

Health&Life
HEALTH • ACCOUNTING • PRACTICE ADVISERS

How to make integrated service delivery a reality from a financial point of view...

Health Practice, Tax and Accounting Advisers

Presented by David Dahm
 CEO & Founder

“Creating a sustainable and socially responsible healthcare system”

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IMPORTANT DISCLAIMER

This presentation is a summary of important legal and commercial issues.

The presentation does not exhaustively cover all issues that may be relevant to any given circumstance.

You should seek specific legal and accounting advice before applying any of the issues covered in this presentation.

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**What do you do?
 What should you be doing?**

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What We Do!



- A high profile firm operating nationally
- Established 1992
- Adelaide (Head office)
- Serviced over 1,200 clients nationally
- 90% of our work is outside of SA
- Multi-award winning

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How are our clients doing?



2013 & 14 - 12 of our clients were state & national winners and finalists in various international and national healthcare awards

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About Me

David Dahm – CEO & Founder

CA, FCPA, CTA, FTIA, FINSIA, FAAPM, FAIM, CPM, FGLF

- Ex – KPMG
- Australian General Practice Accreditation Surveyor (10 years)
- Australian Association of Practice Managers SA ex State Treasurer, State Vice President and National Director
- Regular national industry commentator on General Practice for AMA Journal, Medical Observer, Australian Doctor, GP Business Essentials and Money in Practice, Sydney Morning Herald, The Courier, The Advertiser, Australian, Australian Financial Review
- Both parents and in-laws are doctors!!!



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Why I Do What I Do?



“Creating a sustainable and socially responsible healthcare system”



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Why Bother?

Big Threat, Enormous Competition:

- Oversupply of doctors? Deregulation of registrar program?
- Boom in competition from medical centres, Pharmacy, shopping centres and private health insurers
- Technology e.g. online appointments and social media

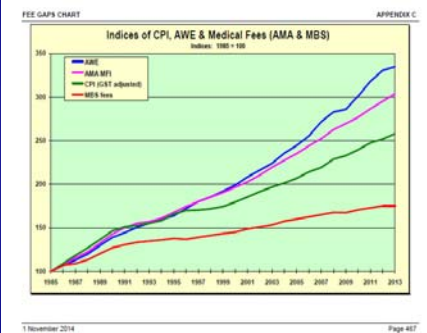


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Why Bother?

Threats: Fee Gaps



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- Rebate freezes & PIP changes
- Medicare Audits
- \$5 rebate cut
- \$7 co-pay
- Co – claiming ban on same patient same day

Something else about me?

2002-7 \$45m National Primary Care Collaborative program.



- Appointed the national financial analyst
- Prepared a longitudinal access report on improving patient access to General Practice and setting sustainable benchmarks

Key Findings

Nurses for a start can play a big role!

"nurses could assume up to 70 per cent of the work currently undertaken by doctors and this could enhance the quality of primary care services".
Australian Parliamentary Library- Author Rhonda Jolly, 2007



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Something else about me?

Risk v Return\$

To justify a change in activity it either:

1. Satisfy the **hurdle rate of return**; and/or
2. Remain **cost neutral** with a **significant reduction in risk** (and or improvement in quality).



Pass the Eat Well and Sleep Well test!



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Risk

Assessing Risk

- Reduce medico-legal and commercial risk

Examples

- improving GP access, patient compliance and reducing misdiagnosis
- reducing doctor burn-out or stress
- improving patient loyalty via continuity



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Assessing Risk

Risk

A patient is worth \$741 p.a. or more?

Get the mothers and you will get the others!

An average visit to a practice cost item 23	\$37.05	(a)
Average attendance per year	5	(b)
Multiply (a) by (b)	\$185.25	(c)
Number of members in the family	4	(d)
Multiply (c) by (d)	\$741.00	(e)
How many years the patient comes to Practice over their lifetime	25	
Multiply (e) by 25	\$18,525	(f)
Happy patient tells five people, then		
Multiply (f) by 5	\$92,625	(g)
Unhappy patient tells 10 people, then		
Multiply (f) by 10 + (f)	\$266,250	


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Assessing Return

Return – the hurdle rate

Operating profit margin (Net Profit/Practice Revenue) 30%

Owners Net Profit Gross Fees 80-90%



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Why Bother?

Enormous Opportunity? Headlines


Up to Double the Doctor & Practice Net Income p.a. per 1 FTE GP

Doctor up to \$70k p.a.
Practice up to \$50k p.a.

Fewer billing item numbers.

Patient numbers: slight increase or stay the same.

Higher
Patient loyalty, staff satisfaction & access



....and more!

Reduced
Medico-legal risk

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Why Bother?

Enormous Opportunity? Initial head winds!



First 12 month set-up costs increase by 15% of overheads.

No loss of profits; increase or the same in the first 12 months

Diabetes: 8 patients per week, per 1 FTE GP

If bulk billing and more contact time.
Economies of scale does matter – 3 FTE GP's



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What is the real potential of integrated care?

- Assessment estimated to take 30-90 minutes
- Significant part of assessment can be carried out by a nurse or allied health
- Doctor can be seeing other patients while nurse is collecting data and carrying out basic tests or documentation
- Assessments can be scheduled for anticipated 'downtimes'



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Business Case Example Assumptions

- Diabetes Clinic
- 1 FTE GP
- 1 FTE nurse
- 1000 SWPE or 1000 patients
- Doctor paid 65%
- Based on post 1st Nov 2014 MBS
- 100% Bulk Billed
- 300 patients eligible for diabetes program – 8 per week over 40 weeks



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Comparisons

1 FTE GP Diabetes Clinic - 100% Bulk Billed

Allied Health Supported*	No Integrated Care	With Integrated Care
Gross earnings – additional based on 300 patients	\$89,000	\$191,000
Less Expenses – additional Doctors, Nurses Admin, and marketing based on 5-6 visits p.a.	(\$87,850)	(\$128,000)
Additional Net Profit Total	\$1,150	\$63,000

*Approximately 300 patients

Bulk-billing fees used for all calculations.

Fee for assessments carried out in consulting rooms only.



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What does this mean for you?



The business case for integrated healthcare



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How?

Funding Structure – types of payments

That supports integrated care.....



Medicare primary care items provide Medicare rebates for a range of services provided by general practitioners, nurse practitioners, midwives, practice nurses and allied health providers.

Item	Description	Type	Income
Front End	Item no: 23* consults, 700's care plans, 2500's completion and 10990's bulk billing incentives Allied Health	Doctor Fee for service	\$37.05 to \$268.80
Back End	10997's Practice Nurse Support Practice Nurse Incentives Practice Incentive Payments – Outcomes based	Practice	\$2 to \$25,000 p.a. per GTE GP



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*Item no: 23 from 1.11.2014 cannot be bulk billed same day same patient assuming no \$5 rebate cut on 1.7.2014. Allied health cannot be used

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How?



Types of Activities -

- [Aboriginal and Torres Strait Islander people](#)
- [Autism—Helping Children with Autism program](#)
- [Disability—Better Start for Children with Disability initiative](#)
- [Diabetes type 2—allied health](#)
- [Chronic Disease Management \(formerly Enhanced Primary Care or EPC\)—GP services](#)
- [Chronic Disease Management—allied health individual services](#)
- [Health assessments](#)
- [Access to Allied Health Items](#)
- [Practice Nurse Monitoring and Support](#)

Source: MBS online



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How?

Funding MBS – BMI Clinic



Item	Description	S/Fee	Rebate
23	Standard Consult with a Gap?	\$37.05	\$37.05

Source: MBS online



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How?

Healthcare Assessment Opportunities



Target Group

A Healthy Kids Check for children aged at least 3 years and less than 5 years of age, who have received or who are receiving their 4 year old immunisation

A type 2 diabetes risk evaluation for people aged 40-49 years (inclusive) with a high risk of developing type 2 diabetes as determined by the Australian Type 2 Diabetes Risk Assessment Tool

A health assessment for people aged 45-49 years (inclusive) who are at risk of developing chronic disease

A health assessment for people aged 75 years and older

A comprehensive medical assessment for permanent residents of residential aged care facilities

A health assessment for people with an intellectual disability

A health assessment for refugees and other humanitarian entrants

A health assessment for formerly serving members of the Australian Defence Force

Source: MBS online



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How?

Funding MBS – Health Assessments



Item	Description	S/Fee	Rebate
701	A health assessment should not take the form of a health screening service. < 30 mins	\$59.35	\$59.35
703	A health assessment should not take the form of a health screening service. >30 mins < 45 mins	\$137.90	\$137.90
705	A health assessment should not take the form of a health screening service. >45 mins < 60 mins	\$190.30	\$190.30
707	A health assessment should not take the form of a health screening service. >60 mins	\$268.80	\$268.80



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How?

Funding MBS – Care Plans



Item	Description	S/Fee	Rebate
721	Preparation of a GP Management Plan (GPMP)	\$144.25	\$108.20
723	Coordination of Team Care Arrangements (TCAs)	\$114.30	\$85.75
732	Review of a GP Management Plan or Coordination of a Review of Team Care Arrangements	\$72.05	\$54.05
10950 to 10970	Physiotherapist, Mental health, Diabetes Educator, Audiologist, Exercise Physiologist and OT >20 mins	\$62.25	\$52.95



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How?

Funding MBS – Nursing & Bulk Billing



Item	Description	S/Fee	Rebate
10997	Practice nurse assist with 721, 723 and 732	\$12.00	\$12.00
10983	Tele health practice nurse	\$32.40	\$32.40
10990	Bulk Billing Incentive	\$6.15 - metro	\$6.15 - metro
10991	Bulk Billing Incentive	\$9.25 - non metro	\$9.25 - non metro



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How?

Funding - PNIP



- \$25,000 per year, per 1000 SWPE where a Registered Nurse works at least 12 hours 40 minutes per week
- Capped at five per practice to \$125,000 per year
- Max of 5 nurses to 15 FTE doctors



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How?

Funding – PIP Outcome Payments



Quality Prescribing	\$1.00 per SWOPE
Diabetes Outcomes	\$20.00 per HbA1c
Cervical Screening	\$0.25 per SWOPE
Cervical Screening Outcomes	\$3.00 per WPE
Asthma	\$0.25 per SWOPE
Indigenous Health	\$1000.00 per signing
Indigenous Health	\$250.00 per eligible pt.



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How?

6 Key critical success factors

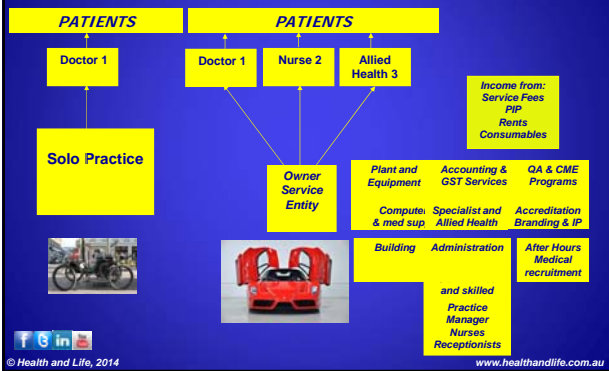
1. Clinical ownership (top down)
2. Clear Shared Vision
3. Business Model
4. Systems
5. Training
6. Culture



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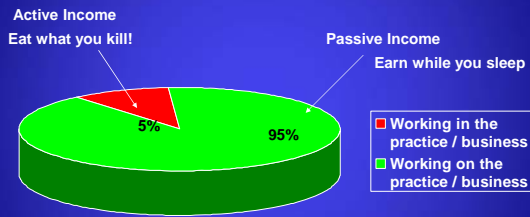
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New source of income from flow-ons: Who really is your customer?



Earn while you sleep and not what you kill!


Is this where you want to be tomorrow?




Enormous Opportunity or C.R.I.I.S.E.S!

- Continuity is King!** Each patient is worth over \$1000 p.a. Builds trust, loyalty and new services: better customer service, continuity of care and increase patient satisfaction
- Reduce Risk!** Reduce medico legal risk and burn out
- Increase income!** Increase your confidence to charge a gap and other sources of income e.g. preventative BMI room, 701, 721 etc. and expand into corporate health
- Improve recruitment, retention and productivity** – utilise registrar and nursing staff more efficiently and effectively
- Systems, training and culture** – critical!
- Eat what you kill:** moving to 'earn while you sleep' is better!
- Succession planning:** Your practice is worth an extra \$100- \$150k per FTE GP when you sell your practice.




 **Health&Life**
THE ACCOUNTING + PRACTICE AGREEMENT



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