Achieving practice efficiency

All businesses are subject to internal and external forces that drive change and impact how they operate, either in a positive or negative way.

Internal forces are those events or situations that occur within an organization and are generally under its control. Examples include technological capacity, financial management, organization of equipment, and employee morale.

External forces occur outside of the organization and are usually beyond its control, such as the state of the industry, demographics, competition, and political interference.

Achieving and maintaining efficiency in a medical practice is not an easy task. Moreover, as the Ontario health-care system continues to evolve at a rapid pace — driven by fiscal, political, and other pressures — it is more important than ever for medical practices to review and assess the efficiency of their internal forces and operations, and ability to adapt to change.

Our work with medical practices in various settings — solo, group, fee-for-service, capitation, rural and urban — has shown that in many cases, once a practice becomes busy, there are limited plans in place to properly address the bottlenecks, redundancies, waste and excess that tend to develop over time, resulting in a decline in overall practice efficiency.

To help physicians maintain efficiency, we introduce the concept of the “efficiency imperative,” a term that refers to the need to develop and maintain a healthy internal system in order to handle the forces that drive change.

As an analogy, consider the healthy internal system of your practice is much like the human body as it fights illness: the healthier the body, the greater the chance for success. Yet, creating a healthy body is not enough; health maintenance is equally important.

Why is the efficiency imperative important for all models of practice? Some may argue, “I am not a large clinic. I am a solo physician with only one or two staff. Why should I worry about efficiency when what I have works so well?” Or, “I don’t work in an urban setting but in a small town with very limited competition. Why should I worry about losing business?”

While individual situations may vary, medical practices are subject to two key factors: increases in overhead annual expenses, and potential variations in OHIP billings. The idea behind the efficiency imperative is to help ensure that by maintaining an efficient internal system, physicians can be proactive rather than reactive when responding to the inevitable forces of change.
Not only will proactive clinics be prepared to navigate change more easily, they will become more efficient along the way. Reactive clinics, on the other hand, will find that they are unable to adapt to change as easily as they are often preoccupied with trying to fix past issues. As a result, more time and money will be spent in an effort to realign their internal system.

In our work, we have identified five key core competencies for medical practice efficiency that will yield proactive results. The following questions are just a starting point, but will help generate a plan to address the most common areas of inefficiency.

Inventory Management

- Do you have a scheduled process for checking inventory balances? Create a system for assessing inventory levels that your staff can use to ensure there is no duplication of inventory, or waste due to expired supplies.

- Are your supplies visible and accessible? Strategically place inventory and supplies in areas of highest use so that physicians and support staff are not spending time searching, or ordering redundant supplies.

- Is there accountability in the system? Make one or two staff members responsible for inventory ordering to maintain accountability.

- Are you receiving the best price? Conducting an annual cost comparison might yield a supplier who can provide a better price for products or services — or some negotiating leverage with your current supplier.

Human Resources

- A well-functioning practice setting establishes defined roles and responsibilities for all members of the care team. Optimizing staff to work to their full ability and assigning work to reflect that ability will ensure that duplication of services is eliminated, efficiency of care is improved, and quality of care is high.

- Do you have clearly defined staff roles and responsibilities? Defining roles and responsibilities will help reduce confusion among staff, enable collaboration, minimize internal conflict and increase accountability.

- Are you investing in your team culture? Create a sense of belonging and ownership through scheduled meetings to address clinical and staff issues, and to gain valuable insight from all staff members.

Technology

- Establishing an integrated electronic medical record (EMR), adapted to meet patient and provider need, is a key component of an efficient practice.

- Have you considered a cross-platform EMR system? While many systems may independently address a particular function, multiple platform EMR systems can minimize technical issues and related expenses.

- Is your EMR system in line with your strategy? Your EMR system should be capable of handling the tasks required by your office today and support future growth.

- Does your technology serve your daily needs? Additional phone lines, expensive equipment and high-capacity systems might look good on the shelf, but may not be practical. Consider adopting technology that addresses specific daily needs and tasks in order to prevent confusion and technical deficiencies that may inhibit practice growth and efficiency.

Patient Management

- Do you have a consistent communication strategy? From the Internet to phone messages to support staff, your communication strategy must ensure that patients receive timely and consistent information no matter what channel they use to interact with your practice.

- Are your customers satisfied? Collect real objective data through patient satisfaction surveys that will assist you in delivering the best possible care both within and beyond the exam room.

- Do you have long wait times or inconsistent scheduling practices? Consider implementing the Advanced Access approach to scheduling, a technique whereby a practice leaves space within its schedule for patients with same-day care needs. Educate patients about arriving on time and limiting the number of issues they discuss per visit.
Billing

- Are you aware of applicable OHIP and third party billing codes, including bonuses and premiums? Consider attending a billing seminar offered by the OMA Practice Management and Advisory Service, or obtain the support of billing specialists and practice management consultants to help you identify areas for improvement and training for staff and physicians.

- Are you aware of your accounts receivables? Implement a system for reviewing missed billings before the six-month window closes. Have staff share in the work to minimize simple errors by using Health Card validation, fixing billing rejections, and resubmitting bills on a timely basis.

- Is your staff motivated to help you improve your receivables? Construct a payment or incentive structure based on overdue receivables to help you increase your overall monthly earnings.

By taking the time to assess your practice and ask yourself these questions on an annual basis, you will find that you spend far less time in maintaining a healthy system than reacting to internal changes and conflicts. This ultimately means that you will be able to enjoy a practice that creates a positive experience for all stakeholders, improved quality of health care, as well as optimized revenue and profitability.

OMA Practice Management & Education (PME) resources aim to help physicians maintain a successful medical practice, including skills development, usable tools, and medical billing support. Additional resources on these and other topics are available at www.oma.org.

This article was written by Pradyum Sekar, MBA, B.Sc. and originally published in the May 2013 issue of the Ontario Medical Review.