

Facing the Coming Financial Challenges to Healthcare Providers

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Today, there are many challenges facing the healthcare industry including the proposed changes with healthcare reform, although what these measures will be has yet to be known. An efficient, well-managed practice will insure physicians' ability to weather the changes the healthcare reform may bring to the industry.

Ensuring a positive revenue stream is essential during these economic times. Although, at the time of this writing, the proposed 21.2% decrease in the Medicare physicians' fee schedule has been put "on hold" until March 31, 2010 by Congress. Unless a more permanent arrangement passes in Congress, the proposed 21.2% will go into effect. With that in mind, physicians should examine the payer mix of their practice to ensure that those payer categories with lower reimbursement (historically Medicare and Medicaid) do not comprise the majority of their patients.

With insurance reform will come a change in the dynamics in the revenue cycle. Historically, patients have paid a minimal co-pay at the time of the office visits. The remainder of the charge is adjusted off contractually before payer payment and patient is responsible for any co-insurance amount. However, with the recent additions of health savings accounts, high deductible health plans and increased self pay patients, it will be increasingly more important to have trained staff collecting the copays and deductibles at the time of service so that balances aren't carried over the accounts receivable. In addition there should be appropriate policies and procedures in place for follow-up of outstanding balances owed by patients.

Proper coding and documentation are major factors in maximizing practice revenue. Having a Certified Coder on staff can assist the practice in keeping informed with the ever-changing coding rules throughout the year. One of the newest



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coding changes that 2010 has seen is Medicare's discontinuation of the use of consult codes. In their place, physicians will be using new patient and established office visit and facility codes. Third party payers may not necessarily follow Medicare's lead with this change for the time being so there needs to have special attention paid to claims when Medicare and a secondary payer is involved.

In order for maximum reimbursement for procedures and visits from insurance companies, detailed documentation of patient encounters within the medical record is essential. It has been said many times "If it isn't written, it didn't happen." If it isn't documented in the medical record, it cannot be billed to the insurance companies resulting in money being left on the table. With the advancement of technology, there is good news for the practitioner. The Electronic Health Record (E.H.R.) is changing capabilities of better documenting patient encounters. In addition, it can lead to decreased medical errors, improved clinical performance and streamlined administrative tasks. Although the investment in the electronic health record is substantial, there are incentives of up to \$44,000.00 offered by the federal government as part of the American Recovery and Reinvestment Act of 2009 (ARRA).

In addition to the incentives through the ARRA, the state of Georgia can offer tax breaks for training activities.

The state of Georgia has a unique tax

provision that provides employers in Georgia residents a significant tax break for providing or sponsoring certain training activities. Under state income tax law, any type business can secure tax credits associated with employee training, including efforts to train on new or revised computer systems, new or upgraded equipment, new technology, quality improvement programs or similar changes that would otherwise result in deficiencies in employee skills. Typical training that is not eligible for the credit is training on the soft skills, safety, and new employee orientation.

The credit computation is based on one half of the total direct costs toward employee training, including employee and instructor wages. The credit can be used to offset half of the taxpayers Georgia income tax liability and unused credit has a 10 year carryforward provision. For passthrough entities, the credit flows to the shareholders. Georgia also has a unique provision that if a corporation is part of a Federal affiliated filing group, the credit can be assigned in part or in whole to one of its members.

The difficulty in claiming this credit is the level of details required by the state to receive approvals from the Department of Technical and Adult Education necessary before claiming the credit and are experienced in compiling these details in an unobtrusive manner to the business operations. We have also been successful securing credit approvals for training activity in prior tax years that have resulted in income tax refunds for our clients.

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