



Case Study #1

Ophthalmology-Optometry One-Site Practice

by

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President

Our Client is a stand-alone ophthalmology and optometry practice consisting of three ophthalmologists and two optometrists. It is located in a city with a population of 25,000 which is 98% urban and 2% rural. Quite a few patients from the surrounding areas use this clinic for their eye care.

The doctors built a gorgeous new two story 22,000 square foot building to house the practice one year before we met them. At that time, they wanted to see if there was a software system that would incorporate everything that they did in the clinic in an effort to eliminate some of the paperwork.

At the time, we were introduced to their practice administrator. They were currently using a popular software for practice management. In their opinion, it had worked very well for them in the past ten years that they had been using it. Their current accounts receivable was \$500,000.00 which they believed was fairly normal for an ophthalmology practice of their size.

From our perspective, that was an outrageous amount of money outstanding in Accounts Receivable because we knew what Medformix would do once it was installed in their practice. At that time, most practices were only using a practice management system. Using a totally integrated solution was something new in their thinking.

According to their administrator, they were looking for a complete system. She wrote:

“Crowell offered a unique combination of operating systems that was unlike anything else we had seen. They had a fully integrated EMR, practice management and optical system that offered a comprehensive solution for our practice. They

approached their system from the customer's perspective in needing to handle more volume in the same amount of time with static staffing levels. Their bottom line is not selling systems, but keeping their clients viable in this dynamic market of declining reimbursements. They offered solution that was based on squeezing more efficiency out of an already efficient practice.”¹

We took the administrator to visit another practice that was using Medformix and was paperless. She could hardly believe her eyes. Before we even left that clinic, she called her boss and told him that they had to buy this system regardless of price.

I conferred with her about the choices of equipment that they could use. After she identified the ones that she wanted, I prepared a proposal for them reflecting those choices.

When I delivered it to all of the doctors, the doctor who was the driving force behind this project had to excuse himself from the meeting. He was absolutely dismayed at the investment that they needed to make to reach their goals. But, when he returned a few minutes later, he said, “We have to do it. Where do I sign?” With that, we began.

Five months after the system was installed and the training was completed, they had implemented everything within Medformix—all of the Practice Management modules as well as the Ophthalmic EMR, Optical and Contact Lens Modules.

After the system had been running for a while, she wrote the following:

“By re-engineering process, I can have intake worker make appointment, gather insurance information, do initial history and review of systems via phone before patient arrives. All the information is in front of the staffer on the phone, the clinical chart, insurance info, and demographics. This has two advantages. First, I put my practice "in front" of the patient, taking care of them before they ever enter the office. I do not have patients standing at long check-in lines to verify information, or discuss a change in their insurance plan...carrying out our mission of patient-oriented. Secondly, I eliminate the 30 seconds a patient talks with front-desk receptionist verifying information upon arrival. This represents about 350 hours or 1 1/2 hours per day I can have "telemarketers" making additional appointments that are now being abandoned according to my phone reports. According to those reports, I have approximately 7-10 calls abandoned each day that we cannot get to before patient/potential patient hangs up. If I can convert only 2 of those 10 into appointments, I have created **\$48,000** in additional annual receipts for exams and eyewear not to mention potential surgical revenue.

Transcription savings for our practice is **\$6,000** annually that goes straight to the bottom line because we do not need this service. The system generates the letter and will also fax it saving another **\$1,500** annually in postage.

I estimate that we lose approximately \$100 per day (very conservatively) in our practice. We forget to add an add-on to a patient's optical bill, we forget to bill a photo that we did along with the patient's exam, etc. The system will prompt us to remember/charge those items. Another **\$24,000** annually.

One compliance audit has the potential to financially devastate any practice. We have recently put our compliance program into place; although my physicians are excellent at documentation, if it is not written or written legibly, it is not done. If not for the system, we would have had to put a compliance chart auditor in place at least half time at an annual cost of **\$15,000**. The system, with Chartscore, gives us a comfort level in knowing that the charts have gone through a screen before they are billed to assure we have met our coding requirements.

Of course, you also have the ability to electronically submit your claims daily because charges are entered before the patient leaves the exam room. We currently bill 2 times per week. Billing out daily means \$18,000 additional cash flow in our pockets 1-2 days earlier than currently is the case, or almost **\$4,000** additional dollars on interest on our money per year, not to even mention the compounding effect.

As I stated, the above are conservative estimates, and those total almost \$100,000 per year. The analysis could go on, but no need. Even at this rate, the investment has a payback of less than 3 years versus the four additional FTE's I would have to add that is a never-ending pay-out of almost \$100,000 per year itself. Further, if our growth continues, the system can grow with us and afford additional efficiencies at a minimal rate versus the old plan of adding staff (a no-win solution).

An additional thought to close: Full-time file clerk position, although not eliminated initially, is eventually eliminated (after 12-18 months) representing **\$20,000-\$25,000** per year with benefits."²

However, after we sat down and discussed her numbers, through normal attrition, she did not need to replace the seven staff members who left the practice! She had cross-trained all of the staff as we had urged her to do. So, if they made \$20,000.00 each, that calculates to \$140,000.00 per year for **every** year thereafter. That number alone keeps adding up year after year.

She found that the doctors had been under-coding their exams the first days of using Medformix Chartscore[®] (our program for calculating the value of the

documentation) by \$1,800.00 per day. They may have been losing that amount for quite some time. If they had been losing that amount for even the past three months, that would mean that they had lost almost a million dollars! You cannot keep a practice viable with that amount of money being unaccounted for very long.

She went on to say that if they had installed Medformix before they built the new office because the space needs changed dramatically. They would have *never* built the 22,000 square feet of space. The doctors would have eliminated the 7,000 square foot upper story entirely. Medformix eliminated so many square feet of space due to the fact that it was an enterprise software solution and paperless. This quality alone provided them with the capability to eliminate their charts, re-use the chart room that was at least 40x40 square feet and had been staffed by two FTEs. The savings from the 7,000 square feet *might* have cost them approximately \$1,050,000.00.

After a few months of using our unique way of billing, her accounts receivable went from \$500,000.00 that had many claims over 120 days old to 89% of her claims less than 30 days old. That is unheard of in an ophthalmology practice.

This practice paid for Medformix[®] in six to nine months! That is a terrific return on their investment!

^{1,2} Sheri Raymer, Administrator