EISNERAMPER

Practice Strategies

A Newsletter for Healthcare Professionals

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Focus on: Employee Benefits

Reduce Your Healthcare Benefits Costs

Healthcare benefits are a key factor for most employees in choosing a job or remaining at one. Consequently, some 92 percent of employers expect to provide benefits over the next five years. In a tight labor market, your practice must offer attractive benefits in order to compete for talent.

Yet the cost of healthcare benefits continues to increase. 2018 is expected to be the fifth straight year of five-percent cost increases — and your private practice, with its small risk pool, will face a similar hike.

"Consumerism" Moving Too Slowly

Employers and payers have promoted "consumerism," whereby employees become more educated and involved in health insurance decisions. The learning curve is slow, but this shared decision-making model isn't going away.

Two decades of data summarized by *The Wall Street Journal* in 2017 showed that consumerism, where implemented, "leads to better outcomes, fewer invasive procedures and lower costs."

This means your practice will need to find new ways to engage employees. To do so, you'll need to look at programs that can:

- Offer a high-value plan,
- Increase employee education and appreciation,
- Improve outcomes, and
- Manage costs.

The goal is for employees to rely less on expensive choices — in drugs, specialist care and out-of-network providers.

Customization Is Key

Achieving these goals will rely on programs that can accommodate your staff's differing needs, risks and perceptions. Today's marketplace offers more mix-and-match solutions than ever before — here are some options.

• *Shifts in benefits allocation.* Not all employees value every benefit equally, so find out who wants what. Your Millennial staffers may judge student-loan assistance or maternity leave as more valuable than standard healthcare coverage. And your older employees may want more help catching up on their retirement plan contributions.

• *Increased employee contributions and compensation.* This would reverse tradition, which is a big reason healthcare pay is seen as low. But few staffers will disdain a raise, while a choice of several benefit plans can still offer affordable premiums.

• *Medication management help.* High-cost drugs are the leading factor in healthcare cost increases. Some patent drugs are unavoidably expensive, but low levels of patient education and compliance also play a big role. So does receiving medications in costly settings when it's not necessary. Medication management programs help patients shift away from these habits.

• *Telehealth and e-Health.* These cost-reducing services are growing — 20 percent of employers report that eight percent or more of their employees use them. Employees are usually pleased to receive solid medical advice without waiting for an office appointment.

• *Catered services.* These amount to extra help for employees in understanding their plans, benefits, second-opinion rights and treatment options, as well as where to seek care. Some two-thirds of companies say they'll offer such decision-support services in 2018.

• *Consumer-directed health plans.* A CDHP may appeal to your healthier

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Controls and Audits Are Key

How to Guard Your Practice Against Fraud

Is your medical practice vulnerable to fraud? It could be. A practice can hide dormant factors that make fraud possible, even beneath a great culture and esprit de corps. But fraud itself stirs into action only when three components align: motive, rationale and opportunity.

A motive is outside financial pressure: an expensive divorce, gambling debts or investment losses, for example. A rationale, on the other hand, is internal — a certain psychological ability that justifies criminal behavior, such as *"They owe me," "Everybody does it," or "I'll pay it back later."*

Eliminate Fraud Opportunities

Motives and rationales for fraud remain hidden because people don't talk about them. But the third component — opportunity — is visible if you know where to look. It can arise anywhere employees have access to financial transactions, supplies or equipment.

You can't cut off that access because it's essential to their jobs. But it's not a problem if you control and monitor it.

In your medical practice, this means establishing internal controls and regular audits to guide and monitor your employees' conduct. Some

effective internal controls for medical practices include the following:

- Segregate duties — for example, don't let the same person order, draft, sign and mail checks.
- Enlist more than one staffer in accounting tasks.
- Issue a numbered receipt, with a copy in the system, for every payment received.
- Require that the cash drawer be counted and secured by one employee at close of business and that its total be verified and deposited the next day by a different employee.
- Confirm that the amount posted in your system matches the amount deposited.
- Close out your credit card system with manager approval at the close of business.
- Limit physical access to checks, cash, supplies and expensive equipment.
- Implement strong passwords for access to computer accounting systems.
- Make arrangements with your bank to head off suspicious payroll checks.

Conduct Regular Audits

Audits can be scheduled or random. Their purpose is to test your internal controls to make sure they're working effectively and closing off opportunities for fraud.

A formal audit should review payments received, following them from receipt to deposit in your bank account. Select a random sample from a day's payments and check for the following:

- Does it show on the patient's account?
- Was it posted while the patient was still in the office?
- Was a numbered receipt issued to the patient in the same amount?
- Do discounts conform with practice policy?

Then check the total amount received that day. Confirm that your staff reconciled it with payments received and that it matches the day's bank deposit. And then review a few bank statements and reconciliations.

Watch Payables Closely

Don't neglect accounts payable, where kickbacks and payments to fictitious payees are possible. Is every listed vendor a real company? Is there a process in place to select and review vendors? Are payment amounts reasonable?

Examine payments to employees, too. It's not common, but paychecks have been issued to "ghost" employees. And reimbursements for expenses can hide inflated or invented costs.

Also, keep an eye on inventory — your supply cabinet contains small, portable and easily marketable items. Are regular inventories performed? Are purchased supplies counted, recorded and matched against invoices? When your practice receives medications, are they carefully tracked? When expired drugs are scrapped, does a manager approve it?

The value of a randomly timed audit is the element of surprise. It can be more or less exhaustive — just opening a bank statement before accounting staffers see it can reveal red flags. From time to time, review one or two of the processes involved in a full audit.

Also be curious. Ask about expenditures you haven't inquired about previously, supply-cabinet rules or the reasons behind the selection of a new vendor.

Control What You Can

Your employees' financial pressures are outside your control; so is the fact that some of them may be able to rationalize theft. What you *can* control are opportunities to commit fraud against your practice.

If you start with the rules and audits described above, you'll be well on your way to closing off every temptation.

Good controls are essential in a medical practice. Contact us to see how we can help you improve internal controls.

High Demand, Low Supply

Physician Recruiting Strategies

The current physician shortage is expected to worsen, especially for private practices. So when you decide to hire your next physician, you'll have to be creative and competitive.

Understand Your Market

Since the shortage won't play out the same way everywhere, you need to understand your local market. The Health Resources and Services Administration (HRSA) publishes supply-and-demand data for various practice areas and geographic regions. This knowledge can be especially critical in determining appropriate physician compensation.

Before talking with candidates, be sure you:

• *Define the job carefully.* What are its duties, hours and compensation? Is there a partnership stake?

• *Define your practice.* What makes your practice stand out? And what's the office culture — fun and casual, button-down businesslike or somewhere in between?

• *Make a thoughtful survey.* What do your city and region offer in terms of schools, housing, culture and lifestyle?

In your review of candidates, be sure you:

• *Move quickly.* You're in a seller's market with other practices and hospitals vying for the same physicians you are. So when you see a CV or resume that looks promising, set up a phone interview within a few days. If you decide to proceed, schedule the in-person interview quickly, too.

• *Help your candidates.* Set a detailed schedule and send it to the candidate early. Assigning escorts for different parts of the visit is a great way to establish all-important personal connections.

• *Discuss compensation.* Don't postpone this conversation — provide a salary range and benefits before the candidate leaves. And inform candidates of your time frame for making a decision.

Next Steps

Scheduling a second interview implies high interest. Include a personalized tour of your area and be ready to discuss its advantages; if you invite the candidate's partner or spouse, provide attention and assistance to both. If you know something about his or her cultural interests, a night out for a show or symphony can strengthen personal connections.

If you decide to make an offer, move quickly. You don't want to lose a valuable asset because you were too busy to make and act on a hiring decision.

Reducing Healthcare Benefits Costs

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employees who are willing to shoulder greater risk via higher deductibles and out-of-pocket ceilings. They're similar to other plans, but they offer low premiums and are commonly paired with tax-advantaged accounts like Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs).

• *Health Reimbursement Arrangements.* Essentially self-insurance, an HRA requires your practice to reimburse employees after they pay for approved medical expenses and premiums. These reimbursements are only up to a point, however, because most HRAs put a ceiling on your contributions. Employees can use this plan to pay for more expenses than group plans cover.

• *Level-funding.* This is a special kind of self-insured plan with stable costs for administration, claims reimbursement and stop-loss coverage. A third-party administrator (TPA) pays claims, with year-end resolution if they are more or less than your practice's payments. Level-funding is especially well-suited to medium-size practices with a strong culture of wellness and shared decision making.

• *Narrow networks.* These networks offer a smaller number of providers in return for lower costs. They've been popular in the ACA health exchanges, but only seven percent of employers offered them in 2016. Narrow networks are more likely to catch on as insurers assemble networks of trusted quality and employers incentivize their use.

• *Wellness programs.* These can pay off in greater productivity, less absenteeism and fewer claims for chronic conditions when employees use them to manage and improve day-to-day health. They're also famous for increasing employee satisfaction.

Meeting the Challenges

The ongoing fog of healthcare politics and the complexity of benefits systems have posed big challenges to employers as well as employees. Customized solutions, however, can help meet your staff's needs while sustaining profitability.

Contact us to discuss reducing your practice's healthcare benefits costs. We can help you identify the best options available to you.

What's the Outlook for Bundled Payments?

As you might be aware, the Obama administration advanced bundled payments as a cost-saving measure in Medicare and Medicaid treatment. These lump-sum amounts replace the long-standing fee-for-service models.

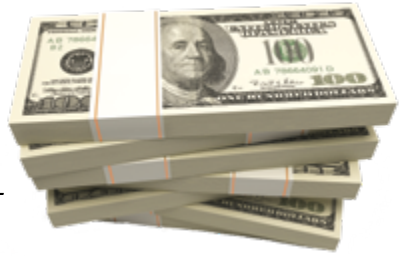
The rules require doctors to accept payment in predefined amounts for joint replacements and cardiac procedures. Around 800 hospitals are enrolled in the orthopedic program, and more than 1,000 are signed up to begin the cardiac program in 2018.

However, the Trump administration has signaled its intention to reduce or cancel these programs, or at least exempt more doctors from them. Further, in place of the Affordable Care Act's nationwide mandatory experiments, the current administration is promoting smaller voluntary programs with doctors involved in creating them.

Former Health and Human Services secretary Dr. Tom Price explained this move by saying that the ACA was trying to "commandeer clinical decision-making." He had begun to shrink the orthopedic and cardiac programs before he resigned, and his successor may well keep to the same course.

The Centers for Medicare and Medicaid Services has also declared for giving doctors a greater voice in setting pay rates. It has invited the AMA to submit new recommendations on Medicare payments.

The scope of the proposed changes is illustrated by the stated goals of the Obama administration. It aimed to shift fee-for-service Medicare payments to quality-of-care payments by 30 percent in 2017 and 50 percent in 2018.



But doctors should not jump to the conclusion that bundled payments are over. The value-over-volume initiative passed Congress with bipartisan support in 2015. And while it's clear that doctors' voices will be heard more going forward, it's too soon to expect that the current administration will entirely reverse this aspect of the ACA.