

This newsletter has just two very, very important items for your practice. One will affect your revenue and the other your expenses. This is one of our most important newsletters, please read it carefully.



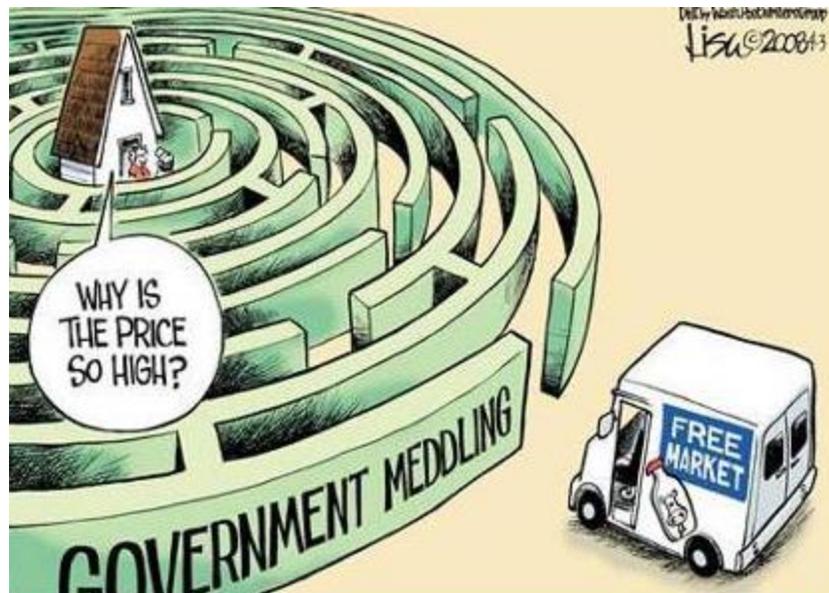
### ***July 1: California institutes the Surprise Billing Protection Law!***

California is requiring that even out-of-network physicians be controlled by insurance companies under the guise of a new law. Previously known as AB-72, now that it has been signed, it is known as the Surprise Billing Protection Law and it is meant to come after you - the private practice physician.

The California legislature and governor have determined that as of July 1, even if you don't take insurance your rates can be set by insurance companies. What? How did this happen?

If you are an out-of-network physician and you go the hospital and see a patient, you are required by law to charge no more than network rates or 125% of Medicare rates, whichever is greater. This applies to you no matter if you consider the rates fair or not. If you provide services at an in-network hospital (basically all hospitals), ***you may not bill patients for the true value of your services.*** You are

mandated to bill at most 125% of poor Medicare rates or the insurer's average contracted rate....period.



If you accidentally bill the patient beyond these fees than you are required to return the payment. If you don't refund the excess amount received within 30 days, a 15% interest payment will be applied.

The notification requirements are so detailed that the font used in notification is mentioned. For example, "if an out-of-network physician does not fulfill the notification requirements and communicates the price of services to a patient before the insurer has informed the physician of the in-network amount, the communication to the patient must include notice in **12-point bold type** stating that it is not a bill and inform the patient that he or she should not pay until informed of the in-network amount by the insurer."

There are even more requirements. Here are some of the requirements for notifying a prospective patient.

1. The patient consented in writing to receive services from the identified out-of-network physician at least 24 hours in advance of care;
2. The consent was obtained in a separate document from any other document used to obtain consent for any other care or procedure;

3. The consent was obtained by the out-of-network physician and not by the facility or a representative of the facility;
4. The consent was not obtained at the time of admission or at any time when the enrollee was being prepared for surgery or any other procedure;
5. The consent includes a written estimate of the patient's total out-of-pocket cost of care based on the physician's billed charges for the service to be provided. The out-of-network physician cannot attempt to collect more than the estimated amount without receiving separate written consent unless unforeseeable circumstances occurred during the delivery of services;
6. The consent must advise the patient that he or she may elect to seek care from an in-network physician for lower out-of-pocket costs;
7. The consent and estimate must be provided to the patient in the language spoken by the patient; and
8. The consent must advise the patient that any costs incurred as a result of the patient's use of the out-of-network benefit are in addition to in-network cost-sharing amounts and may not count toward the annual out-of-pocket maximum on in-network benefits or a deductible for in-network benefits.

The natural response to this will be that insurance companies narrow their networks. As a result of this law, more private physicians, are controlled by insurance companies even though they don't participate in these poorly paid, small networks. This will result in fewer private practice physicians and inferior care.

I wish I could say, don't worry, everything is going to be fine, just take the best care of your patients as possible. Unfortunately, I can't and you need to read more about this at...



<http://www.natlawreview.com/article/when-your-hospital-choice-network-surprise-your-anesthesiologist-not-california-s-ab>

### *A Personal Story About Office Expenses*

I have 9 doctors sharing common overhead in my office, but I am taking responsibility for managing the common expenses. In our office, we are all individual entities but we share costs. All the doctors in the office benefit when I can save.

First, let me lay out our problem. Each physician used to be responsible for a certain area of the office. This means he left it up to his staff to review the incoming bills and submit them for payment. You can probably see the problem with this system - it was a total failure. As is true in many offices, the physician was interested in taking care of patients and deferred all purchasing decisions to a staff member who was really not interested in contracting and saving the office money. After all, the staff get their paychecks and the salespeople are friendly. So let me itemize what I did, so that maybe you don't need to go through the pain that we did. Just take a look at those categories that may affect your offices.



#### **Laundry**

Laundry contracts are simply awful. You may not know that laundry services:

- Charge you based on inventory not use. I never wear my lab coat, but the laundry service was charging each and every physician for lab coat cleaning each and every month. We were charged for patient

gowns based on inventory, not based on usage. This is very common in the linen industry

- Contracts are for 5 years and are automatically renewable unless you tell them within a very small time period that you wish to terminate the contract.
- I requested copies of our contracts over the last 10 years. The signature of the most recent contract was not recognized by any physician in our office. The signature on the prior contract was the printed name of a phlebotomist. I am not casting blame onto any business or any service, nor saying that anyone criminally erred. All I am asking is that you carefully assess your contract and be very careful about renewal clauses as well as the services included in that contract.
- I have been told in my negotiations with laundry services that they will sue you and take you to court if you attempt to break the contract without paying hefty fines.
- Bottom line, read the fine print in the contracts. Negotiate the rate and terms.



## Laboratory Services

- We have a pretty full lab and we were paying some very high prices on laboratory services.

- The internet is a wonderful thing. Spot check the items you are paying for and see what prices are available.
- I had two vendors come in and tell me their prices for the exact same merchandise. Having a Private Practice Doctors' McKesson contract gave me a starting point to see which items I could save money on and which I could not.
- Remember, a vendor's job is to make money and it's your job to save money.
- We have a new process for purchasing. First, each price is negotiated. No shipment is accepted if a price is not on the invoice. Before a purchase is made, I must approve it. The lab tech goes through each item and initials each item received. When the bill comes in, I compare the bill to the initial list and then review each item and compare it to a spreadsheet I have of the prices.
- We will save 50-60% on prices that we paid last year through this method.



## Medical supplies

Every lab has medical supplies and there are countless ways physicians overpay. Let me give some examples.

- We use alcohol all the time for blood drawing etc. We buy it by the gallon, literally. If we buy by the gallon we have to pay a hazmat fee. If we buy 4 quarts at a time instead of a gallon there is no hazmat fee. Hazmat fees can be in the range of \$40.00
- We use IV tubes. The nurses ordered two port IV tubing. We use IVs mostly for hydration and rarely need even one port. Changing from two

ports to one port saved us 50%. You may wonder why the nurses ordered two port IV tubing; I did. I was told, “that’s what we always ordered.”

- We go through reams of paper on our exam tables. The nurses were ordering a urological paper which was waterproof on the bottom. No one urinates on our paper. We now have huge savings because we order regular paper, not the coated waterproof type.
- We draw blood on just about every patient. We go through test tubes like water. No one had been watching the cost climb. After renegotiating, we save over 60% on purple top tubes alone, the others range from 30-40%.
- I could go on and on. The bottom line is that YOU, the doctor, need to evaluate each and every item. Evaluate the price and the function. Are you really ordering the right product or is it just the item you have used for years?



## Waste Management

- Please be careful in signing any contract.
- This is a copy of a brief note I received from a well-intentioned secretary trying to help me with Waste Management

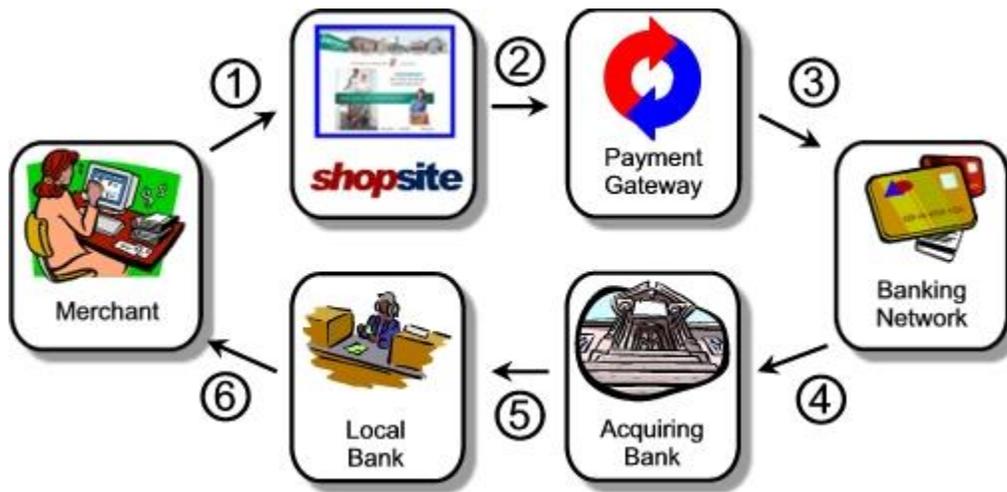
This contract  
is from 2012-2015  
There is no  
current contract  
as it automatically  
renews.  
(I called to ask)

- Really? There is no current contract? Really, it automatically renews, forever? This is wrong in so many ways. Yes, of course there is a contract. Yes, it automatically renews if you don't watch out for that very small window and, yes, it includes an automatic price increase. Again, you need to review your contracts and keep dates of when they terminate. You need to renegotiate each and every time. Stop the madness.



## Insurance

- Our office has health insurance for our common employees, liability insurance for the office and workers' compensation insurance. Please, please, please review your policies.
- If your agents have not notified you, you should know that you are likely to see large increases in all health insurance products. It is probably best if you renew now rather than waiting until December to renew your health plan. For example, if our offices stay on the same plan our costs will increase by 11.5%. The increase will be much higher if we wait until our December renewal date. Your health insurance agent should have notified you. If they did not, let PPD help you out with a new agent and a new estimate.
- In my mad rush to update everything, I noticed that no one has seen what a new liability policy would cost in decades. We just continued to pay the premium. Why? Because no one bothered to look.
- Your insurance agent can help you get the best workers' comp policy for your office. They should know the rules and be able to figure out the coverage you need. In addition, they should know how past claims will affect your pricing. Don't just settle for what you have. This is a significant part of your payroll



## Banking

- I have reviewed this with you before, but if you take credit cards, please make sure you are not getting taken.
- There is no single rate for merchant accounts. Various factors account for the variations in the merchant rate including, for example, whether the individual using the credit card is in front of you or on the telephone, whether an individual's card has a secure chip, and whether a person has a rewards card. If someone quotes you a rate, it probably is for a non-rewards card paid in your office with a chip. Who does not have a rewards card these days?
- PPD can offer you the best merchant account rates through our B of A contact.



## **Records Storage**

- There is a high potential for you to be abused in a medical records storage contract.
- Please review your contract carefully. One company came in to my office and stated it was only 30 cents a box/month to store my records. This is a come-on price. I asked how much it would cost to pull a chart from a box and get it to my office, in case it was needed. First it had to be found, then it had to be pulled, then it had to be processed, then it had to be delivered. The cost was about \$30...one way.
- Please realize that the costs are back-loaded. You will be charged \$5-9 dollars to pull the box and another for delivering a box to you if you wish to destroy it yourself. If you have them destroy it, it will cost another \$7-9 dollars to destroy and another \$5-9 dollars to send you certification. You are stuck because no matter what you do, you are going to be stuck with tens of thousands of dollars to rid yourself of this problem.

Look, I could go on forever. PPD offers discounts and pre-negotiated contracts on many of your everyday items. We can be your first defense against high prices. But, as my office shows, PPD cannot do it all. You, the physician must take an active role in moving your business forward in these ultra-competitive times.

Private Practice Dollars is here to help you. But you must be willing. Let us be your first screening protection against fraud and abuse. Let us be your secondary protection with pre-negotiated contracts. Let us be your tertiary protection allowing you the best contracts. We are here to help.