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Pathways

Practical career advice for dermatology residents

Editor's Message

James Q. Del Rosso, DO, FAOCD

Dear Readers:

We begin this edition of *PATHWAYS* with an article on strategies for hiring staff. Your practice is also a business and having the right staff can make all the difference in its success and profitability. Contributing writer Michael S. Krivda interviewed Dr. Abel Torres for tips on how to know what type of person you need, where to look for new employees, questions to ask during the interview and follow-up checks you need to do. Anyone you hire needs to mesh with your current staff and interact well with your patients. Read on to find out how to hire the best employees for your practice.

Also, we have article on negotiating fair contracts with insurance carriers. This article will also provide you with tips on making your practice a better business. You have more control than you may think over the terms of your contract. Dr. James Zalla spoke with contributing writer Jo Ann LeQuang and shared advice on what you should look for in a carrier and ways to negotiate a contract that works for your practice. Turn to page 4 to find out what you need to know about fee schedules and terms of payment.

Please e-mail any comments or suggestions for *PATHWAYS* to me through stuleya@hmpcommunications.com. As always, I hope you find this issue of *PATHWAYS* valuable and enjoyable.



Sincerely,
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Successful Hiring Strategies for Medical Practices

Many physicians fail to recognize the powerful impact that hiring has on the success or failure of their practice.

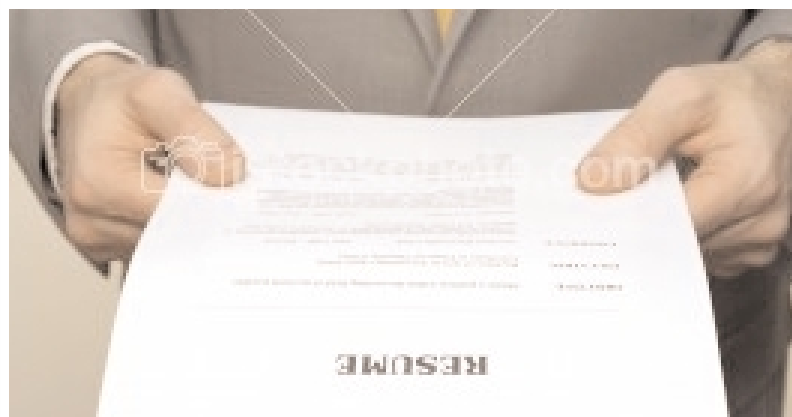
By Michael S. Krivda

An accomplished physician, Abel Torres, M.D., Chief of the Division of Dermatology at the Loma Linda University School of Medicine, often wondered if his business acumen matched his medical skills. Recognizing that running a medical department at a university or running a practice demands business knowledge not often taught in medical school, Dr. Torres made a point to develop the needed skills.

"A medical practice is also a business, and physicians need to treat it as such, which means learning how to successfully run a business," explains Dr. Torres. "One of the keys to success, and one that is often overlooked, is having the right staff people. You cannot underestimate how important your staff is to the overall success of your practice, and it all starts with hiring the right people."

KNOW YOUR PRACTICE AND KNOW WHAT YOU ARE LOOKING FOR

Before you begin the hiring process, examine your practice, paying close attention to not only the medical activities that you perform but also the various personalities and skills of your staff. Do not underestimate the importance of new hires being able to mesh with your current staff. "You need to have someone who is going to fit in with the pulse of the practice, someone who can bring the same level of energy that you bring," says Dr.



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Also Inside:

- Contracts and Carriers

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Questions to Ask

Ask questions that allow the candidates to demonstrate:

- A general understanding of the position
- Clear reasons why they want the job
- An understanding of and respect for patient privacy
- An appropriate attitude toward customer service
- A proper work ethic
- Good conflict management skills
- A suitable level of motivation
- An ability to prioritize
- Problem-solving abilities
- A proper attitude toward office politics and gossip
- Specific skills (computer competence, administrative skills, or nursing skills)

Torres. "Your patients' perception of your office has a lot to do with your staff. It is the front office personnel that they interact with on a regular basis and your staff can have a huge impact on what your patients think about your practice."

Dr. Torres also stresses the importance of developing a detailed and accurate job description. Not only does this allow the applicant to fully understand the nature of the job, but the process of developing such a description can help you form a more comprehensive picture of the duties your workers actually perform. "We had each staff member write a description of his or her job, listing primary and secondary duties," explains Dr. Torres. "We were amazed at how much more each worker routinely did that really were not part of a formal job description."

Dr. Torres stresses that it's important that each candidate read the job description and indicate whether or not he or she can perform the tasks and meet the obligations of that position. He also feels that a detailed job description is

very useful after the worker is hired, as it can serve as a reference tool when determining promotions and raises and in conflict resolution.

Dr. Torres feels you need to develop a mission statement that clearly states where you expect your practice to be in 1 year, in 5 years, and maybe even in 10 years. You then match your hiring approach to meet those short term and long term goals. "Often, a new practice has to consider the economics and needs to hire one type of person to get through the early stages. This is not wrong, as long as you know that is what you are doing. But at some point, you must start hiring the appropriate staff to meet your long term goals."

STAY INVOLVED IN THE PROCESS

Despite the problems that can result from poor or mishandled hiring approaches, many doctors choose to remove themselves from the process. They either delegate the task to someone else or, when forced to do it, awkwardly stumble through the process with no clear idea about what to look for, what questions to ask or even where to begin. The best approach is to plan appropriately and to work carefully with your office manager to devise a clear and consistent approach to hiring.

In many cases, a hands-off approach by the physician means that the right staff is not being hired, which leads to turnover and staffing problems and negativity.

"Running a practice is like running any business and, as the owner of that business, a physician must take responsibility for all aspects of the practice, including hiring and interviewing," says Dr. Torres. "Far too many doctors feel that they are too busy doing important medical work to be involved in the mundane activities such as hiring. This attitude is a mistake. Whether you like it or not, you should interview all candidates for every staff positions."

FINDING THE RIGHT APPLICANTS

A key step in the hiring process is to recruit the right applicants. There are a variety of ways to go about this, the most popular being

to advertise in the newspapers, trade publications or even on the Internet. All of these approaches are certain to produce an overabundance of applications. However, your best source for good applicants may be the network of other doctors that you have developed. "We have had some moderate success advertising for positions," says Dr. Torres. "But our best candidates almost always come from personal recommendations from other physicians and other professional colleagues."

Dr. Torres explains that if you let others in the profession know that you are hiring, then you are more than likely to receive inquiries from a number of very qualified candidates. He adds that knowing that others doctors are recommending these applicants is extremely reassuring. And, over the course of time, a practice will receive a number of inquires from individuals from other practices. Having those inquires on file is an invaluable source for qualified candidates, but it is still prudent to check with your colleagues before interviewing candidates from another practice.

EFFECTIVE INTERVIEW TIPS

The initial interview is an opportunity for you to learn all you can about the applicant and at the same time, inform the candidate of what the job entails as well as the needs of the practice. It should give you a preliminary determination as to whether or not the applicant's qualities match these needs and if a second interview is necessary.

"We have our office manager do an initial interview because applicants are often more comfortable talking with them than they would be talking to a physician," says Dr. Torres. "We then talk about each candidate and we decide who to bring in for additional interview."

Developing a worksheet simplifies the interview process and enforces consistency. It should include the key questions you need to ask, and space to mark down your impressions and the applicant's answers.

If you are going to have interviewees talk to more than one per-

son, then the questions should be coordinated prior to the interviews. An effective way to conduct group interviews is having each applicant talk with several people from the practice. Often, a candidate's strengths and weaknesses can be amplified by this group dynamic.

Allow enough time for an interview as is necessary for the candidate to answer all of the questions that you have. This will vary by position, but the number and complexity of the questions should give you some idea how much you'll need.

ASKING THE RIGHT QUESTIONS

Formulating questions with the skills and personality of your ideal candidate in mind will help you make a wise hiring decision. You should develop questions that will elicit informative and detailed responses from your applicant. Try to ask the questions in such a way that the candidate must describe how he or she actually dealt with a situation or performed a skill in the past. (See "Questions to Ask" on page 2.)

A number of personal attributes cannot be legally addressed in an employment interview, including age, religion, national origin, marital status and whether the candidate has children. However, a candidate's response to some other questions might help you to determine the impact of important personal attributes on job performance. It is prudent to check with your attorney prior to interviewing candidates to make sure that your questions are legal in your jurisdiction. (See "Knowing the Law" above.)

"If you ask questions within the context of the job description, you should be safe," says Dr. Torres. "For example, you cannot ask if a person has a disability, but you can read the job description and ask if he or she is capable of performing the tasks associated with that job. What you can't do is ask why the applicant cannot perform the job requirements."

Dr. Torres warns that if you do skills testing as part of a hiring process, you must ensure the tests measure someone's ability to do the job, and not measure a disability.

Knowing the Law

You cannot ask:

How old are you?

Have you been arrested?

Do you have children?

Do you have disabilities?

Do you have any addictions?

Where are you from?

But, in most jurisdictions, you can ask:

Are you over 18?

Have you been convicted of a felony?

The job requires overtime, can you do that?

Can you perform the job functions as described?

Are you using any illegal drugs?

Are you legally entitled to work in the US?

Mean Salaries for Key Management Positions at a Hospital, Clinic or Large Practice

Position	Mean Salary for 2003
Chief Operating Officer (COO)	\$132,347
Chief Financial Officer (CFO)	\$124,769
Ambulatory/Clinical Services Director	\$82,290
Branch/Satellite Director	\$69,827
Business Services Director	\$82,667
Finance Director	\$83,180
Human Resources Director	\$73,229
Information Systems Director	\$79,573
Nursing Services Director	\$65,964
Radiology Services Director	\$68,259
Branch/Satellite Clinic Manager	\$48,685
Business Office Manager	\$56,237
Clinical Department Manager	\$65,477
General Accounting Manager	\$57,866
Laboratory Services Manager	\$47,911
Nursing Manager	\$69,359
Office Manager	\$43,780
Operations Manager	\$65,604
Patient Accounting Manager	\$52,459

Source: MGMA Management Compensation Survey: 2004 Report Based on 2003 Data

CRITICAL BACKGROUND CHECKS

It is essential that you do a background check on the person you want to hire. If the new employee will be handling money or confidential patient information, it's a good idea to check for criminal convictions, but get the candidate's permission and follow the laws of your jurisdiction.

When checking references, contact as many references as possible. If the candidate asks you not to contact a current employer, consider making any employment offer contingent on this contact. But, you should get the candidate's permis-

sion to contact two or three previous employers or co-workers.

When speaking to previous employers, ask about the attitudinal issues that are difficult to assess in an interview, including patient service, work habits, enthusiasm or any potential weaknesses that might hinder that person's performance.

Also, in most states you can check a person's driving record, says Dr. Torres, adding that these records can tell you a lot about a person.

HIRE FOR THE LONG TERM

Having gone through the arduous process of hiring a new staff mem-

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Contracts and Carriers

Expert tips on negotiating fair contracts.

By Jo Ann LeQuang

Few, if any dermatologists, enter the field because they are eager to study reimbursement codes, negotiate complicated financial contracts, and manage a business office. Yet, these things are part of modern clinical practice for physicians, and handling them well can not only impact the bottom line, it can mean the difference between a satisfying career and a frustrating one.

Many physicians are disinterested or even intimidated by the whole contract negotiation process. "Too many physicians are inclined to just accept what managed care presents. They take what's offered," says James Zalla, M.D., of Florence, KY. Dr. Zalla has recently transitioned from 25 years in solo practice to a four-person clinic. But

he is best known to dermatologists for his work on behalf of the American Academy of Dermatology (AAD) in addressing contract issues, such as bundling and appropriate use of modifiers. In the late 1990s, it was the AAD who met with all major private carriers to discuss payment issues, with repercussions that benefited all specialties well

beyond dermatology. Dr. Zalla was one of the driving forces behind this.

"Within a month, Modifier 25 was recognized," Dr. Zalla recalls. Modifier 25 affects separate office visits. Modifier 59 (separate procedures) was subsequently recognized. "The argument was quality of care and efficacy of care." A physician who did two distinct procedures during the course of one office visit was saving time, reducing clinical expense, and making life more convenient for the patient.

"If the patient was taking off from work to see the doctor, it also saved his employer some money if two procedures could be handled in

one visit," Dr. Zalla adds. Failing to allow these modifiers meant that dermatologists would be penalized financially for doing two procedures in one visit. Sound business practice would have dictated that they schedule two procedures for two separate office visits, but that created problems for patients. The issue was resolved, Dr. Zalla explains, because, "The major carriers recognized the quality of care issue."

In fact, carriers were willing to sit down and negotiate on these issues. By the same token, individual dermatologists may have more leverage in negotiating with carriers than they realize. Certainly, most doctors can participate more actively and knowledgeably.

DO YOUR HOMEWORK

"A doctor has to do the homework and get all the information," Dr. Zalla cautions. First, it is important to look at all of the local carriers and understand what is available in any given geography. If a carrier does not have a full panel of specialists or is missing some important dermatological service that subscribers want, this gives a practice some leverage in negotiation. Unlike physicians, who may sit down to negotiate a contract without much advance preparation, most carriers have done lots of research into the area and know the profiles of the various physicians, clinics, and practices in a given territory.

Contracts cover more than just fees for services. For instance, are claims easy to submit? What is the collection ratio? How long does the carrier take to pay? What percentage of claims is denied? Even the type and amount of paperwork or electronic work required can significantly affect the business of running a dermatological practice.

Physicians and their business managers need to understand all aspects of a contract. Most contracts set temporal limits with termination clauses, typically 90 days with written notice. Some contracts renew automatically, while others expire and come up for more formal re-negotiation.

Dropping A Carrier

From time to time, dermatologists may need to drop a particular carrier from their portfolio of contracts.

"If you drop a carrier, follow all of the contract terms. Typically, that involves a written request of termination and a certain termination period, for example, 90 days. Notify all patients who subscribe to that carrier of the change and when it goes into effect," says Dr. Zalla. He adds that it's important not to talk badly about a carrier to your patients, no matter what experience you've had with the carrier.

If you do drop a carrier, expect to lose some patients. "But doctors lose a certain amount of patients anyway. And it often happens that some patients will stay on with a particular physician and continue to see him as an out-of-network provider," explains Dr. Zalla.

If the decision is reached thoughtfully, dropping a contract can have a positive impact on the practice. If the claims process was a hassle with that carrier, the staff will be happier not to have to deal with it. If there were unfavorable payment characteristics or if the fee schedule was inadequate, the bottom line will go up as patients with that carrier get replaced by patients from other, more favorable carriers.

The fee schedule is the most obvious thing to consider when negotiating or re-negotiating any contract. Most providers ask physicians to sign contracts that refer to an "attached" schedule of fees. "Be sure to get the fee schedule if it is not attached to the contract," Zalla said. "A lot of carriers will attach a fee schedule for the top 50 procedures, but this list may not include derm procedures. Be sure to get a fee schedule with the derm codes that you most typically bill for." This often requires a specific request of the carrier.

"When re-negotiating a contract, doctors should ask themselves: do we need this particular carrier? And does this carrier need us?" Dr. Zalla advises. A good rule of thumb is to figure the percentage of annual revenues that come from a given carrier. "If a carrier is only responsible for a small percentage of revenues, say 5%, then the doctor would not be hurt if he lost the contract. On the other hand, if a contract is responsible for 40% of a clinic's business, the doctor needs that carrier."

WHAT YOU NEED TO KNOW ABOUT FEE SCHEDULES

"Get fee schedules for all of the plans the particular carrier offers," advises Dr. Zalla. "Many carriers have multiple plans and may not automatically provide fee schedules for each one."

When negotiating a new contract or dealing with a new carrier, Dr. Zalla recommends getting the fee

schedules from not just that carrier but all carriers in the area. But it's important to look beyond the fees themselves to payment terms, restrictions, and other conditions. For instance, a provision for multiple procedures reduction can adversely impact the bottom line to the point that a seemingly high fee-for-service results in a lower-than-normal payment.

Most carriers offer a multiple procedures provision to the effect that if a patient has two procedures at one time, the first is paid at 100%, but the second is paid at 50%. Should that patient have three procedures, many carriers pay all subsequent procedures at 50%. But one major carrier in particular pays 25% for third and subsequent procedures. This means that if a physician removes four cancerous growths from a patient in one session, he might be reimbursed at 62.5% times four procedures (100% + 50% + 50% + 50% divided

Physician Responsibilities

Just as you should demand certain things from major carriers, you have responsibilities to the carriers whose contracts they chose to sign. According to Dr. Zalla, here's what you must do for your carriers:

- **File claims carefully.** Paperwork can get bogged down if claims are unclear, frequently get changed, or if the carrier's staff needs to check with the doctor's office to understand a claim.
- **Make sure claims are accurate.** Dermatologists are frequently "encouraged" by patients to submit claims for procedures that are not covered. Avoid this practice.
- **Take the time to explain to patients what their insurance does and does not cover.** "I find that most patients readily accept this. A lot of people will decide to have the procedure anyway," Dr. Zalla says. If a patient does decide to have a procedure that is not covered by insurance, Dr. Zalla recommends having the patient sign a waiver.
- **Carefully and thoroughly document all.** Carriers require accurate recordkeeping, and that responsibility rests on the practice.
- **Monitor what your carriers are doing.** This system of checks-and-balances not only encourages everyone to be honest, it can catch mistakes. At the very least, it ensures that you understand what the carrier is doing and why.

by four), whereas with another carrier the reimbursement would be 50% times four procedures (100% + 50% + 25% + 25% divided by four).

"This is a problem because it impacts reimbursement for a set of service. The bottom line may turn out to be less than what Medicare or low-paying carriers pay," Dr. Zalla explains.

OTHER CONSIDERATIONS WITH FEE SCHEDULES

Other areas of the contract to scrutinize are terms that set forth how and under what conditions the fee schedules can be changed. Notice any restriction and how much advance notice (if any) is required. The physician should consider a "worst-case scenario" where a carrier reduces fees to the point that the contract is no longer viable for the physician. The physician needs to know that if fees were to drop sharply, he or she could terminate the contract in time.

"If the termination period is 90 days, then make sure fees cannot be changed in 30 days, since, if that

happened, the physician would have a 60-day period when he or she would have to accept those lower fees," Dr. Zalla points out.

TERMS OF PAYMENT

Payment terms can also be as important as the fee schedule. Most contracts spell out how long payment should take. Some carriers pay in 10 days on electronic submissions and 30 days for paper. Find out how the contract defines a late submission. Dr. Zalla recommends trying to allow a 6-month period for submitting claims before they get classified as late, since in some cases, it can take that long to gather the proper information.

At the very least, studying the contract terms and fee schedules, and knowing what other local carriers offer will allow a physician to understand how much and under what terms he or she will be paid for services. Although many doctors do not bother with it, genuine back-and-forth negotiation is not necessarily out of the question.

"To negotiate effectively, you have to know what you would accept.

Most carriers have a pretty good idea of the doctors in that area in terms of costs per episode of care, and so on," Dr. Zalla says. Most carriers know what the other carriers are offering and which doctors are the most desirable for their companies. Moreover, there are many contracts that are very good for business.

"Obviously, there are going to be continuing pressures on payors to hold down escalating health care costs," Dr. Zalla says. "But those costs are not necessarily physician fees. They may have more to do with medications or other things. The AAD has done an excellent job with practice-expense issues and RVUs." An RVU is a relative value unit, which gets applied to all procedures and helps physicians measure their costs (for instance, malpractice risk), which, in turn, provides a more accurate gauge for payment schedules.

WORKING WITH A BUSINESS MANAGER

While the business of dermatology is increasing in complexity, there are ways to handle it. Many physicians delegate the financial aspects of their practice to business managers with good results, but Dr. Zalla finds that even if a business manager attends contract negotiations and runs the office, the physician is in the best position to negotiate a contract and make the top-level financial decisions that impact the practice. Physicians possess good analytical skills, and need only learn some of the nuances of contracts. One excellent resource is the American Medical Association, which offers guidelines on contracts, specific language to look for (or to avoid) in contracts, and suggestions on the negotiations process.

"I think there will always be a demand for dermatological services, and dermatologists will fare at least as well as other specialties," Dr. Zalla comments on the future of dermatology in this age of managed care and contracts. "Besides, we are seeing an increase in cosmetic procedures, which are not fee-schedule-based." ■

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