

Hiring the Right Practice Manager- What's the Return on Your Investment?

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California Orthopaedic Association

Why do all the practices not have people managing their practice with business or advanced clinical degrees?

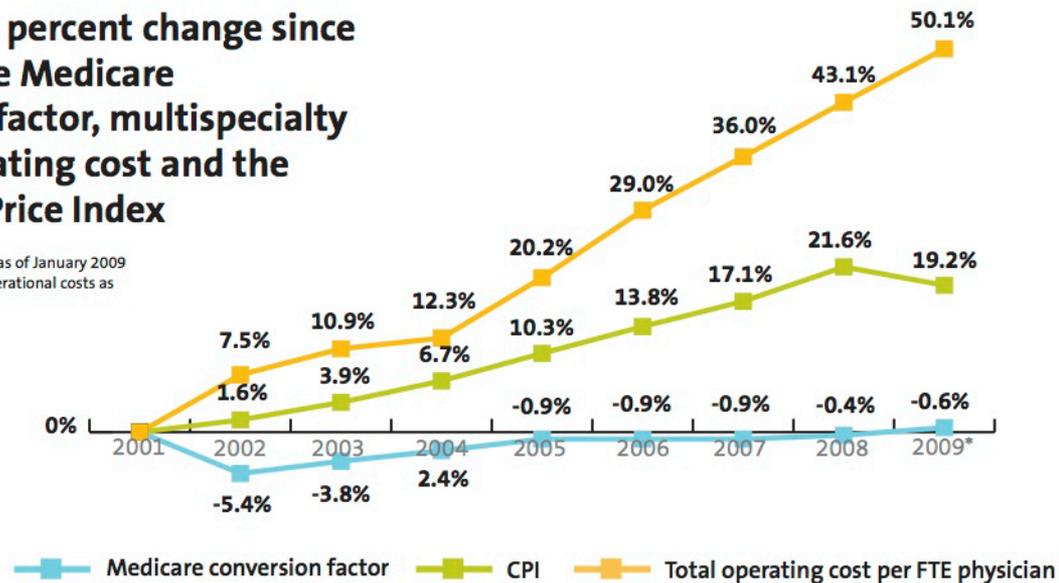
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Times are changing... different healthcare business climate.

1. Reimbursements have decreased.
2. See data from MGMA comparing

Cumulative percent change since 2001 for the Medicare conversion factor, multispecialty group operating cost and the Consumer Price Index

* 2009 data include the CPI as of January 2009 and projected change in operational costs as occurred in 2007-2008.



Benchmark Practice

1. How do you know if you are operating a financially viable business without comparing.
2. Gross Charges per FTE Ortho Dr. \$2,370,025
3. Operating Cost \$479,920
4. Median Income \$468,142

MGMA Body of Knowledge

1. A practice manager is expected to demonstrate the following competencies:
 - a) Professionalism
 - b) Leadership
 - c) Communication Skills
 - d) Critical Thinking Skills

2. Eight Domains or Body of Knowledge:
 - a) Business Operations
 - b) Financial Management
 - c) Human Resource Management
 - d) Information Management
 - e) Organization Governance
 - f) Patient Care Systems
 - g) Quality Management
 - h) Risk Management

3. Create a JD that incorporates these Competencies and Domains.

The Changing Role of Practice Managers

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Level I: Office Manager

- Coordinates and directs business office activities;
- Involved in monitoring the day to day operations and concerns of patients and employees;
- Monitors billing system, accounts receivable, collections and supervises accounts payable;
- Evaluates patient flow, registration, scheduling;
- Assigns and delegates duties to employees;
- Responsible for housekeeping and maintenance of offices;
- Evaluates employee productivity and staffing needs and oversees a number of employees;
- Maintains personnel files;
- Prepares management reports;
- Usually reports to physicians, or administrator.

Level II: Administrator

- Responsible for daily operations of a large group medical practice without clerical duties.
- Evaluates and makes decisions on financial planning, budgeting, marketing, capital and equipment needs;
- goals of the practice, accounting policies, physician compensation and reimbursement;
- Planning and implementing computer information system;
- Oversees other managers, department heads or supervisory personnel;
- Manages quality control standards established by physicians;
- Works with attorney, Accountant and other professional services;
- Engages in Managed care and third party payor contracting and negotiations;
- Usually reports to CEO, Governing body or corporate directors.

Level III: Chief Operating Officer/Leader

- Managers and Administrators make many decisions and get involved in the nitty gritty of day-to-day operations, Effective Leaders/CEO's do not make many daily operational decisions.
- CEO's/Leaders focus on important decisions that have impact on the larger aspect of a Medical Group. They think through what is strategic rather than solve daily problems or put out fires.
- Whereas managers and Administrators are concerned with shaping existing structures and processes of the Practice to produce desired outcomes, CEOs as leaders have a commitment or vision and shape people and the organizational culture around it.
- A manager or an Administrator is concerned with carrying out policies, while a leader/CEO formulates policies.
- A Manager does the thing right, while a leader does the right thing.

The Organizational Iceberg

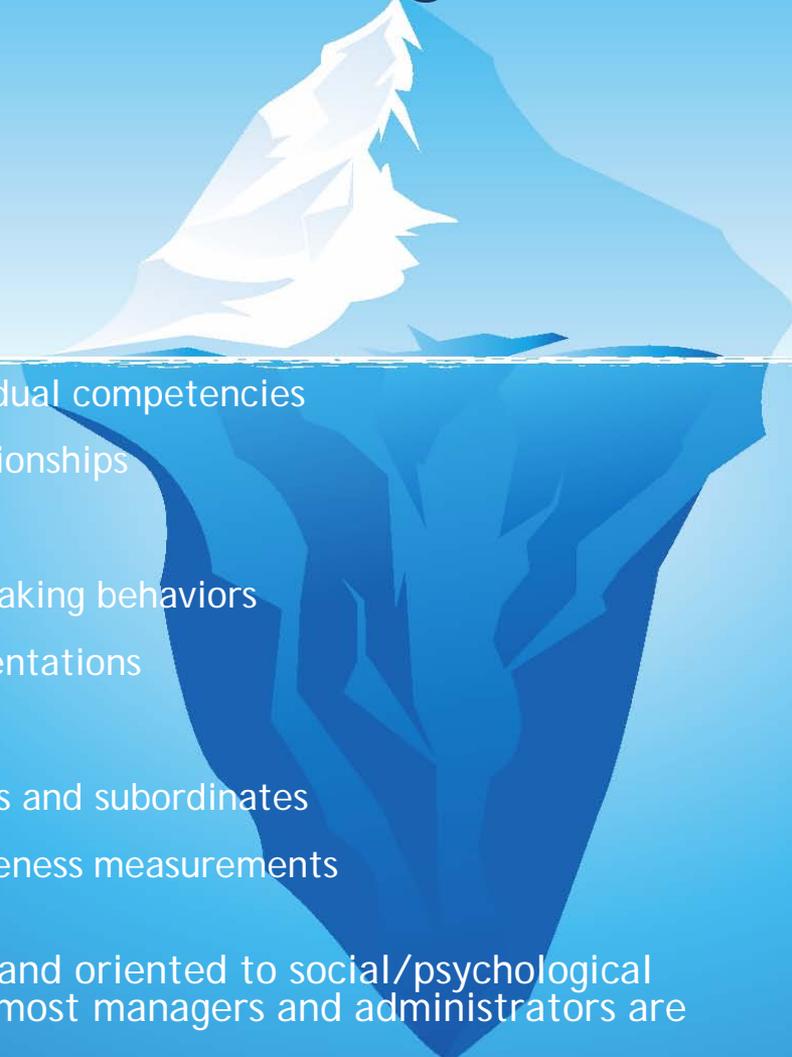
The Formal Organization/Formal Components:

- Job definitions and descriptions
 - Departmentalization bases
 - Spans of control and hierarchical levels
 - Organization's mission, goal, and objectives
 - Operating policies and practices
 - Personnel Policies and practices
 - Performance efficiency/Effectiveness measurement
- These components are publicly observable, rational and oriented to structural considerations.



The Organizational Iceberg—Cont.

The Informal Organization/Informal Components:

- Emergent power and influence patterns
 - Personal views of organization and individual competencies
 - Patterns of interpersonal and group relationships
 - Group sentiments and norms
 - Perceptions of trust, openness, and risk taking behaviors
 - Individual role perceptions and value orientations
 - Emotional feelings, needs, and desires
 - Affective relationships between managers and subordinates
 - Satisfaction and development of effectiveness measurements
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- These components are hidden, affective, and oriented to social/psychological process and behavior considerations that most managers and administrators are not tuned into.
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The Environmental Iceberg

Observable Components:

- Current Economic conditions
 - Competitive actions
 - Known actions of relevant players in the service areas—i.e. Primary care groups, hospitals, competitors, vendors, etc.
 - New laws and macro political realities
 - Changing demographics in the service area
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The Environmental Iceberg—Cont.

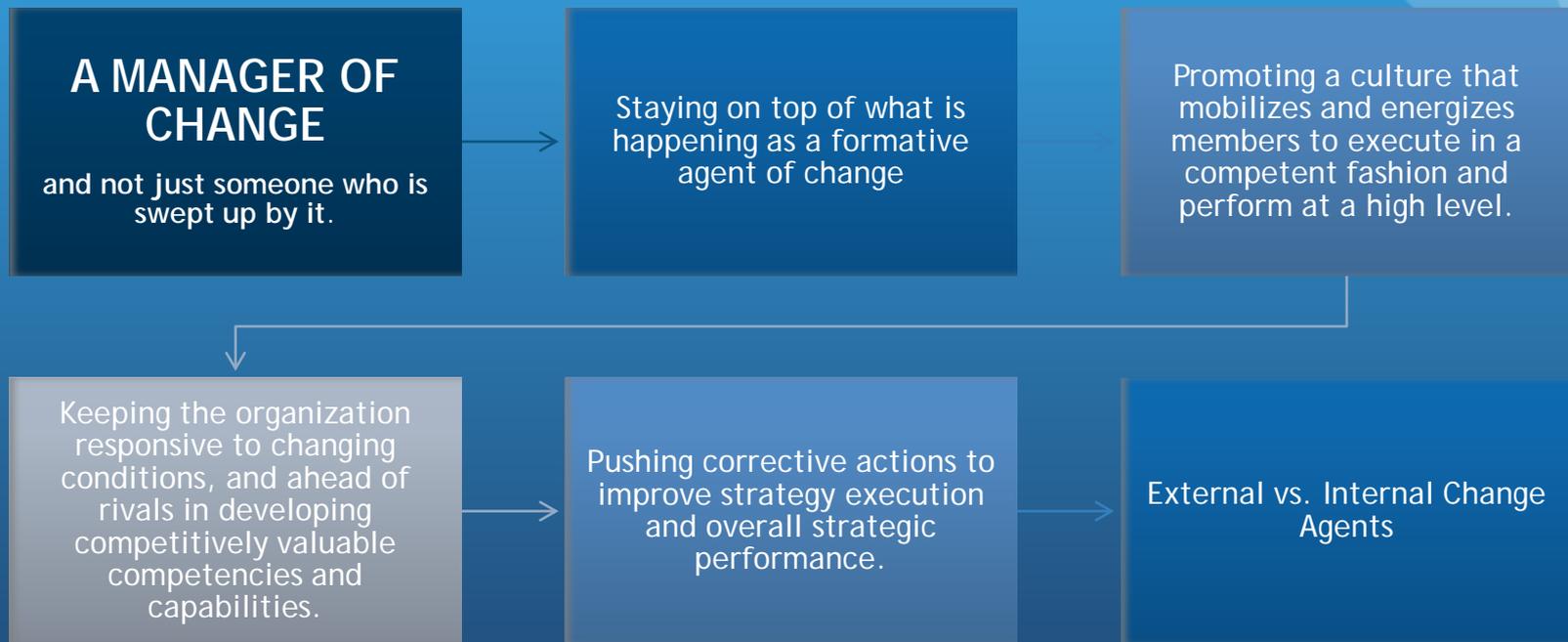
Unobservable Components and Processes:

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- Contemplated alliances among competitors
 - Contemplated strategies of Payors
 - Incipient or potential legislation
 - Patients response to incipient and future macro environmental changes and competitive strategies
 - Economic Uncertainties

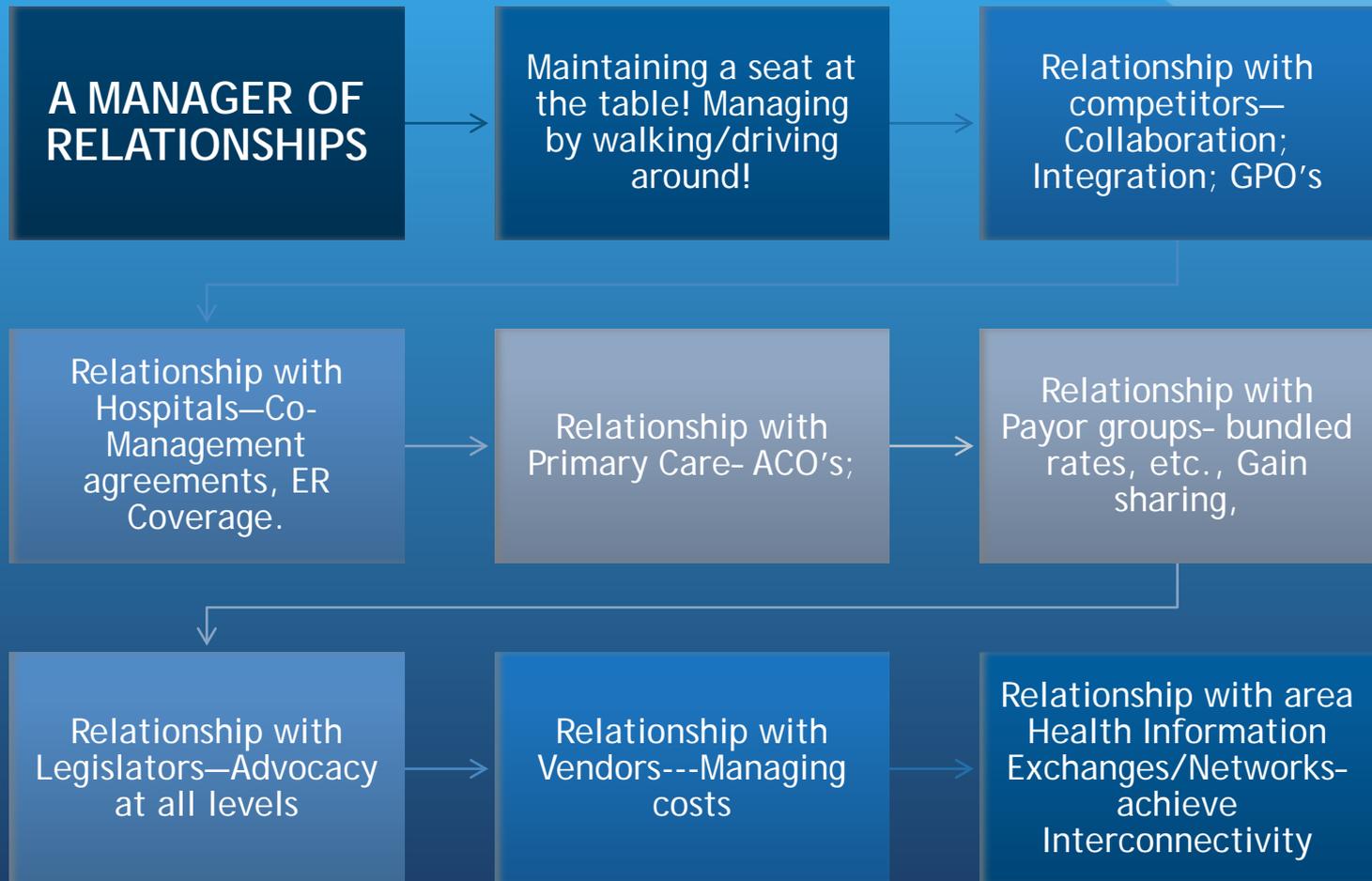
The Changing Role of a Practice Leader

- A manager of change and not just someone who is swept up by it.
- A manager of relationships—maintaining a seat at the table!
- Conducting the affairs of the organization as a model corporate citizen.
- A manager of uncertainty

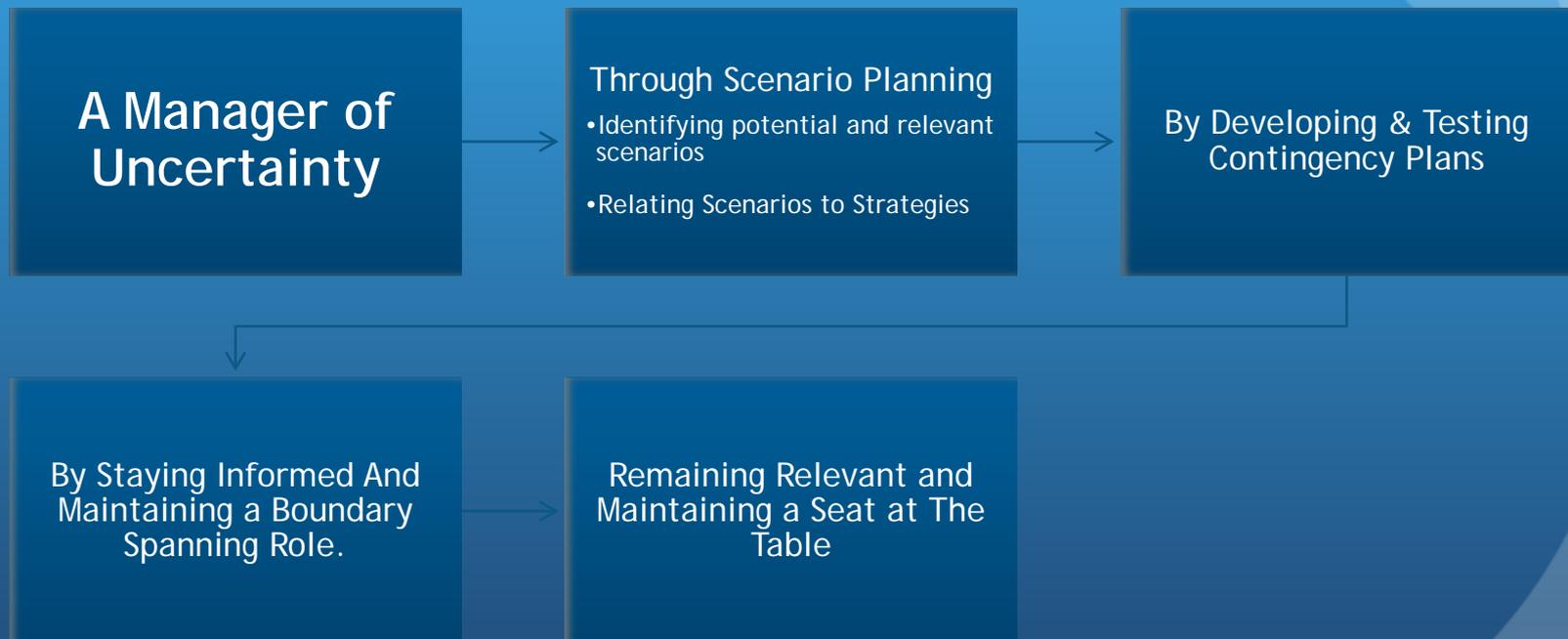
The Changing Role of A Practice Leader— Cont.



The Changing Role of A Practice Leader—Cont.



The Changing Role of A Practice Leader—Cont.



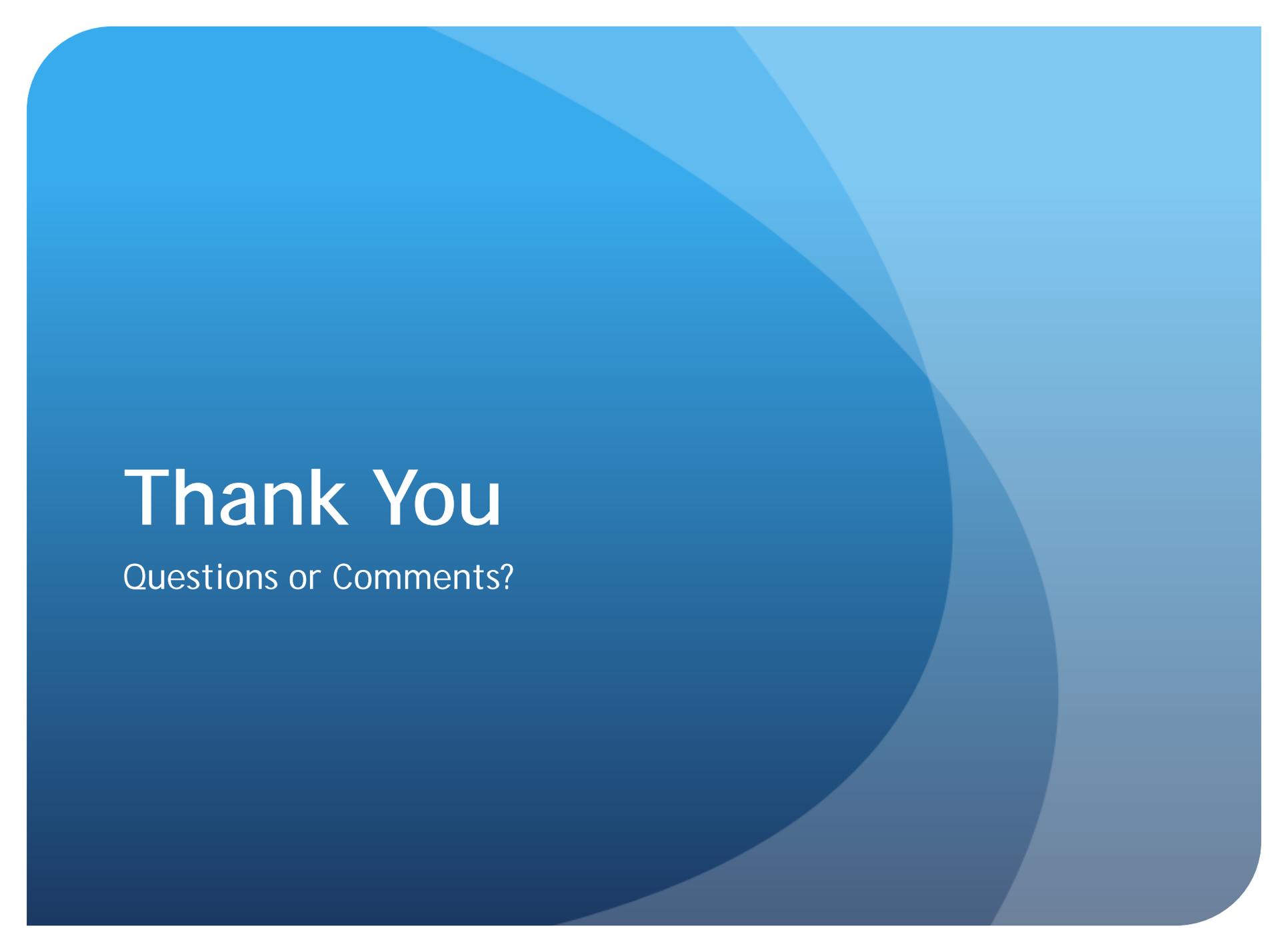
Where do you get a practice leader?

Hire one if your practice is large enough to support one.

Invest to grow someone in the organization.

Rent a consultant—short term.

Share one through practice integration.

The background is a blue gradient with several overlapping, semi-transparent shapes that create a sense of depth and movement. The shapes are primarily circular and curved, with varying shades of blue from a deep navy to a light sky blue.

Thank You

Questions or Comments?