



Physician Recruitment & Revenue Cycle Management: 2 Keys to a Practice's Success

A dermatology practice's long-term viability hinges on two factors: consistently meeting patients' needs and effectively managing the business side of the practice. In the current healthcare environment, it is becoming more difficult to accomplish both of these objectives simultaneously.

252.4 days

National avg. of time to fill
an opening for a specialty
physician

Demand for dermatology care is steadily increasing. Across the U.S., the average wait time to get a dermatology appointment is more than 30 days, according to a 2017 Merritt Hawkins report. That's a 46% increase since 2009. Unfortunately, at the time when the need is greatest, there is also a shortage of dermatologists.

Further, ensuring timely and correct reimbursement is also a challenge. Increased scrutiny by payors and more complex billing and coding regulations have made revenue cycle management even more important to a practice's success.

Effective physician recruitment and revenue cycle management are critical to helping practices thrive.

Expanding Access and Ensuring the Right Fit

In its 2019 report, *The Complexities of Physician Supply and Demand*, the Association of American Medical Colleges projected that by 2032, there will be a shortage of 46,900 - 121,900 physicians. A similar report by Merritt Hawkins estimates that in 5 years, there will be a deficit of 430 dermatologists.

Rural areas, where 20% of the U.S. population resides, will most likely be the hardest hit by the impending physician shortage. From 2013-2015, the total number of rural physicians declined by 1400, according to the *2019 Rural Physician and Administration Survey* conducted by Jackson Physician Search.

Practices may seek to recruit a new physician for a variety of reasons – to improve patient access to care, to expand service offerings or for succession planning. Regardless of the reason behind the need, competition for recruiting high-caliber physicians is fierce. Nationwide, it takes an average of 252.4 days to fill an opening for a specialty physician. What's more, a 2019 Merritt Hawkins survey of medical residents found 64% of surgical specialists received 51 or more recruiting offers upon completion of their training.

21

Number of physicians
QualDerm recruited since 2015

Since 2015, QualDerm has recruited 21 physicians to practice at locations throughout our network. These 14 general dermatologists, 5 Mohs surgeons and 2 dermatopathologists practice in a variety of settings, at practices both large and small, in rural, urban and suburban areas.

0

Number of QualDerm-affiliated
physicians who resigned due to
job dissatisfaction

In most cases, QualDerm recruits physicians for its affiliated practices that need to increase patient access to care. These practices typically have a backlog of patients due to the limited availability of dermatologists in the community. QualDerm has also been able to help practices expand services by recruiting general dermatologists and Mohs surgeons to areas that are oftentimes underserved.

As additional needs arise, QualDerm is able to more efficiently fill open positions. Our recruiters have worked to identify and build a pipeline of highly-qualified candidates. Further, several candidates seek out opportunities with QualDerm based on the personal recommendations of our affiliated physicians.

Successful recruiting must go beyond simply filling an open position with any willing candidate. Before QualDerm extends an employment offer, steps are taken to ensure that the physician and the practice are a good cultural fit and that the physician's training and commitment to quality, safety and patient satisfaction align with QualDerm's standards. The extra diligence during the recruiting process benefits the patients, the practice and the physician, and is similar to the approach QualDerm utilizes during the partnership process.

This method gets positive results. To date, none of the 21 recruited physicians or 47 physicians who joined QualDerm through a practice partnership have chosen to leave due to job dissatisfaction.

Improving Efficiency and Optimizing Revenue

A recently issued report by Crowe, LLP, titled *The Top Risk Areas for Healthcare Organizations in 2019*, cited medical billing and collections as a major risk area for healthcare providers. Billing completeness and accuracy as well as inadequate denials management are two areas the report says providers should closely watch.

Correct coding is another area that warrants notice. As coding regulations become even more complex, an incorrectly coded claim can lead the payor to delay, deny or under pay the claim.

An efficient revenue cycle is the lifeblood of a medical practice. Industry experts have developed benchmarks for various segments of the revenue cycle. These are not just arbitrary numbers – significant value can be added to a dermatology practice's bottom line if it meets or exceeds these revenue cycle benchmarks.

The medical billing process should always ensure complete billing compliance while leaving no revenue on the table. QualDerm's revenue cycle management team works with our affiliated practices to ensure billing is correct on the front-end, which prevents denials and optimizes revenue.

28
Avg. days in A/R for QualDerm-affiliated practices in its largest market / 30 – 45 days is the industry benchmark for excellence

2%
QualDerm affiliated practices' avg. claims denial rate in its largest market / industry avg. = 3%-5%

What's more, thanks to QualDerm's coding diligence, our average denial rates are low. For example, in QualDerm's largest region of North Carolina, its 17 affiliated practices' average denial rate is only 2%, better than the industry average of 3%-5%. In addition to reducing the need for denial follow-up work, this lower claims denial rate positively impacts the practices' bottom lines. For a practice with \$1 million in annual revenue, this would translate to approximately \$20,000 of additional revenue annually.

When it comes to the revenue cycle, time is of the essence. The sooner the claim is submitted, the sooner the practice can be reimbursed. The average days in A/R for affiliated practices in QualDerm's largest market is 28, while the industry best practice for this metric is 30-45 days. When looking at A/R aging for these

practices, 91% of their total A/R is collected in 0-90 days. Following the example scenario of the \$1 million practice above, this shorter 28 day collection period could translate to \$30,000 of improved annual cash flow.

While having only 9% of claims aging past 90 days is significantly better than the industry average, QualDerm's revenue cycle management team continuously works to collect on these older claims. Typically, by year-end, QualDerm's North Carolina-affiliated practices collect 98.5% of everything eligible to collect after contractual adjustments with the remainder being collected soon after.

\$30,000
 Amount of increased annual cash flow for a \$1M practice when avg. days in A/R is lowered to 28

About QualDerm Partners

QualDerm Partners helps top-tier dermatologists position their practices for sustainable growth and profitability. The company creates market-leading practice partnerships through affiliations and de novo development. QualDerm provides the management support, capital, and guidance for growth. Under QualDerm's True PartnershipSM model, physicians are partners, not employees, and retain their own practice brand. This doctor-driven model is designed to maintain physicians' clinical autonomy and ensure the highest-quality patient care. QualDerm offers physicians tailored partnership structures to meet their needs, as well as the option to sell their practices.



QualDerm currently has affiliated practices in North Carolina, South Carolina, Ohio, Tennessee, Virginia, Georgia and Pennsylvania, with plans to expand further. For more information, visit www.QualDerm.com.

To learn more about partnership opportunities or to discuss selling your practice, contact Ashley Johnson, Sr. Vice President of Growth and Operations at ashley.johnson@qualderm.com or 615.250.6736.