

Choosing the Future

Critical Information for Critical Times, Edition of Wednesday, July 15, 2015



Personal-Sized Patient Care

What If You Could:

- Escape from today's hideously complicated, totally inefficient, bureaucratically controlled, and insanely expensive legacy health insurance system?
- Replace that system with cost-effective, high quality, patient-centered alternatives that restore control of treatment decisions to physicians?
- Free staff members to spend their time on patient care instead of never-ending documentation and data reporting?
- Save patients thousands of dollars per year and countless frustrating hours spent deciphering incomprehensible and often incorrect bills?

Well, you can. To make that happen, it will first be necessary to re-think long-held concepts and walk away from the familiar environment that has dominated patient care delivery for decades.

First Steps for the Primary Care Physician

Consider segmenting your practice to move as many patients as possible out of the Third Party Payer-controlled legacy system. There are potentially a number of ways to do this.

If you are still in private practice:

- Triage your patients. Allow them to decide whether they want to cover their medical expenses with insurance or pay for them with cash at much lower costs. It will be important to educate your patients in advance. They need to know that the average deductible now is over \$3,500 for an individual (\$6,500 for a family) and it is still rising. As of July 2015, the average maximum out of pocket annually for most plans exceeds \$10,000. *That's why some of your patients and former patients are already choosing retail walk-in clinics because of price and convenience.*
- Making this move will require you to carefully recalculate pricing for cash patients, reducing your price structure to reflect the savings these patients provide by reducing billing, collections, non-payment and other office expense.

If you are in a hospital-owned practice:

- It's a bit more complicated, but the same goal applies: To give them the cash payment option. If possible, you should first move them out of the hospital's cost structure. Depending upon the number of hospital-owned practices in the system (and a lot of legal, financial, and other locally-important considerations), it may make business sense for the hospital to spin off a separate corporate entity to take physician practices off the hospital's "books" if it has not already done so. That separate entity might include a financing division to assist patients who would benefit from a low interest rate loan. The potential additional cost savings to patients will be great because they will avoid costs imposed upon the hospital by Medicare's Conditions of Participation. The hospital will have to evaluate overall impact to its bottom line.

This option is not for everyone and it is not risk free. Its feasibility for any practice should be carefully evaluated with professional guidance from competent business and legal advisors. **Next Week: First Steps for the Community Hospital.**



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