Evaluating a Practice For Computer Automation

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This talk provides the private physician with specific methods to use when evaluating their own practices for an medical office computer system.

Philosophy:

The "best" hardware on earth combined with the "best" software written is worthless to you if it does not meet your needs.

One of the most important factors to consider in your evaluation is how much of the information you are now processing for patient encounter forms, insurance forms, ledgers, statements and aged-accounts receivables is repetitious and recorded in several places. How much information is recorded but never used? Also, how well organized and how easy is it to access the information? Does it take more than a minute to retrieve information when you want it? These are areas where a computer excels and can dramatically improve practice efficiency.

Sit down with your office manager, regardless of the size of your practice, and be prepared to spend at least one to two hours initially. This is a necessary investment of your time. Analyze your practice very carefully (we will tell you how to perform this analysis during this talk), make notes and try to break down how your staff's time is spent. In addition, consider how much of your own time is involved in administrative, non-medical interruptions by staff or patients related to billing.

Patient load is a significant factor. The greater the number of patients seen in the office, hospital and nursing home, the more likely it is the computer will be beneficial. If more than 15-20 patients are seen per day a computer is certainly worth most serious consideration. Also be certain to consider the projected growth of your practice over the next 2-4 years.

Bear in mind that the medical office computer is, in essence, a tool. Although it is a sophisticated tool, it must still be used properly. In other words, don't expect the computer system to automatically take care of all of the organizational problems within your office. It may indeed help a great deal, but if the office does not currently function in a businesslike manner, the computer may not be the only thing you need to consider to remedy the situation.

Consistent with this advice be aware of staff reaction to the possibility of computer automation. Although the numbers are quickly changing in favor of in-house medical office computer systems, there are still many persons who feel threatened by the computer.

Although the reasons rarely are directly mentioned by the office staff the problems usually consist of fears related to job security and lack of knowledge. Be certain to discuss your potential plans with your staff in advance and do not just force it on them. At the same time do not be overly affected in your decision making process by those who most strenuously object.

The appropriate approach is to consider the facts carefully before moving ahead and to be absolutely certain to obtain a list of at least 20 satisfied users of the system; several of whom you should contact directly for a referral.

One further note, beware of consultants. There are very few available who possess an intimate knowledge of medical practices as well as the necessary knowledge concerning all of the various hardware and software available. Most consultants have some type of relationship with a particular medical computer company and, by definition, are biased. There certainly are a few consultants who work very hard to keep up with the fast changing medical computer industry, but they are most definitely in the minority.

With all of these factors in mind here is a step-by-step outline for you to follow when evaluating your own practice for possible computer automation:

Unless you are a computer buff, make your decision by considering your RETURN ON INVESTMENT. First determine which of the following primary areas will be cost effective to automate:

- Patient Accounting
- Word Processing
- Clinical Data
- Communication with National Data Bases
- CME
- General Accounting
- Scheduling

**PATIENT ACCOUNTING**

Questions to ask to determine if you need a computer:

Staff related -

a) What problems is the office manager now having?

b) How many office personnel are devoted to patient billing including insurance statements, telephone inquiry, ledgers, aged accounts receivables follow-up, etc.

c) Personnel turnover - how many and why? Are they overworked or bored?

d) How much time is being spent in finding, maintaining and looking up patient ledgers?

e) How accurate are the patient ledgers?

f) What is the error rate on work done in the office?

g) How many problems are the result of human error?

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h) How many phone calls and how much time is spent related to answering patient questions about billing? Is much of this because of confusing or inaccurate data?
i) Is your patient billing totally current or is your staff behind? If behind, how far and why?
Some practices are literally $500,000 behind in their billing. Many practices are behind and the physician doesn't even know.

Statement related:
j) Are your patient statements current? Is billing dependably regular or are statements late more than once or twice a year?
k) How many are produced monthly?
l) How much time is being spent in statement preparation?
m) What costs are associated with statement preparation?
1. Number of staff
2. Number of staff hours spent
3. Cost of xeroxing or typing
4. Cost of envelopes
5. Cost of mailing

Aged Accounts Receivables
m) Do you get a regular report of your aged-accounts?

n) How effectively are your over-due accounts being followed?
o) How much more money would the practice collect if reports and follow-up were more accurate and thorough? In most practices this is very important. Those collecting over 90% of what is billed it is less important.
p) Amount and percentage of cash collections and the number and percentage of outstanding accounts.
q) Number and percentage of accounts in each of the five aging categories:
   - Current
   - 30-days
   - 60-days (good luck after 60 days)
   - 90-days
   - 120-days and over
r) How much interest does the practice lose each year because of delayed cash flow due to late insurance and patient billing and inadequate follow-up on past due accounts?

Collections -
s) What is your collection rate? (i.e., what percentage of what you bill is being collected)?
1. From patients
2. From private insurance
3. From government insurance
t) What is the turnaround time (in days) from the day billed to the date of payment?
u) How many accounts are overdue and what type of follow-up are you doing for each of these overdue accounts?

Insurance related collections -
v) What is the turnaround time from billing of insurance and payment?
w) What percentage of what is billed is collected from insurance?
x) What is the percentage of rejections from insurance? Be careful to separate out private and government insurance.
y) Amount of staff time spent in insurance form preparation.

z) How many insurance forms are produced weekly. How much staff time is taken up preparing insurance forms and are you current at all times with insurance billing? This is one of the most common problems handled immediately by a quality computer system. If your insurance billing is more than a day or two behind it is costing your practice dearly in cash flow interest.

Management Reports -
What types of reports do you and/or your office manager now get related to the financial management of your practice? Do these reports give you adequate and timely information for you and your staff to maintain proper control and make intelligent decisions?

You should be getting:
Daily activity report (Day Sheet)
Deposit Slip (should be checked for accuracy, loss and possible skimming)
Daily, month-to-date, year-to-date report of billing, collections, adjustments
Production Report of your procedures
Aged-Accounts Receivables
Referrals
Recalls

For those using an outside service:
1. What is the monthly cost?
2. What is their error rate?
3. How much of the outside services work are you doing for them?
4. How current is the information you get back from the outside service?
5. What problems are you currently having with the outside service?
6. What things doesn't the service do?
   (i.e., Medicaid, Management reports, Clinical Data)

Use Of The Computer As A Clinical Tool
In considering automating your medical practice the primary emphasis has been on billing; however clinical data is another area which the physician should consider. A great deal of information already exists within the billing system which may aid in patient care. For instance, the diagnoses, procedures, age, sex, hospital, referring physician and a host of others are all recorded in the system for billing purposes and may be easily retrieved.

Should the physician wish, the computer can quickly identify all patients who have one or more diagnoses and/or procedures and/or age, sex, referring physician, etc. The software will even calculate what percentage of all patients seen by the practice this group represents.

Such clinical use of the billing data gives the physician information about his or her practice which is almost impossible without an in-house computer. It can provide specific information for research purposes such as telling the doctor what percentage of his patients are hypertensive. When important new information becomes available about a given medication, the computer will identify all the patients who have that agent and even send them all individual notices if desired.
These individual notices, often referred to as recall notices, are available on most systems. The recall function allows any or all patients to be sent one or more different notices whenever desired. Such notification can be used to tell the patients they are due for an appointment or tell them the medication they are taking has been taken off the market. This versatile tool may be used in many different ways allowing the physician to quickly communicate in writing with any or all of his patients.

These are only a portion of the clinical uses which are available using a desktop computer. Other clinical tools available in most quality medical systems include a medication list and an allergy list for any or all patients. Free form text also may be maintained for any patient. This free form text feature allows the doctor to maintain information about patients in text form such as progress notes.

Other Uses For Medical Office Systems

Among the most common uses of desktop computers in the medical office is for word processing. Physicians do a great deal of written work in the form of consultations, patient charting, research and letters to other physicians. Thus physicians have been among the most enthusiastic users of word processing. Many practices have even built up their own medical spelling dictionary. Others use a commercially produced medical spelling dictionary.

Keeping up with new knowledge is among the greatest challenges facing every physician. By using their in-house systems with a modem, physicians anywhere in the Country are able to use their telephone to call up a great variety of national medical databases including Dialog, Medlars, AMA/GE Net and many others. Continuing Medical Education courses are now also available which allow the physician to advance his knowledge at home or in the office.

Two other areas often mentioned include appointment scheduling and accounting. While the in-house computer is certainly able to perform these tasks, there are counterindications which must be considered in each case.

With regard to appointment scheduling it is our opinion based upon years of experience that this is one area where a manual system may function better in most cases than a computer system. This occurs because of the limitations of the computer screen which can only show a day's worth of appointments at a time. Of course there are practices where a computerized appointment schedule will function beautifully.

The other area often mentioned for in-house computers is accounting. As with scheduling, the computer is capable of recording the information and producing the reports. Once again, however, our experience most clearly indicates that very few practices have the experience and expertise necessary to properly utilize a general accounting system. Unless someone in the office has extensive experience with accounting, this particular application is not recommended.

The preceding information then details a great variety of uses for the in-house medical office computer. Because these are general purpose computers with literally thousands of programs available, many practices also use the systems for other applications such as investment and property management.

As with other fields many exciting new developments are now being developed for medical office systems. A great many of these new programs are aimed at directly improving patient care, specifically physician education, patient education and for taking patient medical histories. So when considering computer automation for your practice there are a host of factors which need consideration. The most important of these factors have been addressed during this brief talk.