



Preparing for Discussions with Potential Employers

September 17, 2013

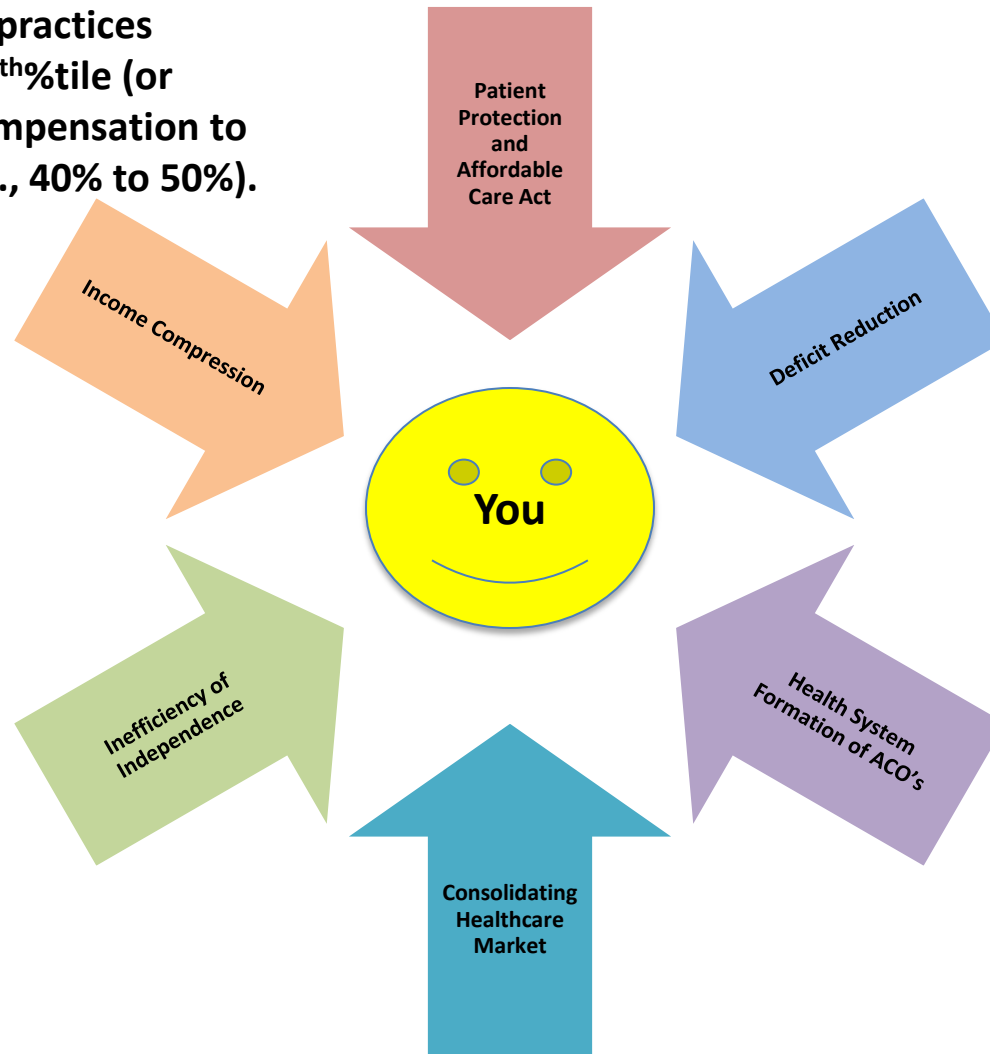
Art Wieland, M.B.A.

Speaker Bio

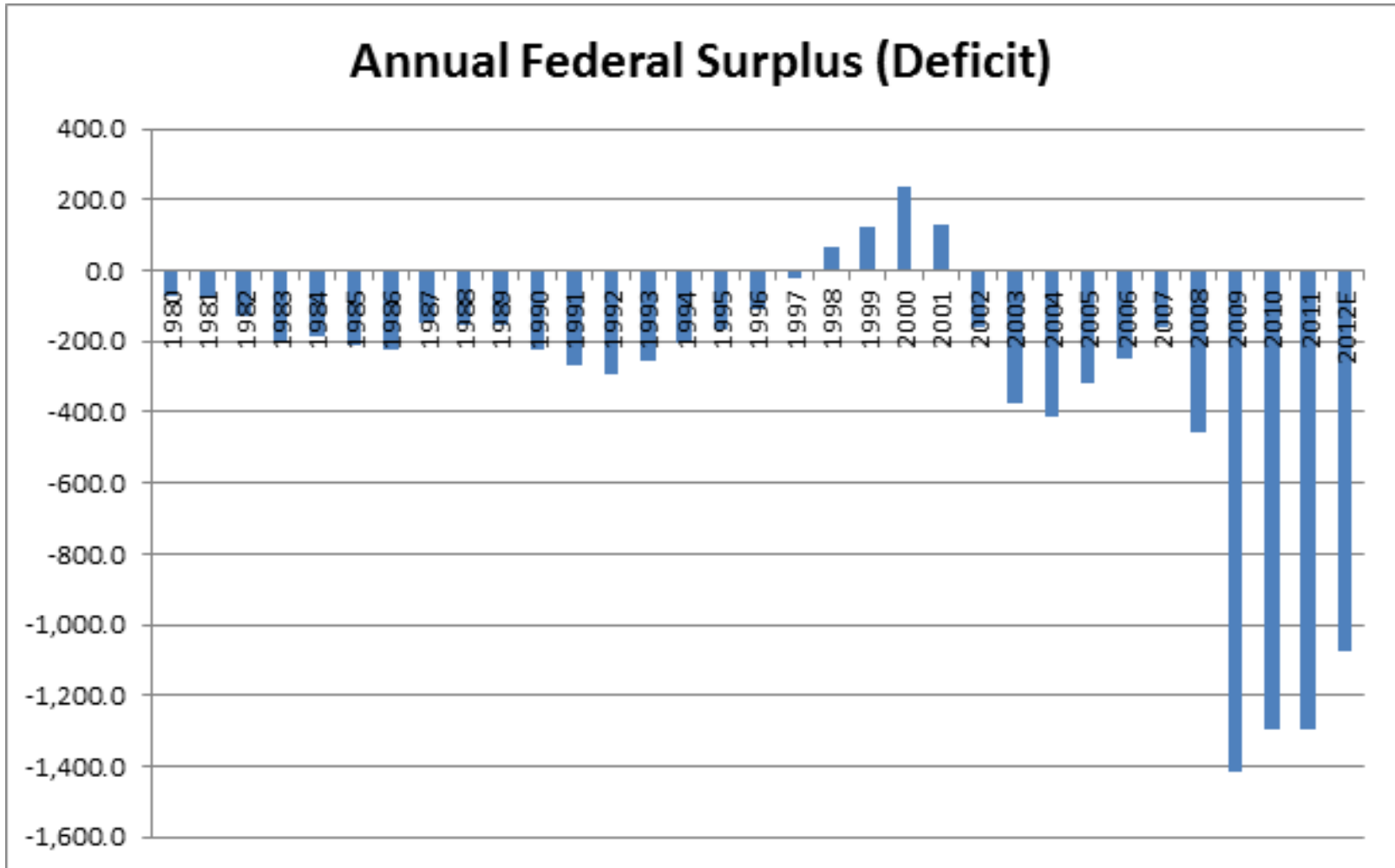
- **55 years old w/ 34 years experience in healthcare arena**
- **Graduated college in 1979, earned MBA (Finance) in 1985**
- **Hired by healthcare consulting firm in 1979**
- **BCBS (Medicare Intermediary) - early 1980's**
 - **Developed revenue recovery audits for BCBS**
- **Hospital Budget Director – Sinai – Mid 1980's**
- **KPMG (healthcare financial consulting) – Mid/Late 1980's**
- **SVP/CFO – LifeBridge Health – 1990-1998**
- **SVP, Mergers and Acquisitions – Genesis Healthcare - 1998-2002**
- **Founded CappMaxx Advisors, LLC – 2002**
 - **Have evaluated 100+ practices over past 4 years.**

A Colossal Headache!

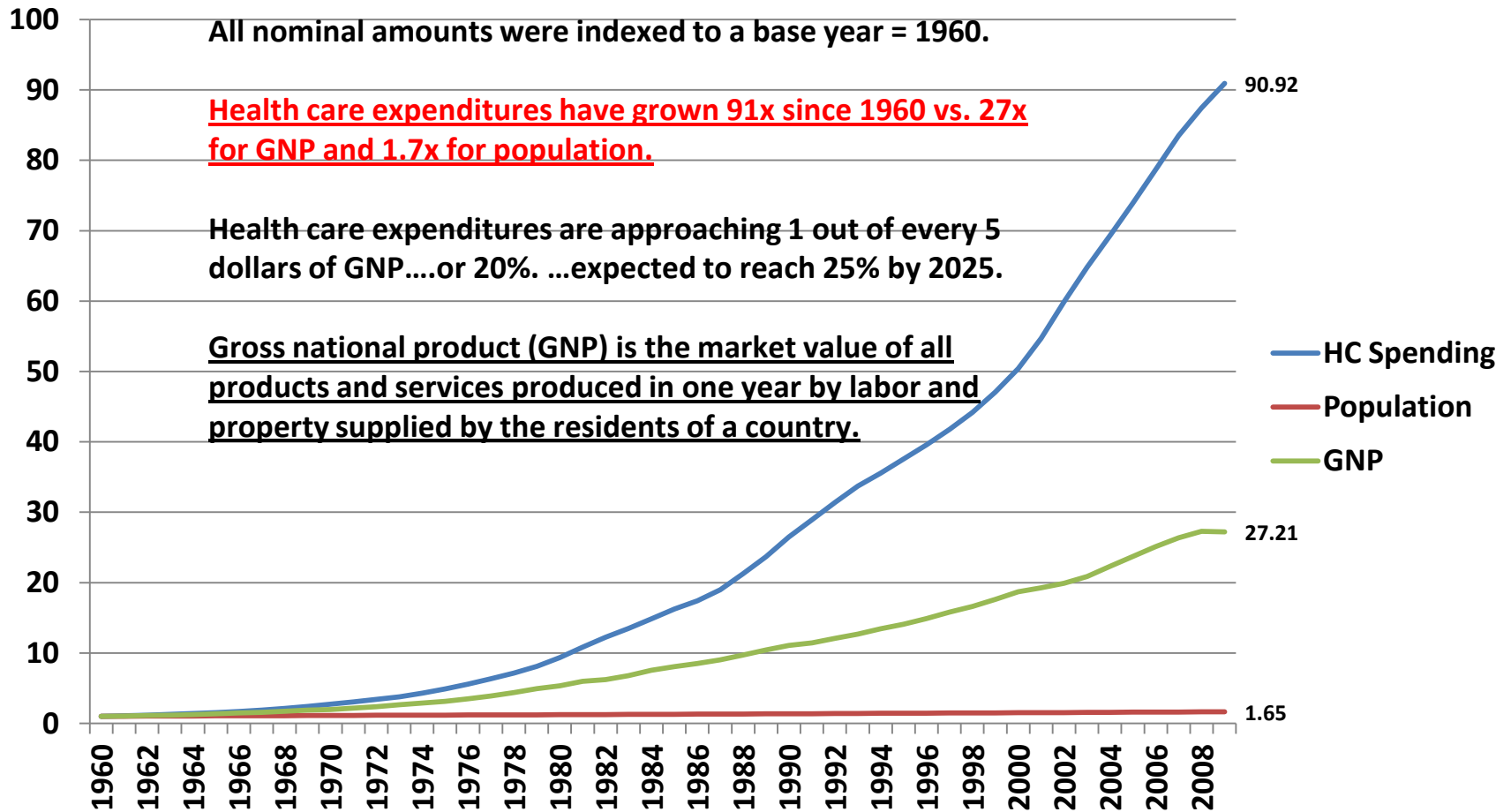
The vast majority of practices benchmark at the 25thtile (or below) of MGMA compensation to collections ratios (i.e., 40% to 50%).



Federal Deficit



The Issue - Key Trend Lines



Sources: US Dept. of Commerce, Bureau of Economic Analysis and CMS (National Health Care Expenditure Accounts).

Overview of Process

Initial Contact

- Contact initiated by employer or physician.
- What is said sets the tone for how these discussions unfold.
- **Be prepared.....know your business before these discussions begin.**

Confidentiality Agreement

- Allows for confidential exchange of information.
- Generally, a one-way information flow....physician to employer.
- May or may not contain an exclusivity period and termination date.

Exchange of Information

- Employer will send you a comprehensive list of the information they want to see in order to assess your practice.

Analysis

- Economics of practice are assessed, risk profile developed and strategic fit determined.
- This is a triaging process during which a “go, no-go” decision is made by the employer.

Overview of Process

Offer/Negotiation

- Compensation and Compensation Model
- Hard Assets
- Goodwill??...in most cases....**NOT!!**
- Other Terms/Conditions

LOI/Valuation

- Formal LOI...most often with larger vs. smaller practices.
- Hard asset valuation.
- Fair Market Compensation Valuation?

LOI/Final Documents

- Formal contract development and negotiation of related terms

Typical Information Request

- **Date of birth**
- **Office location and address (leased vs. owned)**
- **List of in-office services provided**
- **List of affiliated entities including ownerships in surgery centers**
- **List of any past current investigations by any governmental agency or physician review board**
- **Malpractice history**
- **Hospitals where privileged**
- **List of all extenders and how each bills (own provider # or yours?)**
- **List of relatives working for the practice**

Typical Information Request

- **Most recent 2 years filed federal tax returns**
- **All W-2s (yours and your staff) for most recent tax year**
- **Summary of any payments/stipends received from hospitals**
 - **Call coverage**
 - **Medical Director**
- **Summary of personal expenses paid through the practice**
 - **Auto, meals, phone, Ravens tickets 😊, weddings ☹, etc.**
- **Amounts contributed by your practice to a company pension/401k on your behalf**

Typical Information Request

- **Name of outsourced billing company, if applicable, and % of collections charged**
- **Name of practice management and EMR platforms**
- **Billing Reports that correlate to latest filed tax return**
 - **Collections by insurance company**
 - **Current YTD collections may also be requested**
 - **Collections by individual provider**
 - **Frequency by CPT code**
 - **Collections by CPT code**
- **Are you enrolled in the BCBS PCMH product?**
 - **Copy of most recent Searchlight data report**

What are employers looking for?

- How much income do you derive from the practice and from what sources? What does the trend line look like?
 - Direct professional services
 - Leveraging employed providers
 - Personal expenses and familial income
 - Payments from hospitals
 - Outside investments (e.g., surgi-centers)
- Productivity by provider
- What does your payer mix look like?
- Physician referral patterns
 - Employers can gather this from public databases (e.g., Crimson)

What are employers looking for?

- **How does each provider benchmark vs. MGMA (or other benchmarking service)?**
 - Collections
 - Compensation
 - Compensation/Collections
 - wRVUs generated
 - Compensation/wRVU
- **How does your coding compare to available CMS data?**
 - If you're coding 85% of your 99211-99215 codes as 99215...this will raise a flag.

What are employers looking for?

- **Who are your employees and how much do you pay your employees vs. what the employer pays for comparable jobs?**
 - **Nepotism**
 - **Fair market compensation**
- **Anything out of the ordinary**
 - **Unusual pension plan structures**
 - **Aberrant collections or income**
 - **Unusual scope of services**

How to Prepare

- **Define your goals and objectives of employment....why are you pursuing this course?....write it down!!**
 - **What are the deal breakers?**
- **Identify your counselors**
 - **Personal, legal, financial or otherwise...this is your team**
- **Gather the information and have it analyzed/arrayed in a usable format**
 - **Know beforehand what the employer is trying to find out**
 - **Keep the information updated and organized**
- **Develop a game plan....decide who speaks on your behalf**
- **Be proactive.....communicate.....help drive the process**
 - **Those who respond promptly/accurately have better results**