them to a career in medicine.

She is a contributing expert for Physician Money Digest and The Journal of Medical Practice Management and is on the Advisory Board of the Medical Revenue Management Association of America.

She's been quoted in publications ranging from *The Wall Street Journal*, *Washington Post*, and *Physician Money Digest* to name a few. She is the author of multiple books, including *The Myth of the Rich Doctor* and *The New Thriving Medical Practice*.