

Success Story: Center for Pain Management LLC

People matter, individuals matter; no system, however well oiled, and no leader, however competent, can afford to ignore the importance of personnel and having the right people in the right posts. — Robert E. Lee

Pain management has only recently been recognized as its own medical specialty. However, its precepts and successes in treating patients are much more established. In this particular success story, visionary physicians and an experienced chief executive officer (CEO) have led this practice to its success.

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Background

In 1998, three physicians who attended the same pain management fellowship training founded The Center for Pain Management LLC, Rockville, Md. The practice has since grown to include six sites; six ambulatory surgical centers (ASCs); a medical services organization that provides all the financial, management and technical services; a pain management billing office; and a real estate holding company that oversees existing sites and plans for future expansion.

The practice has nine full-time physicians, seven nurse practitioners and two physical therapists.

Success factors

Robert E. Lee, CMPE, and chief executive officer attributes success to the physicians and clinicians who have a passion for helping patients.

"The founding partners have had the foresight and intelligence to consistently recognize opportunities and be change agents, rather than spectators. They also know when to seek outside expertise," Lee says.

At this practice, the physicians and clinicians focus on patient care and administrative management focuses on the business side of things. According to Lee, management does not get complacent, but instead incorporates mechanisms to improve the practice's performance financially.

For instance, the practice has well-developed policies and procedures that support a culture of innovation, cost consciousness and efficiency. These policies promote the hiring and retention of quality personnel, which allows the practice to offer benefit structures to employees that rival or exceed those of most large practices and hospitals in the area.

"We take care of our employees," Lee says. "We want people to stay, and we look for ways to tie employees to us. We offer profit sharing opportunities, a matched 401K plan, merit bonuses based on employee performance and innovative insurance coverage. We also grow employees from within and have very low turnover."

Investment in technology also provides opportunities for the practice to become more efficient. In recent years, the practice added information and billing systems that saved time and money, as well as new communication systems.

"Often very simple solutions such as a backup copier, scanner, printer or fax can save money," Lee says. "We eliminated more than \$1000 a month in toner charges, \$500 a month in FedEx charges and similar savings in faxing and copier charges by implementing these backup machines."

Lee also attributes success to their physician-staff ratio. In 2002, the practice had a staff to physician ratio of 4 to 4.5 per physician and averaged 16 encounters per physician each day. In 2003, they increased staff/physician ratio to 5 to 5.25, which increased encounters to 19. Today, the staff ratio to physician is 6 and encounters have increased to more than 22 per physician per day.

Benchmarking

Lee doesn't miss a financial ratio when it comes to benchmarking. All the standard financial performance areas are measured — accounts receivable, overhead, productivity measures and a practice Lee coins as absolute productivity. He measures a combination of procedures, encounters, and receipts and then grades the physicians by the days they worked.

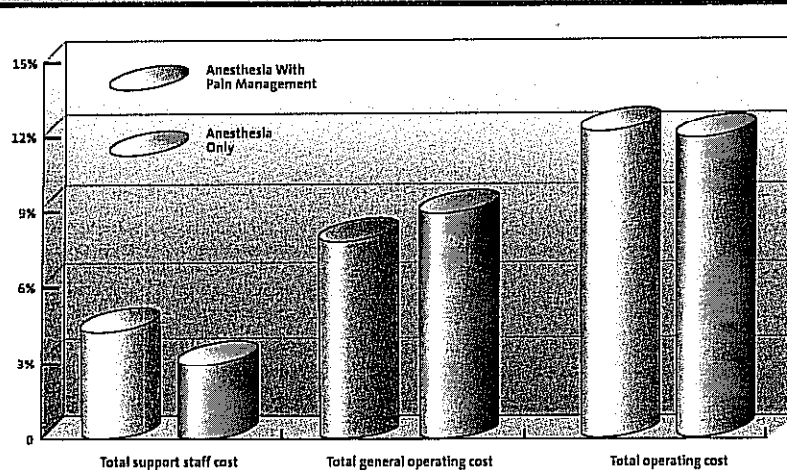
Self-pay patients and health savings accounts (HSAs)

Self-pay patients have a positive effect on the bottom line because they pay a set, discounted rate up front, which saves time and money on billing and sending patient statements. The practice accepts credit cards as a method of payment as most do, but they have not seen an influx of HSA-covered patients just yet.

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Profitability and Cost Management

Anesthesia with pain management and anesthesia staff and operating cost
(as a percent of total medical revenue)



Source: Medical Group Management Association Cost Survey for Single-Specialty Practices: 2006 Report Based on 2005 Data

Medicare and its implications

Lee believes that the four percent cut in Medicare will hurt, but not devastate this practice.

"We do not intend to cut back," Lee says. "Instead we will push more or new ancillary services, extend hours or diversify."

Moreover, Lee encourages practices to get more involved in the politically sensitive issues of health care. It's important to be heard; otherwise group practices will be ignored. He insists on being very politically active by writing letters to senators and representatives and meeting with them. His Maryland location allows him somewhat easier access to the political participants in Washington D.C.; however all practices can get involved locally at least.

Other challenges

In addition to Medicare, this practice and specialty face additional challenges. For instance, high rental rates make sustaining and acquiring new locations an obstacle, a near-zero unemployment rate makes hiring difficult and educating primary physicians on the benefits of the specialty also pose a challenge.

"We survive on referrals and need primary physicians to suggest pain management as a first option to patients before surgery," Lee says.

Billing operations

The practice distributes the workload in the billing area by payer and conducts daily internal quality audits of data received and entered. New staff spend a half day learning the processes, and management keeps staff current on all changes.

This effective billing staff also faces challenges. Pain management still fights to establish its legitimacy as a specialty and struggles with coding specifics with all major and minor insurance payers.

"Many battles have been won in this area," Lee says. "But the war is still on."

Coding

Physician coding procedures are audited by the practice's billing company, which hires only certified professional coders. In addition, every six months Medicare-certified coders are brought in to audit coding and educate new physicians and clinical staff on the correct coding procedures for this specialty.

Marketing the practice

"We aggressively market this practice," Lee says. "We have a dedicated marketing staff for specific geographic areas and have developed unique marketing reports that track our results."

The marketing staff target referring physicians in the geographic areas and use both television and radio to market to patients.

"Television and radio gets us closer to the patients, educating them about the specialty as well as the services provided by the practice," Lee says.

The practice uses referral trend reports, which are sent to all of the pain management physicians. The reports reflect the number of referrals over a six-month period and identify new referring physicians as well.

"We acknowledge these referring physicians and do our footwork by inviting them to lunches and dinners so that they get to know us personally," Lee says. "It's the smart, basic stuff that we need to do to stay on top and remain successful."

Technology

This factor contributes to the practice's success in efficiency and profitability. Lee attributes it to economies of scale — one server can handle 10 sites. Size drives down the costs of hardware and software.

"We tend to use the best when it comes to hardware and software," Lee says. "A broken PC often costs more in time than the equipment."

Moreover, the practice already makes use of a hybrid electronic medical record (EMR) system. The plan is to merge the current system with the billing information, electronic prescription and document retrieval system into a true EMR system.

Profitability and Cost Management

Future goals

Lee intends to seek out alternative areas to maintain financial stability for the practice. Some ideas include offering productive ancillary services and developing nonmedical, financially productive companies in real estate, billing consulting and information systems.

"It's important that we be ready for any and all opportunities that may arise," Lee says. "We need to continually improve our levels of efficiency for our patients and provide services that they need in one place."

Final thoughts

In 2002, the Center for Pain Management's three medical and surgical sites were doing well. Lee walked in the door and used Medical Group Management Association's (MGMA) numerous surveys to benchmark the practice's progress and to encourage reaching the better-performing status.

"The MGMA surveys are incredibly useful tools, but you have to apply them, Lee says. "We have. Thanks, MGMA."

The Center for Pain Management Keys to success:

- ✓ Visionary leaders
- ✓ Efficient processes and technology
- ✓ Strong billing and financial performance
- ✓ Strong marketing and referral campaigns