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PRACTICE MANAGEMENT

CHANGING HATS FROM DOCTOR TO BUSINESSMAN... IS THAT HEALTHY?

Over the years, doctors have been expected to be physicians, to heal patients and simultaneously run a profitable business as well as manage people. This caused many a physician to become despondent, morbid and eventually be forced to sell their practice seeking greener pastures abroad, never to return. What happened?

If we analyse the facts and have a better understanding of the key factors, we could determine a better diagnosis and prescribe the correct solutions to solve these problems.

The relationship between patient, practice and medical aid

Bad debts amounting to large sums due to the mismanagement of medical aid claims leave practices helpless. It becomes very difficult for doctors to continue the professional relationship with the patient, knowing that he/she owes them money.

Some of the contributing factors in the steady deterioration of relationships in the practice include:

- constant changes to the unique claiming processes required by each and every medical aid
- the lack of training available for clients or service providers from the medical aid societies, leaving everyone in the dark
- slow or no response on claims by medical aids
- difficulty in following up rejections of claims (some medical aids only accept 3 queries per phone call)
- incorrect patient information, which leads to accounts not being received/paid.

Managing claims sent to over 130 medical aids is a major problem and increases the operational costs of practices. More staff are employed to perform the work with minimal impact; inflation is driving other operational costs up while increases in medical aid payments are not matching the increases in inflation. This has created a sharp decline in profits over the last few years, making it more and more difficult for the doctor in terms of take-home money.

The consequences of this are that staff in the practice have no direction, the practice principal has limited control and the end result is a non-profitable business. Doctors spend more than 30% of their time sorting out claims, instead of doing what they do best – heal people. Mismanagement creates opportunities for employees to embezzle cash received from patients. Dispensing practices are forced to buy extra computers, pay large costs toward software and sometimes end up running three to four different software packages in one practice.

Doctors are trained to be doctors and not personnel managers. If they are lucky enough to find a competent employee, they do everything possible to keep the person, not knowing what to put in place to ensure that this star employee does not leave the practice. This creates more stress and unnecessary pressure for the doctor.

Doctors leaving to work abroad

Many doctors leave South Africa to work abroad for the wrong reasons, e.g. to finance bad debt (their non-profitable practice), to pay off exorbitantly high study loans or to work as hard as possible for the last 5 years of their income-producing life to put aside money for their old age.

The new Certificate of Need

This may become a problem but at this stage, opinions on what will happen are pure speculation. There is one major risk in this government strategy, and that is founded in a doctor's most important asset – his practice. The possibility of any doctor being able to sell his practice may become a thing of the past.

Work ethic of doctors

If one asks any doctor what he does to generate more income, the standard answer is: 'See more patients'. This is the wrong answer. Doctors flock to the urban areas where the ratio of medical patients to doctors is higher, hoping that they may be able to take a slice of the pie. But a doctor can only see so many patients in a day. Increasing the volume of patients may increase your turnover, but without an investment in the proper supporting infrastructure you may end up taking less money home. These are the true implications and doctors need to accept them. Real hard work and dedication alone do not get you very far in this day and age. Hard work is important but one has to adapt to new and more effective methods of thinking and operating.

What is the solution?

- Use every opportunity to work overseas, but for the right reasons and make sure you return, as South Africa needs you.
- Work hard to build a profitable business and never lose sight of why you became a doctor in the first place.
- Try to understand that there are more effective ways to achieve your objectives with far less effort. Doctors are scientists, and their core activity should remain to heal people. Just as a GP would refer (outsource) a patient to a specialist to undergo a complex surgical procedure, the physician should realise that there are people who have the best interest at heart for the wellbeing of the financial status of their practice.

The solution is outsourcing

To outsource your operational activities will allow you to focus on the areas of your practice in which you have a keen interest. This does not mean that you should hand over total control of the operations; in fact you will have much more control. It is very important to choose your outsource partner correctly. Choose a company that:

- has a successful track record
- has sufficient infrastructure
- is willing to build a long-term relationship with you
- is not associated with any large organisation that may change their strategy and discontinue operations
- has sufficient knowledge of business management and administration
- has employees who take responsibility for their actions and are willing to share the burden with you (not people who just take your money and leave you with the problems).

This time of the year is a good time to take stock and decide where your practice is heading. Why not consider changing the way you do business and let the specialists help you to get more out of the practice for what you put into it?

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