



# The Secret to Understanding Practice Cashflow

by Reuven Lirov, M.A.

## Tracking the Revenue Stream

Dr. Friedman walked out of a treatment room whistling, feeling great about the session. His patient, Ryan, had come a very long way since the death of his father and he was actually planning to return to work the following week. But he stopped cold when he saw Luisa sitting at her desk with her head in her hands.

“What’s wrong, Luisa?” asked Dr. Friedman with concern.

“I know that I’m pretty good with numbers but some days I can’t make heads or tails of where our finances stand!” Luisa said bitterly.

“Tell me what happened and let’s see if we can talk this out,” encouraged Dr. Friedman.

Luisa explained how frustrated she was with the insurance reimbursement process. Since they were still generating reports by hand, she never felt as though she had control of financial matters. Some insurance claims

were dragging out for months and, without being sure of when reimbursements might come, she was having difficulty budgeting—or at least budgeting confidently—for other office expenses.

“I was positive that the claims for Christine Jackson and that handsome young teacher, John Santos, would have come through by now, so I went ahead and began the process of purchasing a new copy machine,” explained Luisa. “You know how frustrated you get when you have to make copies of



suggested books for your patients. But the claims haven't come through and we've got other major expenses coming down the pike. I just don't feel like I've got a handle on our finances at all."

Dr. Friedman was quite troubled to hear this. The practice was in good financial shape but he had never imagined that tracking insurance reimbursements might cause such trouble for Luisa, who worked so hard to keep the practice's financial status pinpointed precisely.

"Well, don't you know by now how long each insurance company's accounts receivable window is?" questioned Dr. Friedman.

"It's just not that simple!" said Luisa, exasperated. "We accept more so many different types of insurance and each of those companies has plans with various levels of coverage. Plus, you know that some companies are just a lot less helpful than others, so even the smallest error in the treatment code or a line left blank can hold the process back for weeks!"

Dr. Friedman thought about that for a minute. It really was unfair to expect Luisa to try and keep track all of these things manually. He knew that Laura's pre-school used a dashboard that helped track everything from changes in personal information to each family's billing and payment status.

"The worst thing is that some of our patients are really struggling to pay their bills but, by the time

they really understand what their care plan might cost, it's almost too late for us to even try and help work things out for them," Luisa finished.

The two looked at each other uncomfortably, Dr. Friedman's satisfaction in his recent session forgotten. He wished he could simply focus on what he loved to do—to help people feel better—instead of worrying about administrative issues. And he hated to see Luisa so upset.

*Might there be a solution to the insurance reimbursement issue at Dr. Friedman's practice?*

## Where Should We Go Tonight?

Alex and Laura were having a familiar conversation: what should we do about dinner? They had both returned home from busy days at work, both were a little frazzled and hungry and—as usual—the refrigerator was lacking in appetizing options.

"I've heard that the new Indian buffet is very good," said Laura. "But it's downtown and it's almost 6:30, so there might be a bit of a wait."

Alex thought about that. "That sounds delicious and we should definitely get there at some point, but I'm too hungry for a long wait. Why don't we just go grab some Chinese at our usual place—there's never a wait there."

"You know, Alex, we're never thrilled with our meals there and we've tried

everything on the menu," Laura said. "There's a pretty good reason why there's never a wait there."

They looked at each other testily for a moment—hunger and a lack of accord might become a threat to their nice evening out.

Just then Lucky came running out of the living room, butting his head happily against Alex's legs. "Hey big boy, you need to go outside?" asked Alex. "Listen, Laura, I'm going to walk Lucky around the block and then we can go try that new restaurant downtown. It sounds like fun."

He snapped the leash onto Lucky's collar and walked outside with the happy dog. What was making him so irritable this evening? Maybe the walk could help clear his head.



Alex's thoughts kept returning to earlier in the week, when Luisa explained the difficulty she was having keeping track of the office finances. Too often they were surprised to learn that some patients had accounts that were past due. And between varying accounts receivable windows and some insurance companies that were dragging out the reimbursement process due to even minor errors in data entry, it was making confident budgeting impossible.

Alex pondered how difficult it was for him to keep track of crucial patient information until he put a system in place. Between his voice recorder, written notes and meticulously organized files on his computer, he felt confident in his mastery of the most important details for each patient.

But then he thought about how many areas of office management that Luisa was expected to stay abreast of: office supplies, scheduling, working with outside vendors, insurance reimbursements... her plate was truly full. And considering that third parties don't always respond when and how you want them to, the level of complexity and the time it takes to handle each task can be multiplied exponentially.

Laura and he had talked about the program that could automate many of the functions of his office and Alex had been serious about actually following through and implementing

it. But there always seemed to be a crisis to attend to... trying to collect from patients who owe balances beyond a certain date, trying to figure out where long-overdue insurance reimbursements were.

Alex knew when he started his practice that it wouldn't only be about attending to patients – he knew there would be crucial administrative work that would have to be handled by his staff.

Luisa had certainly had shown she understood the benefits of having data to inform business decisions. But customization is key when reviewing large amounts of detailed data and it didn't seem like Luisa was tapping the full potential of the system when it came to the billing reports. Alex knew that there were reports that could be broken down in a number of different ways and could be endlessly customized so that they could stay on top of potential problems.

Well, maybe we should take some time to figure it out together, Alex

thought. Without getting these reports done—and done right—we really have no idea how well our office is functioning. This sounds like something we should talk about on Monday.

But first he wanted to enjoy a nice dinner with Laura. He appreciated how she listening to him talk about the various issues in his office, and she often responded with some great feedback.

When Alex returned to the house, he found Laura ready to go—her purse in one hand and a small lunchbox in the other. “What’s in the lunchbox, Laura?” Alex asked.

“Well, since you’ve agreed to my pick of restaurants, I wanted to reciprocate by packing some snacks for the drive so you won’t be starving while we wait for a table,” Laura said with a smile. “I’ve got some fruit, cheese and crackers, and your favorite—cashews.”

Alex smiled at Laura, who never failed to make even the most



hectic and frustrating day better. “We’d better get going,” he said. “Maybe we can be on the lookout for a new Chinese place on our way there.”

Both were laughing on their way out the door.

*Can Dr. Friedman make the commitment to automate his billing reports and take control of his office finances?*

## Much Ado About Data

As he made his way into work on Monday, Alex was preparing himself to take the next step in his ClinicMind journey. He knew that the software was going to help in innumerable ways, from records management, to tracking insurance payments, to helping to get patients reinvested in their own care plans. But with reports come data—a TON of data—and what on earth were he and Luisa going to do with all of those numbers?

“Good morning Luisa,” Alex said as he entered the office.

“Hello Dr. Friedman—how was your weekend?” asked Luisa.

“It was great,” Alex answered.

“Laura and I tried out the new downtown Indian buffet. It’s really good—and I even have leftovers to enjoy for lunch today!”

“I’ll have to give the place a try,” said Luisa. She stopped for a minute, then continued, “So...

have you given any thought to moving forward on ClinicMind?”

Alex sighed. It was going to be difficult to put this off for any longer. “I know, I know, we shouldn’t wait any longer,” he said. “Before we get started, I’m going to call our coach, Michelle, and ask her a few questions.”

“Let me know if there’s anything I can do,” said Luisa.

Alex placed his lunch in the refrigerator and then went into his office, closing the door. He stared at the phone for a minute and then laughed at himself. Boy, change can really be hard, he thought. He picked up the phone and, within a minute, he was connected with his ClinicMind coach, Michelle.

“How are things going, Dr. Friedman?” Michelle asked.

“Well, we’re doing fine but...I have to admit, we understand that this software is going to help us manage the office more professionally and efficiently but we’re having trouble taking that last big step and rolling it out,” Alex admitted.

“Oh, you’re not alone,” Michelle said. “Ask me anything—we’re here to help!”

“I guess we’re overwhelmed by all the data,” said Alex. “Neither Luisa nor I are number crunchers, and the reports can get so complex. How can we be sure that this is going to help us, rather than adding to our already busy workdays?”

“One of the wonderful things about the billing stats report is that it will help you to create consistent, repeatable

processes for collecting patient information and assessing billing performance,” Michelle said.

“It might be daunting looking at the possibilities from the outside in, but once you’ve got things set up, it will actually help you to get a handle on your office cash flow and more easily identify where—and why—things are being held up in the reimbursements pipeline.”

She continued, “Have you ever looked at your revenue stream over a period of a few months and seen a decline, and panicked? With the billing stats report, instead of trying to go patient by patient, week by week, month by month, and guess what the problems are, you can actually run reports with up to 45 different parameters and pinpoint where exactly in the process things are breaking.”

“I don’t see how that is possible,” protested Alex.

“Let me put it this way: you can run a 60-day report and get a breakdown of the status of each claim,” said Michelle. “If the claim is not at the insurance company, then you’ll be able to figure out if you’ve got an intake problem, if your claims are going out in a timely fashion, or if there are issues with the information you’re sending out with the claim.

You can also look at which CPT codes are getting paid or underpaid. With the power of accurate statistics, you can have the right conversations with front desk staff, your office manager and billers.”

“What’s also great is that with the radar chart, you can set parameters for your practice,” Michelle continued. “If you get to a point where everything is within the parameters you’ve set, then you will render the billing stats report unnecessary. That’s a terrific thing about ClinicMind—we help you achieve best practices in your office management so that you can be in control of your practice and focus more on your patients.”

“That’s exactly what we want,” said Alex. “I don’t know anyone who went into medicine so that they could spend most of their day staring at a computer screen!”

“But do you want to hear the most wonderful thing of all about ClinicMind?” Michelle asked.

“Of course,” said Alex.

“Whenever you have a question, a concern or simply want to talk through some numbers that don’t seem to make sense, you can call me,” Michelle said. “We are committed to being here when you need us.”

“Well, that is the most wonderful thing I’ve heard all day!” laughed Alex. “I can’t thank you enough for your time today.”

After a few more minutes of small talk, Alex emerged from his office and walked toward Luisa, who knew just by looking at him that change was afoot.

“That must have been some phone call,” said Luisa.

“It was,” smiled Alex. “I think we’re ready to begin our ClinicMind adventure—together!”

*Is Dr. Friedman ready for launch?*

## Prepare for Launch

Opening your own practice means opening a whole new can of worms. That’s because there are so many elements that they don’t teach you about in school: aspects of running a business that you’re left to learn on the fly—all while attempting to provide quality care for your patients.

As Alex sipped his coffee and checked his email, Luisa peeked her head into the doorway and asked, “Are you ready, Dr. Friedman?”

Alex smiled and said, “I’m not sure, but let’s go ahead anyway.”

Luisa dialed the phone number for Michelle, their ClinicMind coach. After a couple of rings, Michelle picked up on the other end.

“Good morning,” she said cheerfully. “So today’s the big day!”

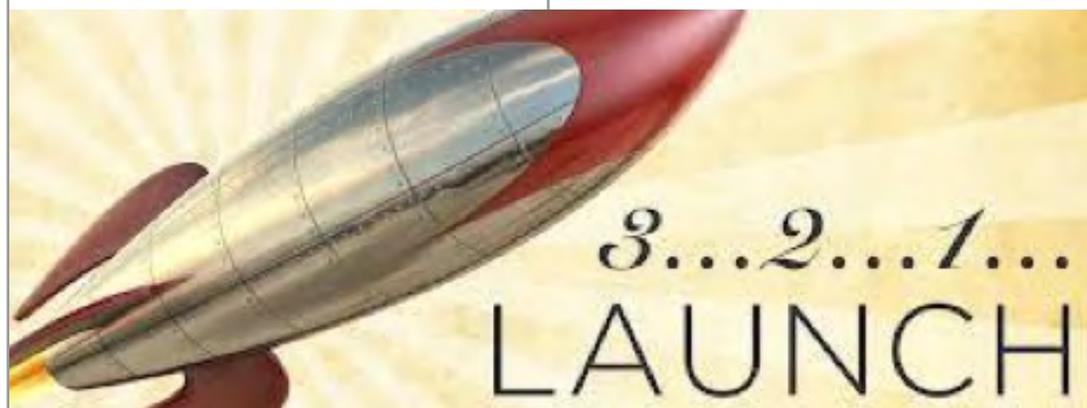
“Hello Michelle,” laughed Alex. “It sure is. And I think we’re finally ready.”

“Then let’s get started—we’re going to talk about the features of ClinicMind that will be most useful for your practice and offer that final bit of reassurance that you’re doing the right thing,” Michelle said. “They don’t call me the Queen of Practice Success Coaching for nothing!”

“OK Michelle, we’re ready,” said Alex. “Let’s go through this one last time.”

“Let’s start with the ‘why’ of the Billing Stats Report, and relate it to some of the challenges you may be experiencing in your practice,” Michelle said. “You’re doing pretty well financially but have you ever experienced any sudden drop-offs in revenue that you couldn’t easily explain?”

Luisa and Alex looked at each other and could remember several occasions when that was the case. Just a few months ago they had seen a significant and disturbing reduction in revenue and it had taken weeks of going through billing records, manually, to learn that Alex had been inadvertently writing the wrong billing code on a number of his patient files. Every single one of those claims was delayed or denied outright. They were still trying to get some of the accounts sorted out.



“Yes, we’ve found it very difficult to troubleshoot issues with reimbursements,” admitted Luisa. “And it’s not always the insurance companies’ fault—getting even one number wrong in the coding or forgetting to include important documentation can really impact our success in collecting what we’re owed.”

“Exactly, it’s about achieving billing compliance AND payer compliance,” Michelle said. “But it’s important to recognize that the insurance companies are not going to give you a step-by-step reporting on the progress of your claims—it’s better for them if you’re not able to stay on top of the process.”

“I’m sure I’ve mentioned to you before that the chance of getting paid on a claim decreases by 1 percent with each passing day,” she continued. “That 1 percent adds up really quickly when you’re talking about an entire practice’s worth of patients and numerous claims.”

Alex and Luisa both had to swallow hard at the thought of the tens of thousands of dollars they had lost due to reimbursement issues.

“It really is amazing the detail you can get,” Michelle said. “The reports are customizable to your particular needs and will tell you where problems are—whether on your end or the insurance company. Perhaps there are two codes on a claim that don’t quite go together, or a clinician forgot to include some demographic information

in the claim...or maybe an insurance company is consistently underpaying certain CPT codes, or pushing the boundaries of its accounts receivable window. You can’t fix problems until you know what they are!”

“That’s true,” said Alex. “I definitely don’t envy Luisa—she’s been an incredible investigator when it comes to solving cash flow mysteries but the time she has needed to dedicate to these investigations has definitely taken crucial time away from other office management needs.”

“If the roots of billing problems were easy to find, we’d be able to deal with them quickly and decisively,” said Luisa. “You know how I love to have a plan!” Alex nodded and smiled.

“And it’s not just insurance companies,” Michelle said. “You can stay on top of private payers, as well, and make sure that your patients are on track with visits and billing.”

“That would be really helpful,” said Luisa. “We’ve had several patients who were significantly behind and once we figured out where their accounts stood, it was a real financial hardship for them to try and catch up all at once.”

“But it’s not all about reimbursements—what’s great about ClinicMind is that it provides you with a checklist for all of your performance indicators, such as

unbilled visits, patient visits, no shows, unfinished claims, or any other success measures you’d like to track,” said Michelle.

“Another great feature is the radar chart, which allows you to see certain areas within your practice where attention may be needed,” she continued. “You can set parameters, such as new patient numbers, so that you will know if you’re not meeting your goals. Once you’ve set the desired parameters for a number of performance indicators within your practice, then you won’t need to refer to the Billing Statistics Report—unless the radar indicates there is a problem with performance. Between the radar and the Billing Statistics Report, you are going to be firmly in control of your practice’s financial health and performance.”

“This is incredible,” mused Alex. “Being able to focus on building this practice instead of worrying about when reimbursement checks are going to arrive? I really didn’t think it was possible.”

“I know you’re still probably a little intimidated about getting started but let me offer this final testimonial: In the past three years, my clients have seen average revenue growth of over 186 percent, patient visit growth of over 141 percent, and an 86 percent increase in patient visit compliance,” Michelle said. “Your patients will have more buy-in with regard to their own health care, you will have less administrative work to slog through, you will collect more

money and—best of all—you will be able to spend more time with your patients.”

“Well, that’s what we’re all here for,” said Alex. “Let’s do this!”

*Is ClinicMind the solution that Dr. Friedman’s been looking for?*

## What Would You Do?

*Some advice from the Genesis community*

Dr. Friedman does not need to manage by crisis. He is spending too much time trying to figure out everything that needs to be done. Let the software automate the process and open tasks when needed. This will give Ben more time to treat his patients.

—Charles Pritchard

Implementing software that allows practices to streamline processes is an important first step, but I have found from working with providers and their staff they are not utilizing the system to optimal performance and become frustrated. As a coach I use tools, such as the Practice Health Monitor or Dream Practice Analysis which assist providers to identify the areas of his or her practice may need better processes put into place to achieve optimal performance.

—Robin Kortman

Leaving your crucial finance and business tasks to overloaded employees just won’t cut it anymore. With insurance companies more dedicated than ever to denying your claims and holding up your cash it’s vital that you invest in a

software that can automate many of your statistics and accounts receivable information. Don’t leave it up to the person who orders your staples!

—Josh Wolf

Personally, I use the Billing Stats Report on a daily basis, it is the most concise way to track revenue at a glance. The added bonus is that the report results can be drilled into, allowing Practice owner’s to see exactly what the numbers are based upon. This report is a great tool.

—Naomi Perez

Managing your practice; tracking patients, updating accounts, keeping an eye on your insurance charges and payments and managing claims, all this while treating patients is a very challenging task. Having Clinicmind will alleviate much of this for Dr. Friedman and will help him to focus on patient care and practice growth. The goal of every practitioner.

—Tim Helfstine

While making a major change can be scary you don’t have to go it alone with Clinicmind. You will have a Coach and the entire Clinicmind team who is with you every step of the way guiding you and making sure that you are not alone on the island.

—Heather Miller

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