

**OBJECTIVE:** Ensuring your clinic's financial viability amidst the movement to value-based reimbursement can be complex. This guide presents business performance indicators and resources to help your system or practice establish a solid financial base supporting high-quality, patient-centered health care.

The evolving healthcare reimbursement market can be overwhelming to navigate and create concern with respect to the financial stability of your system or practice. Meeting pressures to make payroll, update employee benefits, and upgrade electronic medical records (EMR), as well as to stay current with state and federal requirements associated with the Medicare Access & CHIP Reauthorization Act (MACRA), Quality Payment Program (QPP), Merit-based Incentive Payment System (MIPS), and alternative payment models (APMs) is critical to maintaining a competitive edge. Amidst so many changes, effective practice management, including a continuous assessment of your practice's financial viability, is indispensable.

## AREAS OF CONSIDERATION

### REPORTING CAPABILITY

The capabilities of your practice-management system and of your staff will impact the ability of your system or practice to create and monitor business and financial dashboards. These dashboards will help you understand and trend your financial stability.

### BUDGETING PROCESS

Reviewing the culture of your system or practice's historical process for creating an annual budget, monitoring the budget (to compare predicted costs to actual expenditures), and investing in projects/resources with a strong projected return on investment (ROI) will help you be successful in implementing value-based payment models. The foundational components of effective business management are necessary in developing a strong business model for your system or practice.

### CULTURE OF DATA USAGE

The effective use of data is a starting step to solid financial performance. Your system or practice's previous habits with respect to the use of financial and operational data, including how this data is reviewed and shared (transparency), will impact the speed with which your system or practice can develop/improve financial and operational dashboards. Successful organizations have a culture of transparency in which each member (not only the administrators) understands the cost of doing business. Having a culture of transparency and accountability is achieved through goal setting, reporting, and communication, and will set your practice apart from others.

## ASSESS CURRENT STATE

### KEY PERFORMANCE INDICATORS

- Does your system or practice have key performance indicators (financial and operational) to drive the viability of your practice?
- Are your leaders, clinicians, and staff members well-informed of the key performance indicators (KPIs), and do they understand how their roles and responsibilities impact these KPIs?

- Are they engaged in the development of the KPIs (buy-in) and committed to improving results?
- Are the key performance indicators reviewed on a regular basis?
- Are these key performance indicators tied to your clinician and staff performance (e.g., compensation, performance evaluation)?

#### DATA AND DASHBOARD CAPABILITY

- Review current financial and operational dashboards and your practice-management reporting capability. This will impact your decisions as you work to improve or develop data on baseline and trending of key performance indicators. In addition, the selection of key performance indicators should be driven by what you have capability to monitor
- Review and understand your staff capability to develop dashboards, enter data correctly, and run/review dashboards on a regular basis. This will influence decisions to develop or improve dashboards and considerations to outsource them

#### PROCEDURES AND POLICIES

Procedures and policies ensure consistency within your practice, mitigate risk, and improve adherence.

- Specific procedures and policies may apply to self-pay fee schedules, billing-process reviews, reimbursement/fee/contract analyses, cost-benefit analyses, evaluation, and management
- These policies and procedures should have creation dates, as well as set staff-review times

## STEP-BY-STEP INSTRUCTIONS

### 1. DEVELOP YOUR POPULATION DATA CAPABILITIES

Key performance indicators will help you monitor organizational performance to ensure alignment around financial goals and strategy. Ideally, key performance indicators should align employee and physician performance with leadership priorities. Performance indicators include financial statements, revenue and payments systems, expense reports, and financial performance metrics. Engage your staff in tracking your practice's monthly financial health.

- Review the following financial performance indicators for your system or practice:
  - Monthly profit and loss (P&L) statement
  - Operating margin
  - Overhead ratio
  - Accounts receivable turnover
  - Copay/deductible collection rate
  - Denial rates
  - Billed/paid ratios
  - Cost per visit
  - Revenue source, by payer and patient population tracking (e.g., fee-for-service vs. value-based payment)
  - Human resource and regulatory compliance costs
  - Financial checks and balance measures

#### RESOURCES:

- + Example. Basic Budget. FPM
  - + Three Steps to an Effective Financial Budget. FPM
  - + Vital Signs for Assessing Financial Health. FPM
  - + Medical Practice Forms: Every Form You Need to Succeed\*
  - + Examples. Financial Dashboard
  - + Chart Tool. FPM
  - + Chart Audit Tool. FPM
  - + Claims Denial. FPM
- \*Available for purchase on Amazon

## 2. SELECT YOUR OPERATIONAL KEY PERFORMANCE INDICATORS

Selecting appropriate and effective operational measures will help your system or practice support a culture of accountability across the transition from fee-for-service to value-based payment models. For example, providers who see 12-15 patients per day, code correctly, and keep patients out of the ER and hospital may generate more revenue than providers who see 25-30 patients per day. Ensuring measures that reflect the changing value placed on primary care will be important.

- Review or develop operational reporting capabilities, as for:
  - Coding patterns
  - Visit volume (visits per hour)
  - Full-time equivalent/visit ratio
  - Staff productivity data (e.g., call volume, task volume [front desk/clinical])
  - Visits scheduled vs. visits billed
  - No-show rates
  - Physician/provider panel size
  - New patient trends/record-transfer requests
  - Patient-population data (See 'Getting Started Guide: Population Management' for additional detail)
    - Insurance coverage
    - Know who covers your patient population (i.e., Medicare, Medicaid, commercial, employer, uninsured, other); this information correlates with reimbursement and revenue opportunities
    - Basic demographics
    - Understand age and gender distribution as this can impact operational decisions
    - Top 5-10 health conditions
  - Understand data on your population as this can help you identify revenue priorities
- Physician, provider, and staff experience: Identify opportunities for leaders and address communication and potential burn-out issues
- Fee-for-service to value-based reimbursement: As you develop or improve your financial and operational dashboard, it is important to consider your transition from fee-for-service to value-based reimbursement. Understanding your market environment for value-based payment will help you prioritize KPIs and dashboard measures. Value-based reimbursement models can take various forms: performance incentive programs, per member per month (PMPM) payments for care management, episodes-of-care payments, bundled payments, and shared savings (upside and/or downside). Knowing value-based payment options can help you align your financial and operational KPIs based on patient breakdowns by payer and condition (see 'Getting Started Guide: Payer Contracting' and 'Getting Started Guide: Advanced Payer Contracting' for additional detail)

### RESOURCES:

- + Example Physician/ Provider Panel. Demographic Report
- + Staffing Benchmarks. FPM
- + Example. Payer Distribution Report

### 3. REVIEW OR DEVELOP POLICIES AND PROCEDURES

Procedures and policies ensure consistency within your practice, mitigate risk, and improve adherence.

- Specific procedures and policies may apply to self-pay fee schedules, billing process reviews, reimbursement/fee/contract analyses, cost-benefit analyses, evaluation and management (E/M) coding analyses, insurance credentialing, compliance reviews, and chart audits
- These policies and procedures should have creation dates, as well as set staff review times. In addition, policies and procedures should define best-practice processes for tasks, and should identify the team role accountable for each task

#### RESOURCES:

- + Operational Policy Resources
- + Financial Policy Resources

### 4. SELECT YOUR QUALITY KEY PERFORMANCE INDICATORS

In the current environment of value-based payment models (e.g., MIPS, QPP, APMs), there is increasing emphasis on the financial impact of quality-of-care and outcomes-of-care efforts. Improving population health by following evidence-based guidelines and by tracking your performance in disease prevention and wellness screenings are a part of your business. In addition, some payers in your market may offer quality-improvement incentives, either through specific performance-improvement programs or through alternative coding. Selecting appropriate codes that are reimbursable by payers in your market can help you optimize billing opportunities and increase revenue for your practice.

ENSURING THAT YOUR SYSTEM OR PRACTICE OPTIMIZES QUALITY-OF-CARE CODES IS IMPORTANT TO YOUR BUSINESS MODEL AND ITS FINANCIAL SUCCESS. CODES TO CONSIDER INCLUDE:

System	Code	Name	Key Documentation Required	Exclusions
CPT	99211	Nurse Visit	<ul style="list-style-type: none"> <li>▪ Key nursing assessment – B/P check, fasting glucose review</li> <li>▪ Physician/provider review &amp; recommendation via protocol</li> </ul>	
HCPCS	G9001	Care Coordination: Initial assessment	<ul style="list-style-type: none"> <li>▪ Covered benefit under all plans, member copay and deductible apply</li> </ul>	Covered benefit under all plans, member copay and deductible apply
HCPCS	G9002	Care Coordination: Ongoing Maintenance	<ul style="list-style-type: none"> <li>▪ Covered benefit under all plans, member copay and deductible apply</li> </ul>	Covered benefit under all plans, member copay and deductible apply
HCPCS	G9007	Individual face-to-face visit	<ul style="list-style-type: none"> <li>▪ Covered benefit under all plans, member copay and deductible apply</li> </ul>	Covered benefit under all plans, member copay and deductible apply
CPT	99487	Care Coordination: Scheduled team conference	<ul style="list-style-type: none"> <li>▪ Covered benefit under all plans, member copay and deductible apply</li> </ul>	Covered benefit under all plans, member copay & deduct. apply
CPT	99490	Complex care coordination: First hour physician directed, no face-to-face visit, per calendar month	<ul style="list-style-type: none"> <li>▪ Not a covered benefit for group or individual commercial plans. Covered benefit under Medicare and Medicaid. Copay may apply</li> </ul>	Not a covered benefit for group or individual commercial plans. Covered benefit under Medicare and Medicaid. Copay may apply

## 5. ASSIGN KEY STAFF FOR TRANSPARENCY AND ACCOUNTABILITY

### ROLES & RESPONSIBILITIES GRID

	Physicians/ Providers	Clinical Staff	Clerical Staff	System or Practice Leaders
<b>Define KPIs</b>				
Financial metrics	X			X
Operational metrics	X			X
Quality metrics	X	X		X
Patient experience/satisfaction/confidence	X	X	X	X
<b>Analyze KPIs</b>				
Develop dashboard		X	X	
Assign team member(s) to track and report each KPI defined	X			X
Track and trend performance over time (daily, weekly, or monthly, as required by metric)	X			X
Conduct continuous quality improvement of lean thinking for results that are not hitting your targets	X	X	X	X
<b>Communicate KPIs</b>				
Post KPIs and their performance outcomes in a shared area (e.g., staff lounge, meeting room, patient area)			X	
Establish regular meetings to discuss KPIs (e.g., staff meetings, provider meetings)				X
Align KPI performance with staff performance reviews				X
Leverage positive progression of KPI outcomes to negotiate value-based contracts with payers	X			X
Highlight your KPI successes in a quarterly/annual newsletter or on your website to market your commitment to excellence				X
<b>Policies and procedures</b>				
Develop or update financial policies/procedures				X
Develop resources to ensure compliance with financial policies and procedures			X	X

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