Creating a Successful MD/OD Business Model

JILL MAHER, MA, COE
MAHER MEDICAL PRACTICE CONSULTING, LLC

Objectives

- Challenges faced by Ophthalmology Practices
- What Can an Optometrist Bring to the Table?
- Searching for the “Right” Optometrist
- How to Successfully Transition the New Optometrist to the “Medical Team”
- Opportunity – Win/Win/Win

Challenges Faced by Ophthalmologists

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Solutions</th>
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<tbody>
<tr>
<td>Decreasing reimbursement</td>
<td>* Reimbursement is the same for an OD</td>
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<tr>
<td></td>
<td>* An OD can help increase business in the optical</td>
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<tr>
<td>Increasing Managed Care</td>
<td>* OD can see patients with capitated contracts</td>
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<td>* OD can help increase efficiency &amp; decrease costs to appeal to ACOs</td>
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<td>Influx of baby booming seniors</td>
<td>* Allows MD to see more surgical patients</td>
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<td></td>
<td>* An OD can provide routine eye care</td>
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<td>New Rules and Regulations by CMS</td>
<td>* OD can help manage implementation of EMR, PQRS, etc.</td>
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<td>Hiring and training good staff</td>
<td>* OD can train technicians and create training program</td>
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An Optometrist Can Address These Challenges:
What Can an Optometrist Bring to the Table?

- Optometrists are licensed doctors.
- They can prescribe topical medications.
- In most states Optometrists can prescribe systemic medications.
- They require less staffing = less cost.
- Optometrists can help increase optical and contact lens revenue.
- Optometrists can share call.
- Optometrists can diagnose and treat eye diseases.
- Optometrists do not perform surgery, but they can insert plugs and perform minor procedures.

Do You Need an OD or an MD?

- Is the MD scheduled too far out?
- Would the MD like more surgical cases?
- Does the MD have too many routine and/or contact lens patients?
- Would the practice like to increase optical and contact lens sales?

Who is the “Right” Optometrist?

- Varies by practice needs.
- An Optometrist who is passionate about diagnosing and treating pathology.
- 5th Year residency trained – VA experience = pathology.
- Willing to help train technicians and staff.
- A few years of experience can be helpful.
What is the Financial Commitment?

- Average Optometrist salary $83,000 - $110,000*
- Base salary for a General Ophthalmologist is around $150,000 - $200,000 - According to salary.com $225,000 - $307,000** (May include subspecialties)
- Bonus
  - Threshold is usually 2-3 times base salary
  - 20%-25% of net collections above threshold
- Malpractice insurance for an Optometrist is about $800/year Vs. $15,000 - $20,000 for an MD

Income Allocation

- Why is income allocation needed for Optometrists?
- Allocate for the following services:
  - Rx Checks ($25-$35)
  - Post Op Patients ($20-$50)
  - Professional Courtesy Exams for employees or family ($45-$65)
  - Capitation contracts – allocated by RVUs

Financial Opportunity for the Practice

<table>
<thead>
<tr>
<th>Patients per hour</th>
<th>3</th>
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<tbody>
<tr>
<td>Days per week (7 hour days)</td>
<td>5</td>
</tr>
<tr>
<td>Weeks worked</td>
<td>45</td>
</tr>
<tr>
<td>Average Revenue per Encounter</td>
<td>$90</td>
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<tr>
<td>Total Revenue</td>
<td>$425,250</td>
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<tr>
<td>Optometrist Salary + Bonus (Assumes $100K + 20%)</td>
<td>$125,050</td>
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<tr>
<td>Practice Opportunity</td>
<td>$300,200</td>
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How to Successfully Transition the New Optometrist to the “Medical Team”

What is NOT included?
- Additional revenue from cataract and refractive referrals.
- Additional revenue in the optical and contact lens departments.
Don't Rush!

- Need at least 3-6 months for preparations.
- Credentialing – Gather the necessary licensing/provider numbers.
  - Credentialing with Medicare takes about 10 days
  - Credentialing with other insurance companies and hospitals could take up to 6 months!
- Clinic space – Depending on the patient volume, Optometrists will need at least 1 exam lane. Working up patients alone = 2 patients per hour. Technician support = 3-4 patient exams per hour.
- Have the Optometrist get involved with creating a lane, especially if he/she will be managing contact lenses.

Create a Transition Plan Before the Start Date

- Schedule observations – Clinic and surgery.
- Work together to create a patient schedule.
- Promote the new doctor – create a bio and credentialing statement.
- Utilize the new doctor’s bio on the website, print advertising, patient newsletter, staff email, etc.
- Conduct training on EHR, CPT coding, ICD10 coding, telephones, etc.
- Plan a dinner or reception to introduce the new doctor to staff and/or the community.
- Schedule small lunches with referring physicians.

Sample Credentialing Statements

- Dr. Smith is a board certified Optometrist with a special interest in dry eye. In addition to practicing full scope optometry, Dr. Smith specializes in refractive clinical care and in teen, adolescent, and sports vision.
- Dr. Jones is a medical Optometrist with more than 10 years experience treating patients of all ages. His areas of interest are in general eye care, traumatic brain injury involving visual dysfunction, diabetic eye disease, and clinical research.

Transition After the Start Date

- Telephone Mystery Shopping.
- Provide customer service training and introduce new Optometrist.
- Have Optometrist educate the staff on his/her training, expertise, passion, etc.
- Ophthalmologist should be present to make introduction and support new doctor.
- Utilize flip chart to write what new patients should be scheduled with established MD vs. new OD.
- Optometrist should have a follow-up meeting to educate staff on new procedure/s.
- Optometrist should also provide staff eye exams so they become comfortable with ability and knowledge of OD.
- Schedule weekly meetings with the senior Ophthalmologist, new Optometrist and Administrator to make sure expectations are being met.
**Medicare Billing Code of Federal Regulations**

Title 42, Section 424.535 (a)(7)

§ 424.535 Revocation of enrollment and billing privileges in the Medicare program.

(a) Reasons for revocation. CMS may revoke a currently enrolled provider or supplier’s Medicare billing privileges and any corresponding provider agreement or supplier agreement for the following reasons:

(7) Misuse of billing number. The provider or supplier knowingly sells to or allows another individual or entity to use its billing number. This does not include those providers or suppliers who enter into a valid reassignment of benefits as specified in §424.80 or a change of ownership as outlined in §489.18 of this chapter.

Section 424.550(a)

424.550 Prohibitions on the sale or transfer of billing privileges.

(a) General rule. A provider or supplier is prohibited from selling its Medicare billing number or privileges to any individual or entity, or allowing another individual or entity to use its Medicare billing number.

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**Opportunity Win/Win/Win!**

**What is the Opportunity for MD?**

- Increased surgical patients
- See more pathology
- Increase revenue per patient encounter
- See less volume of patients while increasing net income
- See less routine exams, dry eye, contact lens patients, etc.

WIN!
What is the Opportunity for Staff?

- Help train technicians.
- Create training program and help certify technical staff.
- Assist with interviewing new technicians and assess skillset before hiring.
- Provide eye exams for all staff while educating them on clinical aspects.
- Act as a resource for staff when patients call in with clinical questions – OD can provide more immediate answers.

WIN!

Summary

- Hire the “Right” Optometrist who has a 5th year residency and wants to diagnose and treat a variety of diseases.
- Prepare the practice – make sure you have ample time to credential, train and transition the new Optometrist.
- Train the staff so they are confident in the Optometrist’s ability to see all types of patients.
- Credential and include the Optometrist as part of the “Medical Team.”
- Follow up on a consistent basis with Optometrist and staff to ensure a successful transition!

What is the Opportunity for OD?

- Treat patients with medical problems.
- More diversified patient base – age, pathology, etc.
- Be part of the “medical team”.
- Work with top notch technology.
- Greater support from having a larger staff and MD resource.
- Better work hours – rare to have evenings and weekends in a medical practice.

WIN!

Thank you!

Jill Maher, MA, COE
Principal Consultant, Owner
Maher Medical Practice Consulting, LLC
mahermedicalpractice@gmail.com