



COLLEGE of AMERICAN
PATHOLOGISTS

Financial Refresher

Basics to Empower Yourself and Your Practice

Moderator: Monika Pilichowska MD, FCAP

Subject Matter Experts:

Brian Huan Thai Le, MD, FCAP

Anthony Battistone, Senior Manager, Practice Management

December 12, 2019

11:00 AM CST

Introduction



Jackie Glanton,
MBA, CSPPM, CSAF



Monika Pilichowska
MD, Ph.D.

Agenda

- Objectives
- Overview and Summary
- Group Discussion
- Wrap Up: Conclusion & Next Steps

Disclaimer

Nothing in this discussion should be construed as legal, billing or accounting advice. Such advice should only come from your legal and financial professionals.

Presenters



Anthony Battistone
CSPPM, LSSGB



Brian Le
MD, MBA, FCAP

Objectives

- To define the basic levels of financial information
- To review the essential elements of accounting as relevant to pathology practice
- To discuss basic parameters critical to understanding pathology finances

Overview: Basic Levels of Financial Information

1. Accounting

- Coding & Billing
- Bookkeeping

2. Finance

- Cash flow and revenue management
- Efficiency of billing and collection

3. Economic

- Sustainability
- Industry and local supply and demand
- Strategic planning

Overview – Essentials of Accounting

Concept: there is an account for everything

Assets	=	Liabilities	+	Owners' Equity
Cash		Accounts payable		Capital Stock
Accounts Receivable		Debt		Retained earnings

DEBIT = CREDIT

Debit | Credit

X

Debit | Credit

X

Overview – Terms, Concepts, and Questions

- Accounting Methods

Cash versus accrual

Question: When is revenue recognized?

- Fee schedule

Third party bill, versus client-bill

Question: Who pays you?

- Gross Revenue

Accounts Receivable

Charges versus Contracted Amount/Allowable Amount (adjustment)

Expected payment and Collection Rate

Question: How closely should projected and actual payments match?

- Days in Accounts Receivable

Question: How efficiently and quickly are we collecting?

.....from payer?from patient?

Overview – Putting It Into Context: An Example

Explanation of Benefits (Highmark Blue Shield example)

Provider	Provider's	Non-Billable	Plan allowance	Your Co-pay	Health Plan	Amount You
Date of Service	Charges	To Member	(Covered Charges)		Pays	Owe Provider
Service Code						
Pathologist, MD	180	80	100	20	80	20
08/16/2018						
88305						

Overview – Putting It Into Context: An Example cont.

Explanation of Benefits (Highmark Blue Shield example) – *sent to patient*

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- Imagine multiplying above scenario by thousands to reflect your practice
 - Should accounts receivable and gross revenue be calculated using Provider's Charges or Covered Charges?
 - How well can we "predict" Covered Charges for all of our bills?
 - How effectively do we collect Co-pay?

Overview – Putting It Into Context: An Example cont.

Explanation of Benefits (Highmark Blue Shield example) – *sent to patient*

Provider	Provider's	Non-Billable	Plan allowance	Your Co-pay	Health Plan	Amount You
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 - How effectively do we collect Co-pay?
- How can expectations be managed (variance)?

Summary

- Accounting and finance tools, while seemingly easy to define, are subject to their own interpretive ambiguities
- Utility of formulas and concepts depend on specific question being asked
- Understanding basic finance will allow us to advocate for ourselves as both consumers and providers of health care

Conclusion and Next Steps

- Please provide feedback
 - What other topics are of interest?
 - Would you be interested in being a moderator or subject matter expert? Contact Jackie Glanton at jglanto@cap.org
- Follow-up email after this roundtable to the entire community that will include links to related resources, content, and this recording

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or contact Jackie Glanton at jglanto@cap.org



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