



What is Your Experience?™

in partnership with

Gates, Moore & Company

RETURN ON INVESTMENT

Pre-Implementation Assessment

Prepared for
Four Doctor Practice



PRIME Suite™

Delivers Integrated

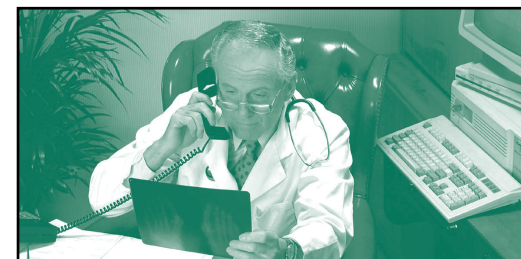
- Clinical
- Administrative
- Financial
- Processing



PRIME Suite™

The Physician's
Integrated Software Suite.

- Practice Management
- Electronic Medical Record
- Managed Care





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Introduction

Background and Introduction

Greenway Medical Technologies® (GMT) believes exploration of cost justification is a key element that ensures implementation of a successful Information Technology (IT) initiative. To that end, GMT retained Gates, Moore & Company, a leading healthcare consulting and accounting firm to provide clients with this vendor-funded assessment of Return on Investment (ROI) achievable by using the Greenway software solution, called PrimeSuite™. This report provides an objective, third party assessment of the financial benefits attainable based on practice data gathered during workplace visits. Given the controlled scope of the assessment, this report should be used exclusively for measuring the ROI associated with PrimeSuite deployment.

As a result of on-site observation and analysis of your practice's administrative, clinical and financial processes, Greenway and Gates, Moore & Company are pleased to present the findings from the recently conducted "Pre-Implementation Return on Investment Assessment". This analysis is intended as a detailed estimate of the potential Return on Investment (ROI) associated with the implementation of Greenway's PrimeSuite solution, as well as a benchmark for comparison against a "Post-Implementation Return on Investment Assessment" to be conducted approximately one year following the initial Greenway system deployment. From this pre-implementation and post-implementation analysis comparison, a fair and objective assessment of the Greenway system's financial benefits will be concluded. The results of this comparative assessment will also identify areas of implementation success, as well as areas within the implementation that require additional focus and/or resource.

This ROI analysis assists in evaluating current practice indicators to determine how to maximize profitability. Greenway's PrimeSuite is a tool to help reach established goals by automating and integrating practice processes and data. The net result of this assessment will be an objective and accurate analysis of the delivered ROI associated with implementation of the Greenway system. Many vendors talk about ROI, Greenway and Gates, Moore & Company are proud about its commitment to deliver a ROI.

Assessment Methodology

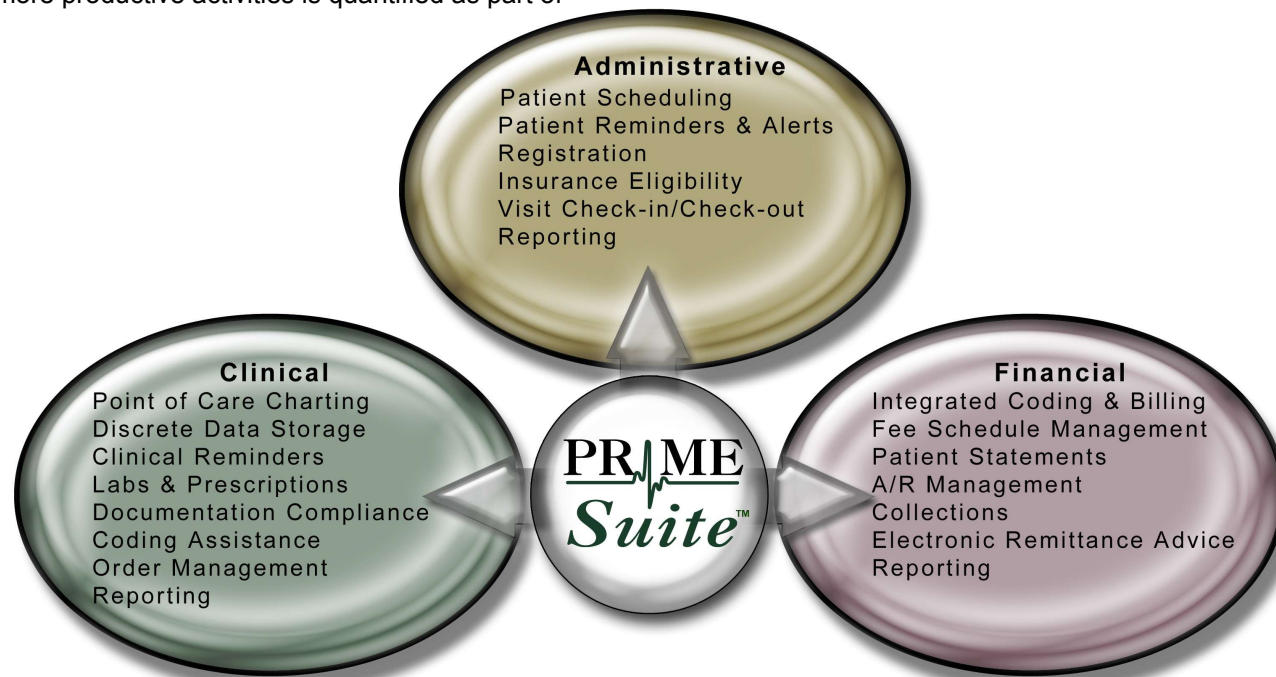
On-site analysis consisted of review of source documents, interviews with key employees and observation of workflow. The data was categorized and analyzed to identify areas in which the practice might experience improved efficiencies through implementation of the software. The recognized opportunity cost of these improvements was then quantified.

It should be recognized that this analysis depicts data based on limited observations and assumptions under the conditions present at the time of the on-site visits. It does not represent affirmation of the presentation or assumptions. Differences between forecasted and actual results will occur where events and circumstances differ from observed situations. GMT has no responsibility to update the ROI statement to account for changes at the practice after the report date and before the post-installation assessment.

This analysis identifies potential areas of improvement for reductions in operating costs, incremental increases in revenue and enhanced patient satisfaction. The ROI analysis includes information pertaining to the following areas:

- **Patient Visits** - Projections based on patient visits during the review period are used as a basis for calculations in the ROI.
- **Statement Production** – The processing of statements directly affects revenues and expenses. Timely statement delivery encourages timely payments. Statement production costs impact the practice's overhead expenses. This analysis examines components of the statement function to determine opportunity costs in decreased time for processing statements and direct expenses.
- **Billing Procedures** - Efficiency and accuracy in entering charges and filing insurance claims directly affects practice cash flow. Time spent by staff processing charges and claims can be more efficiently used in revenue generating activities. Analysis in this area includes time spent crosschecking between systems, correcting errors identified during claims processing and additional revenue potential from missed or incorrectly coded charges. Additionally, this review will also include an analysis of the practice's fee schedules, so as to ensure that the practice is billing at the appropriate allowable charge amounts.

- Management of Lab/Test Results** - It is critical to quality patient care that test results be available in medical records on a timely basis. Manual filing of lab results is labor intensive, inefficient and can lead to errors such as misfiled information. Time spent on these tasks is analyzed as part of this analysis.
- Documenting Patient Encounters (Physician and Staff)** - A review of a practice's processes for managing patient encounter documentation, such as dictation and transcription, is used to pinpoint areas where clerical or clinical staff might gain time to be used for revenue generating activities. Additionally, this analysis also identifies current dictation and transcription expenses as a potential area for significant reduction in the practice's operating expense.
- Staffing Considerations** - Potential for efficiency and revenue gains due to redirecting staff to more productive activities is quantified as part of this analysis.
- Financial Indicator Analysis** - It has become important for practices to monitor key financial indicators and benchmark these against industry standards to evaluate how well the practice is performing. By positively impacting these indicators, a practice's financial performance will improve. Areas of improvement such as collections ratios, coding and filing of claims are evaluated.
- Operating Expense Reduction** - As with dictation and statement production, other expense line items can be reduced through the implementation of a computerized patient record. Other office expenses identified as potential contributors to the overall reduction of a practice's operating overhead are reviewed in this section, as well.





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Pre-Implementation Return on Investment Analysis
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Executive Summary

Patient Visits:

As part of this analysis, many of the results are calculated based on the average number of patient encounters completed per day, per week and per year. Based on an evaluation of a 14 day period in December and extrapolating that analysis out across the entire month, the average number of new patient encounters completed per month is 70, whereas the average number of existing patient encounters completed per month is 1,147. Extrapolating this analysis out across an entire year nets a total of 843 new patient encounters per year and 13,769 existing patient encounters per year. In total, the practice averages 1,218 patient encounters per month, or 14,612 patient encounters per year, respectively.

Lab/Test Results:

It is critical to quality patient care that test results be available in the medical record on a timely basis. The manual filing of lab results may be inefficient, leading to errors, such as mis-filed information. Additionally, manual filing is a labor-intensive task.

Given the volume of tests ordered at Four Doctor Practice, approximately 226 staff hours per year are spent logging test orders and results, pulling charts and filing test results. The associated opportunity cost of this time is \$2,170

Transcription:

Physicians and other providers must document each patient encounter either by handwriting or dictating their office notes. This process can either slow the physicians' productivity, or it can cause them to spend additional time in addition to the clinical encounter. In most cases, there is an opportunity cost associated with minimizing the time it takes the physicians to complete this task. At a Four Doctor Practice with the physicians dictating their notes during the office visit and outsourcing the transcription, we have identified an associated opportunity cost of \$32,147.

Documenting Patient Encounters - Clerical Staff:

The clerical staff in most medical offices spends a significant portion of their day pulling, handling or seeking medical records. This is an inefficient use of staff time that could be used in other activities that generate revenue.

The check-in process at Four Doctor Practice yields \$2,495 in opportunity cost, if the average time taken to check each patient in is reduced by 50%. The check-out process, which consumes 320 staff hours per year, yields an opportunity cost

of \$4,219, if the average time taken to check each patient out is reduced by 50%. The practice spends approximately 130 per year staff hours seeking lost charts and 260 per year staff hours copying and filing EOB's for patient charts, yielding a reduction in operating costs of \$1,248 and \$2,496, respectively, if the need for these tasks is eliminated. An opportunity cost associated with the researching of codes and charge entry has been identified as \$6,495. Finally, the practice spends 243 hours annually to pull patient charts as part of the encounter documentation process, which nets the practice an associated opportunity cost of \$2,338. In total, the opportunity cost associated with the practice's clerical staff handling patient charts as part of the encounter documentation process totals \$19,292.

Documenting Patient Encounters – Clinical:

Typically both the nurses and the physicians handle paper records during a significant portion of the clinical session. The time spent in these activities can more efficiently be used to generate revenue by seeing more patients.

During the observation period, the nurse spent an average of 114 minutes per day handling paper charts. This equates to 1,581 nurse hours per year. Assuming implementation of PrimeSuite will allow the nurse to redirect her time to other activities, an opportunity cost of \$13,279 has been identified. Additionally, if the physicians each spent 30 minutes less per day handling paper records, they may be free to see up to 8 more patients per week or 384 patients per year. The opportunity cost for the physicians time spent handling paper charts varies, depending on the type of office visit and whether or not the visit yields a new procedure or treatment. This incremental patient load will net a variable increase in annual revenue. Assuming an average collection amount of \$158.20 per visit and an increase of 384 visits per year, the net estimated increase in practice revenue is \$60,749.

In total, the opportunity cost associated with the practice's clinical staff handling of patient charts as part of the encounter documentation process totals \$13,279, plus an undetermined increase in revenue associated with an increase in the daily number of patient visits.



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Pre-Implementation Return on Investment Analysis
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Executive Summary

Staffing:

In today's market of declining or static reimbursement, all medical practices are challenged to control staffing costs and utilize their employees as efficiently as possible.

Four Doctor Practice currently employs 6.9 Full-Time Equivalents (FTEs) in a clerical/administrative capacity. Assuming that PrimeSuite eliminates some of the non-revenue generating tasks currently performed by these individuals, it is estimated that .5 FTE can be redirected to other productive tasks or reduced in total, providing an opportunity cost of \$13,728.

Financial Indicators:

It has become increasingly important for practices to monitor key financial indicators, and benchmark these indicators against an industry standard to evaluate how well the practice is performing. By positively impacting these indicators, a practice's financial performance will improve.

Currently the practice's adjusted collection ratio is 6.83% less than the Medical Group Management Association (MGMA) median. Assuming that PrimeSuite will improve the documentation, coding and filing of claims, the practice could feasibly improve their collections percentages. If this improvement were to equal 3%, the practice could experience an increase in annual revenue of \$84,059.

Additionally, this analysis revealed the following variances as they relate to other MGMA Financial Indicator Averages:

- The average monthly per physician charges are \$21,738 higher than the MGMA average.
- The average monthly per physician receipts are \$8,199 higher than the MGMA average.
- The average monthly per physician adjustments are \$8,416 higher than the MGMA average.
- The average monthly per physician collection rate is 5.33% lower than the MGMA average.
- The average monthly per physician total A/R is \$22,668 higher than the MGMA average.

Expenses:

As with dictation and statement production, other expense line items can be reduced through the implementation of an electronic medical record.

The practice spends \$4.80 every time a new chart is created. If the need for these charts is eliminated, the practice is projected to experience an opportunity cost of \$4,048 per year through decreased office expenses.

Chart Audit:

How a physician documents and codes patient encounters has a direct impact on both the practice's revenue stream, as well as the practice's exposure to compliance liability. Under-documenting/over-coding an encounter exposes the practice to scrutiny from outside carriers, whereas over-documenting/under-coding results in missed revenue.

From a sample chart audit of 52 separate encounter charts, 25 charts were coded appropriately, 21 were coded at levels lower than the documentation supported and 6 were coded at levels higher than the documentation supported. The net effect of these is an opportunity cost of negative \$543, (meaning if charts had been coded appropriately, the practice would have received \$543 less than it billed), plus any revenue from improved documentation of medically necessary services. There is also an intangible benefit associated with increased compliance with regulatory guidelines.

IMPROVEMENTS FOR WHICH OPPORTUNITY COST IS NOT READILY AVAILABLE:

- Coding efficiency and accuracy.
- Recovered physician time allowing more patients to be seen.
- Improved compliance with Fraud and Abuse statutes
- Improved compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- Physician time required to review and sign lab results.



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Pre-Implementation Return on Investment Analysis
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SUMMARY OF IDENTIFIED OPPORTUNITY COSTS

Statements	\$1,675
Billing	\$14,090
Filing test results	\$2,170
Documenting patient encounters	
Physicians	\$32,147
Clerical	\$19,292
Clinical	\$13,279
Staffing	\$13,728
Revenues	\$84,059
Supply/Storage Expense	\$5,728
Chart Audit	(\$543)
	<u>\$185,624</u>

IMPROVEMENTS FOR WHICH OPPORTUNITY COST IS NOT READILY AVAILABLE:

- Coding efficiency and accuracy
- Full realization of recovered physician time allowing more patients to be seen
- Improved compliance with Fraud and Abuse statutes
- Improved compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- Physician time to review and sign lab results



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STATEMENTS

Are statements produced in-house? Yes No

IF PRODUCED IN-HOUSE:

How many employees are involved in preparing them for mailing? n/a
How many TOTAL hours does it take each month? _____ employees x _____ hours per employee = _____ total hours

IF OUTSOURCED:

If not, how much do you pay to have them processed and mailed for you per month? \$0.60 per statement
How many statements are mailed each month? 1,300 - 1,400
How is the billing information communicated to the outsourcing company? Diskette Internet Hardcopy Other: TAPE
Who in the office is responsible for preparing this information for the outsourcing company? Gwen / insurance clerk
How long does it take this person to prepare this information? Thirty minutes to prepare tape, 1-2 hours to prepare reports sent with tape
How soon are statements mailed once the outsourcing company receives the billing information? Statements are usually mailed within 1-2 days after tape is received

Data Sources: Review of billing invoices from outsourcing company _____
Conversation w/ manager
Conversation w/ person performing task
Other _____

Analysis:	Employee time required to process tape/reports	90 minutes
	Number of months prepared	<u>12</u> months
	Total minutes consumed	<u>1,080</u> minutes
	Total hours consumed	18 hours
	Average clerical rate including benefits	<u>\$11.90</u>
	Opportunity cost attributable to decreased time	<u>\$214</u>
Analysis:	Cost per statement with Med Print Plus	\$0.60
	Average number of statements / month	<u>1,353</u>
	Average cost per month	<u>\$812</u>
	Estimated cost per statement with Greenway	\$0.51
	Average number of statements / month	<u>1,353</u>
	Average cost per month	<u>\$690</u>
	Opportunity cost attributable to decreased exp/month	<u>\$122</u>
	Opportunity cost attributable to decreased exp/annual	<u>\$1,461</u>



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BILLING

CLAIMS FILING

	20-Dec	18-Dec	13-Dec	11-Dec	6-Dec	4-Dec	29-Nov	27-Nov	22-Nov	20-Nov	15-Nov	13-Nov	8-Nov	6-Nov	1-Nov	Totals	Reject %
How many are printed and mailed hardcopy?	21	27	26	31	20	21	18	4	29	24	29	34	20	13	22	339	
How many are filed electronically?	65	73	73	90	84	85	60	22	70	88	75	96	61	51	58	1051	
Rejections: Hardcopy	2	2	2	1	0	1	1	0	2	5	1	3	1	2	0	23	6.78%
Electronically	3	2	3	4	2	3	6	1	3	4	4	4	5	4	1	49	4.66%
Total rejects per batch	5	4	5	5	2	4	7	1	5	9	5	7	6	6	1	72	5.18%

How long does it usually take to correct rejected claims?

Approximately 10 minutes to make 7 - 8 corrections per batch

What are the common causes for claim rejections?

Incorrect zip codes; diagnosis doesn't match procedure; forgetting to mark zero charges so they won't be filed electronically

What is done with these claims after they are corrected?

They are printed hardcopy and mailed same day.

CHARGE ENTRY

	5-Dec	1-Dec	30-Nov	29-Nov	28-Nov	27-Nov	24-Nov	22-Nov	21-Nov	20-Nov	Totals
Number of encounters	66	45	55	61	53	71	24	23	57	65	520
Number of patient entries requiring changes	3	1	0	0	1	9	0	0	1	5	20
Number of missed CPT codes	3	2	0	0	3	2	1	1	4	1	17
Number of CPT codes billed	136	144	142	126	121	140	37	30	120	143	1,139

Data Sources:

Claims Processing Report	<u> X </u>
Conversation with Biller	<u> X </u>
Conversation with Manager	<u> </u>
Other _____	<u> </u>

Analysis:	
Average minutes/day making batch corrections	10
Average # of work days/year	<u>260</u>
Total number of minutes	<u>2,600</u>
Total number of hours	43
Average clerical salary including benefits	<u>\$13.20</u>
Opportunity cost associated with correcting claims	<u>\$572</u>
Avg # rejections per batch requiring hardcopy	5
Average # of batches/year (5 per week)	<u>260</u>
Avg # hardcopy claims/year due to rejections	1,248
Estimated cost per hardcopy	<u>\$0.68</u>
Opportunity cost of eliminating unnecessary hardcopies	<u>\$842</u>
Intangible improvement - Payment turnaround time should increase due to increase in clean claims/decrease in hardcopy claims	
Number of total encounters	14,612
Missed codes as % of encounters	<u>5%</u>
Total missed codes	731
Estimated avg. reimb of missed code	<u>\$15.00</u>
Estimated missed revenue	<u>\$10,959</u>
Avg. minutes/day to review billing	30
Avg days per week	<u>5</u>
Avg. minutes/week to review billing	<u>150</u>
Avg. hours/week to review billing	2.5
Avg. # of weeks/year	<u>52</u>
Avg. hours/year to review billing	130
Average clerical salary including benefits	<u>\$13.20</u>
Estimated cost of reviewing billing	<u>\$1,716</u>
Opportunity cost of reviewing billing	<u>\$14,090</u>

PATIENT VISITS

Visits	20-Dec	19-Dec	18-Dec	15-Dec	14-Dec	13-Dec	12-Dec	11-Dec	8-Dec	7-Dec	6-Dec	5-Dec	4-Dec	1-Dec	Totals
Doctor #1: New	12	5	3	10	8	5	7	6		0	4	2	7	8	77
Established	5	10	12	6	8	8	9	12		15	10	14	9	7	125
Doctor #2: New			2		1	2	0	1	1	2	1		1		11
Established	14	24	14		8	19	14	19	12	19	5		18	15	181
Doctor #3: New	0		2	2	0	1		4	1		0	2	1	1	14
Established	24	17	18	12	26	7		13	22		7	8	7	10	171
Doctor #4: New		8	6	1	11	5		2		1	0	2	1		37
Established		10	12	23	2	7	18	19		16	21	14	15	17	174
Sonographer: New						0									0
Established		12				18					20				50
PA: New												4			4
Established		7					5					5			17

Data Sources:

Appointment Listing X
 Sign-in sheets
 Other

Analysis	New	Estab	Total
Observation period	49	803	852
Avg. per 14 days observed	4	57	61
Avg. # of days in month	20	20	20
Avg. # of monthly visits	70	1,147	1,218
Avg. # of annual visits	843	13,769	14,612





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LABS/TEST RESULTS

	Oct	Sept	Aug	Avg./mth	Avg./yr
Number of patients with lab tests ordered	404.67	312.42	353.01	356.7	4280.4 lab only
Number of lab tests ordered	412.05	318.57	365.31	365.31	4383.72 lab only
On-site observations - 1/08/01: (Received 1 1/2 days worth of reports)					
Number of abnormal results received					13.53
Number of normal results received					30.75
Number of other reports received - op notes, H&Ps, etc					20.91
How many <i>patients</i> have labs ordered each day?			17.0		
How many <i>tests</i> are ordered each day?			17.4		
How many abnormal results are received each day?			8.61		
How many normal results are received each day?			20.91		
Is insurance billed for sendout labs?			YES		
If YES, then compare a procedure frequency report with the lab log.			LAB LOG IS NOT KEPT		
Are all tests listed in the lab log accounted for (in total) on the frequency report?			N/A - THOUGH PRACTICE HAS MECHANISM TO VERIFY ALL SEND-OUT LABS ARE BILLED TO INSURANCE/PATIENT AS APPROPRIATE		

Data Sources:

Lab log	_____
Invoices from Reference Labs	_____ X
Lab order forms	_____
Conversation with lab tech	_____
Other: <u>Analysis of reports</u>	_____ X

Analysis:	
Average # of reports received per day	43
Average # of days in year	<u>260</u>
# of chart pulls associated with test/year	11,300
Average # of minutes to file test results	1.2 minutes
Annual # of minutes to file test results	<u>13,560</u> minutes
Annual # of hours to file test results	226 hours
Hourly rate of file clerk including benefits	<u>\$9.60</u>
Opportunity cost of filing test results	<u>\$2,170</u>

DOCUMENTING PATIENT ENCOUNTERS - PHYSICIANS

Do the physicians dictate or handwrite their notes? Dictate Handwritten

If DICTATED, is transcription done in house or outsourced? In-house Outsourced

If TRANSCRIBED IN-HOUSE, how many employees do the transcription? _____

How many hours per day does this person spend transcribing? _____

If TRANSCRIPTION is OUTSOURCED:

How does the transcriptionist bill the practice? per tape per line per word Other _____

How much is charged per the unit of measure identified? \$.11 per line (i.e. 10 cents per line)

What is the average monthly cost for transcription? \$3,347

If notes are HANDWRITTEN, does the physician do this during the exam or after? During After

If AFTER the exam, how much time does the physician believe s/he spends on charting each day? n/a _____

Data Sources:

Transcriptionist invoices

Conversation with transcriptionist _____

Other: Conversation w/ Manager

Other: Conversation w/ RN _____

Other: Observation of physician

Analysis:	Avg. # of lines per encounter	25
	Avg. # of encounters per month	<u>1,218</u>
	Avg. # of lines of transcription per month	<u>30,443</u>
	Avg. # of lines of transcription per year	365,310
	Cost per line of transcription	\$0.11
	Annual Cost of Transcription	\$40,184
	% Reduction in Annual Transcription Cost	<u>80%</u>
	Annual Cost of Transcription Reduction	<u>\$32,147</u>





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CLINICAL

Individual Observations on 01/08/01

		1	2	3	4	5	Avg.
Time spent handling charts for patient visits	RN:	6	8	8	7	3	6.4
	MD:	14	3	26	15	18	15.2

Time spent handling charts for review of test results
 RN: 4 labs were reviewed in approximately 3 minutes
 3 of the 4 were taken to the file room for filing - 1 minute
 3 were taken to the MD for review; 2 returned with the RN - 5 minutes
 MD: 3 received & reviewed - 5 minutes

Time spent replenishing forms RN: 3 minutes

Time spent preparing call back forms/notes in chart	RN:	3	7	1	2		3.25
---	-----	---	---	---	---	--	------

Time spent writing Rx's <1.5 minutes per nurse

Data Sources:

Observation	<u>X</u>
Discussion w/ nurses	<u>X</u>
Other _____	<u> </u>

Summary of observation: 90 minutes
 Time spent by nurse handling charts: 57
 Time spent by physician handling charts: 81

Analysis:		
Avg. minutes RN spent handling paper/session		57
Sessions per day		2
Avg. # of minutes handling charts/day		114
Avg. # of hours handling charts/day		1.9
Avg. # of days worked per week		4.0
Avg. # of hours handling charts/week		7.6
# of RNs		4.0
Avg. # of RN hours spent handling charts/week		30.4
Avg. # of RN hours spent handling charts/year		1,581
Avg. clinical hourly rate w/ benefits	\$16.80	Assume 50% reduction
Opportunity cost associated with handling charts	<u>\$26,557</u>	<u>\$13,279</u>

Analysis: If assume a 30 minute decrease in physician time spent handling paper records, then physician may be free to see up to two more patients per day or eight per week. Opportunity cost will vary depending on the type of visit: problem visit, new patient, annual exam, etc. and whether or not the visit will yield a new treatment or surgical case.



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STAFFING

How many total employees does the practice utilize?
 How many of the total # of employees are full time?
 How many of the total # of employees are part time?
 What hours does each part time employee work?

	12	(Excludes PA and employed physician)
	6	
	6	
	Position	Hours
1.	RNs (4)	32 hrs/wk
2.	File Clerk	24 hrs/wk
3.	Receptionist	8 - 16 hrs/wk
4.		

What are the practice's operating hours for each day of the week?

Employees: 8:30a - 5:30p
 Patient times: 9:00a - noon, 2:00p - 5:00p

	Clinical	Administrative	Clerk	
On average, how many total employee hours are worked?	128/week	276/week	24/wk	based on calculations - payroll reports unavailable
How many overtime hours are currently being worked?	see note below			
What percent is overtime of total hours worked?	see note below			
Average hourly rate for each classification	\$14.00	\$11.00	8.00	
Average hourly rate for each classification with benefits at 20%	\$16.80	\$13.20	9.60	

BENCHMARK:	Per FTE		MGMA
	Practice	MD	Median*
Total	10.9	3.11	4.64
Clinical employees FTEs	4	1.14	2.11
Non-clinical FTEs	6.9	1.97	2.44
check-in	1	0.29	0.5
check-out	2.4	0.69	0.5
insurance	2	0.57	0.8
file clerk	0.5	0.14	0.33
office manager	1	0.29	0.31

*Numbers reported are based on MGMA medians for OB/GYN for each category and therefore do not necessarily total.

Payroll report _____
 Conversation with Manager X
 Other _____

Note: Per Administrator, all overtime is associated with an employee being scheduled to close the office and work 32 hours, late person handles other duties; she was not comfortable sharing the payroll records or expense reports.

Analysis:	Potential redirection/reduction of clerical staff	0.5
	Average hourly rate with benefits	\$13.20
	Opportunity cost of redirecting staff	\$13.728



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FINANCIAL INDICATORS

Total # of Physicians Full time 4
 Part time 0* Hours worked per week: _____

REVENUES

	<u>TOTAL</u>	<u>PER PHYSICIAN*</u>	<u>MGMA MEDIAN**</u>	<u>Variance</u>
Time period:	Jan - Nov 00			
Average monthly charges	341,156	97,473	75,735	21,738
Average monthly receipts	204,309	58,374	50,175	8,199
Average monthly adjustments	116,686	33,339	24,923	8,416
Gross collection rate	59.89%	59.89%	65.22%	-5.33%
Adjusted collection rate	91.02%	91.02%	97.85%	-6.83%
A/R Ratio	4.996	4.996	2.03	3
Total A/R	1,704,687	426,172	154,157	22,668
Insurance	1,130,972	282,743	n/a	n/a
Patient	313,590	78,397	n/a	n/a

**OBS are frontloaded into A/R, meaning a delivery charge is entered into the billing system as soon as a pregnancy diagnosis is made; when the woman delivers, the charge is then submitted to the insurance company for payment. This essentially inflates the A/R during the pregnancy term because a charge is entered for which payment is expected to be delayed. Additionally, collection percentages are skewed. As a result, it is not possible to accurately compare the Four Doctor Practice with MGMA medians.

Date Sources:

Accounts Receivable Reports X
 Monthly Billing Reports _____
 YTD Billing Reports X

Analysis: If PrimeSuite allows the practice to experience an increase in collections of 3% through improved coding and claims filing efficiency,	
Average monthly collections by physician	\$58,374
Estimated improvement in collections	3.00%
Potential for monthly improvement per physician	1,751
Potential for annual improvement per physician	21,015
Potential for annual improvement - ALL PHYSICIANS	\$84,059



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CHART AUDIT

Record #	Billed Charge	Chart Charge	Impact
1	\$73.80	\$47.20	(\$26.60)
2	\$85.86	\$58.11	(\$27.75)
3	\$73.80	\$47.20	(\$26.60)
4	\$85.86	\$58.11	(\$27.75)
5	\$124.79	\$58.11	(\$66.68)
6	\$73.80	\$47.20	(\$26.60)
7	\$85.86	\$58.11	(\$27.75)
8	\$85.86	\$37.77	(\$48.09)
9	\$124.79	\$58.11	(\$66.68)
10	\$85.86	\$58.11	(\$27.75)
11	\$47.20	\$47.20	\$0.00
12	\$47.20	\$47.20	\$0.00
13	\$73.80	\$47.20	(\$26.60)
14	\$47.20	\$47.20	\$0.00
15	\$47.20	\$47.20	\$0.00
16	\$73.80	\$47.20	(\$26.60)
17	\$47.20	\$47.20	\$0.00
18	\$144.05	\$144.05	\$0.00
19	\$47.20	\$47.20	\$0.00
20	\$47.20	\$47.20	\$0.00
21	\$58.11	\$58.11	\$0.00
22	\$47.20	\$47.20	\$0.00
23	\$58.11	\$58.11	\$0.00
24	\$47.20	\$104.52	\$57.32
25	\$133.32	\$133.32	\$0.00
Subtotal	\$1,866.27	\$1,498.14	(\$368.13)

Record #	Billed Charge	Chart Charge	Impact
26	\$47.20	\$47.20	\$0.00
27	\$47.20	\$47.20	\$0.00
28	\$47.20	\$47.20	\$0.00
29	\$33.53	\$47.20	\$13.67
30	\$85.86	\$58.11	(\$27.75)
31	\$47.20	\$47.20	\$0.00
32	\$73.80	\$73.80	\$0.00
33	\$47.20	\$47.20	\$0.00
34	\$47.20	\$110.91	\$63.71
35	\$73.80	\$73.80	\$0.00
36	\$47.20	\$47.20	\$0.00
37	\$73.80	\$73.80	\$0.00
38	\$33.53	\$0.00	(\$33.53)
39	\$47.20	\$100.24	\$53.04
40	\$47.20	\$47.20	\$0.00
41	\$85.86	\$58.11	(\$27.75)
42	\$85.86	\$31.18	(\$54.68)
43	\$85.86	\$85.86	\$0.00
44	\$85.86	\$85.86	\$0.00
45	\$124.79	\$58.11	(\$66.68)
46	\$85.86	\$58.11	(\$27.75)
47	\$85.86	\$58.11	(\$27.75)
48	\$47.20	\$73.80	\$26.60
49	\$47.20	\$47.20	\$0.00
50	\$70.14	--	(\$70.14)
51	\$47.20	\$89.90	\$42.70
52	\$124.79	\$85.86	-\$38.93
Subtotal	\$1,775.60	\$1,600.36	(\$175.24)

TOTALS	\$3,641.87	\$3,098.50	(\$543.37)
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Analysis:		
Encounters under documented (documentation did not support code billed)	21	
Encounters "over" documented (documentation supported a higher code than the one billed)	6	
Encounters coded appropriately (documentation supported code billed)	25	
Monetary impact if all encounters were billed as documented	\$	(543)
Opportunity cost of fully documenting visits and appropriately charging for the encounter: \$543 plus \$\$ of any revenue from improved documentation of medically necessary services		
*There is also a non-quantifiable impact associated with increased compliance with billing guidelines.		



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OBSERVATIONS:

1. Filing of lab reports 12/21/00 Pulled 18 charts & attached results.
Time: 11:45a - 12:10p Pulled 7 charts and filed hospital notes in them. Refiled.
Searched for 6 charts, finding 3. (approx. 7 minutes)
Delivered the 21 charts with results attached to the nurses for review.(3 minutes)

Total time:	25 minutes
Average time per chart	72 seconds
Searching time:	7 minutes
Delivery time:	3 minutes
Pull time:	15 minutes
Charts handled:	28

2. While Greenway reps were onsite keying charges into their software, they noted that the physicians did not consistently link ICD-9 codes with the various CPT codes. Implementation should result in improved coding perhaps above and beyond that documented in the chart audit.

