Business of Medical Practice

Transformational Health 2.0 Skills for Doctors

Third Edition

ABOUT THE EDITOR-IN-CHIEF

Dr. David Edward Marcinko, MBA, CMP Founding editor of the first and second editions, David Edward Marcinko is a management consultant and health economist from Loyola University Maryland. He earned a medical degree from Temple University in Philadelphia and a business degree from the Keller Graduate School of Management in Chicago and completed his internship at Atlanta Hospital and Medical Center, ultimately serving as chief resident. Later, as a Fellow of the American College of Foot and Ankle Surgeons, he earned a financial planning diploma from Oglethorpe University in Atlanta. In addition, as president of a privately held physician practice management corporation in 1998, he consolidated 95 solo medical practices with $50 million in revenues. Dr. Marcinko was also managing partner of an Ambulatory Surgery Center that was sold to a public company and is a Health 2.0 pioneer.

As a thought-leader, Dr. Marcinko is often cited in journals like *Managed Care Executive*, *Healthcare Informatics*, *Medical Interface*, *Journal of the American Medical Association*; *Business Journal for Physicians* and *Physician's Money Digest*. He writes for professional organizations like the Medical Group Management Association (MGMA), American College of Medical Practice Executives (ACMPE), American College of Physician Executives (ACPE), American College of Emergency Room Physicians (ACEP), Humana Health, and PhysiciansPractice.com. His works have been achieved by academic institutions like the UCLA School of Medicine, Medical College of Wisconsin, University of North Texas Health Science Center, Washington University School of Medicine, University of Pennsylvania Medical and Dental Libraries, Southern Illinois College of Medicine, University at Buffalo Health Sciences Library, University of Michigan Dental Library, and the University of Medicine and Dentistry of New Jersey, among others. AQ 1

Recent and former memberships include the American Board of Quality Assurance and Utilization Review Physicians (ABQAURP); American Society of Health Economists (ASHE); American Health Information Management Association (AHIMA); Healthcare Information and Management Systems Society (HIMSS); and the Microsoft Health User's Group (MS-HUG). After a brief stint as a university visiting professor, Dr. Marcinko was appointed Chief Executive Officer for the Institute of Medical Business Advisors Inc Currently, he counsels maverick physicians transitioning to nonclinical careers.

Dr. Marcinko is a social media innovator who publishes the *Medical Executive Post*, an influential syndicated blog for medical professionals, management experts, and financial advisors. He is the author of a dozen books and frequently speaks on related topics throughout this country and Europe in an entertaining and witty fashion. Dr. Marcinko is available to colleagues, clients, and the press at his corporate office in Atlanta, GA.

ABOUT THE MANAGING-EDITOR

Hope Rachel Hetico, RN, MHA, CMP Hope Rachel Hetico received her nursing degree from Valpariso University and her Master of Science degree in Healthcare Administration (MHA) from the College of St. Francis, in Joliette, Illinois. She is author's editor of a dozen major textbooks and a nationally known expert in managed care, reimbursement, case management, health insurance, quality improvement, utilization review, and Joint Commission regulations. Previously, she was national corporate Director for Medical Quality Improvement at Apria Healthcare, a public company in Costa Mesa, California.

Prior to joining iMBA Inc as Chief Operating Officer, Ms. Hetico was a hospital executive, financial advisor, insurance agent, Certified Professional in Healthcare Quality (CPHQ), and distinguished associate professor of health care administration. She is a sought after thought-leader, blogger, speaker, and devotee of online andragogy. Ms. Hetico was responsible for leading the firm to the top of the exploding adult educational marketplace, expanding the online Certified Medical Planner charter designation program and nurturing the company's rapidly growing list of private and institutional clients. Currently, she is on assignment for Resurrection Health Care in Chicago, Illinois.

ABOUT THE PROJECT MANAGER AND WEBMASTER

Mackenzie H. Marcinko The project manager and webmaster for www.BusinessofMedical Practice.com is an information technology and business management intern from the Marist School, Atlanta, Georgia.

ABOUT THE INSTITUTE OF MEDICAL BUSINESS ADVISORS, INC

iMBA Inc is a leading practice management, economics, and medical valuation consulting firm and focused provider of textbooks, CD-ROMs, handbooks, templates, tools, dictionaries, and on-site and distance education for the health care administration, financial management, and policy space. The firm also serves as a national resource center and referral alliance providing financial stability and managerial peace of mind to struggling physician clients. As competition increases, iMBA Inc is positioned to meet the collaborative needs of medical colleagues and institutional clients, today and well into the disruptive Health 2.0 participatory future.

Institute, Medical Business Advisors, Inc
Peachtree Plantation–West
Suite # 5901, Wilbanks Drive
Norcross, GA 30092-1141 USA
770-448-0769 (voice)
E-mail: MarcinkoAdvisor@msn.com
Web: www.MedicalBusinessAdvisors.com

Corporate Subsidiaries

Advisors: www.CertifiedMedicalPlanner.com
Blog: MedicalExecutivePost.com
Book: www.BusinessofMedicalPractice.com
Dictionaries: www.SpringerPub.com/Search/Marcinko
Hospitals: www.HealthcareFinancials.com
Physicians: www.MedicalBusinessAdvisors.com

Disclaimer

This publication is designed to provide information in regard to the subject matter covered. It is not intended to constitute business, insurance, financial, technology, legal, accounting, or managerial advice. It is sold with the understanding that the editors, authors, and publishers are not engaged in these or other professional services. Examples are generally descriptive and do not purport to be accurate in every regard. The health economics, business, finance, and medical management space is evolving rapidly, and all information should be considered time sensitive. If advice or other assistance is required, the services of a competent professional person should be sought.

—Modified from a *Declaration of Principles* jointly adopted
by a Committee of the American Bar Association
and a Committee of Publishers and Associations

Fair Use Notice

The **BUSINESS OF MEDICAL PRACTICE** (*Transformational Health 2.0 Skills for Doctors*) contains URLs, blog snippets, links, and brief excerpts of material obtained from the Internet or public domain, the use of which has not always been specifically authorized by the copyright owner. We are making such material available to advance the understanding of related issues and for the general purpose of reporting and educating. We believe this constitutes a "fair use" of any copyrighted material as provided by Section 107 of US Copyright Law. In accordance with Title 17 U.S.C. Section 107, the material is distributed to those who have expressed an interest in text purchase. Moreover, all register, trade, service, and copyright marks are the intangible intellectual property assets of their respective owners. Mention of any specific product, service, Web site domain, or company does not constitute endorsement. No compensation was obtained for including the same.

About Internet Citations

The **BUSINESS OF MEDICAL PRACTICE** (*Transformational Health 2.0 Skills for Doctors*) makes use of "Uniform Resource Locators" (URLs) to direct subscribers to useful Internet sites with additional references. However, host entities frequently reorganize and update sites, so URLs can change rapidly. Citations for this text are therefore "live" when published, but we cannot guarantee how long they will remain so, despite our best efforts to keep them current.

—iMBA Inc
Atlanta, GA, USA

Business of Medical Practice

Transformational Health 2.0 Skills for Doctors

Third Edition

David E. Marcinko, MBA, CMP
Editor in Chief

Hope Rachel Hetico, RN, MHA
Managing Editor

SPRINGER PUBLISHING COMPANY
NEW YORK

Springer Publishing Company, LLC
11 West 42nd Street
New York, NY 10036
www.springerpub.com

Acquisitions Editor: Sheri W. Sussman
Production Editor: Gayle Lee
Cover Design: David Levy
Project Manager: Nandini Loganathan
Composition: S4Carlisle Publishing Services

ISBN: 978-0-8261-0575-2
E-book ISBN: 978-0-8261-0576-9

10 11 12 13/ 5 4 3 2 1

Library of Congress Cataloging-in-Publication Data

Business of medical practice : transformational health 2.0 skills for doctors/[editor-in-chief], David E. Marcinko.—3rd ed.
p. ; cm.
Includes bibliographical references and index.
ISBN 978-0-8261-0575-2 (alk. paper)
1. Medicine—Practice. 2. Medical offices—Management. I. Marcinko, David E. (David Edward)
[DNLM: 1. Practice Management, Medical—economics. W 80]
R728.B8755 2010
610.68—dc22

2010037472

Printed in the United States of America by

Contents

Contributing Authors

Dr. Gary L. Bode, MSA, CPA, CMP (Hon)
2999 Single Tree Court
Leland, NC 28451

Gary L. Bode was managing partner of a multioffice medical group practice for a decade before earning his Master's of Science degree in Accounting from the University of North Carolina. As a Certified Public Accountant he is a nationally known author, speaker and Chief Accounting Officer for the Institute of Medical Business Advisors, Inc. Areas of expertise include producing customized managerial accounting reports, office appraisals and valuations, restructurings and standard financial accounting; as well as proactive tax positioning and tax return preparation for small to medium sized health care entities. Dr. Bode holds the Certified Medical Planner charter designation.

Render S. Davis, MHA, CHE
3317 Breton Circle
Atlanta, GA 30319

Render S. Davis is a certified health care executive. He served as Assistant Administrator for General Services, Policy Development, and Regulatory Affairs at Crawford Long Hospital of Emory University from 1977–1995. He is currently an Administrator for Special Projects and Co-Chair of the Ethics Committee of Emory University Hospital Midtown (formerly Emory Crawford Long Hospital). He is a founding board member of the Health Care Ethics Consortium of Georgia and has served on the consortium's Executive Committee, Advisory Board, Futility Task Force, Strategic Planning Committee, and has chaired the Annual Conference Planning. He was the 2008 recipient of the Health Care Ethics Consortium's Heroes in Healthcare Ethics Award.

Suzanne R. Dewey, MBA
Forté Partners, LLC
17 Cole Avenue
Williamstown, MA 01267

Suzanne R. Dewey founded Forté Partners, LLC in 2007, after 20 years of marketing experience directing strategic planning endeavors for doctors, medical practices, hospitals, related nonprofit organizations and start-up businesses. As a nationally known speaker and change agent, she develops and places tracking systems for private concierge medical practices. Ms. Dewey holds a BA degree from Occidental College and graduated from Boston University with an MBA in health care management.

Dr. Charles F. Fenton III, FACFAS, Esquire
Institute of Medical Business Advisors, Inc
Suite # 5901 Wilbanks Drive
Norcross, GA 30092-1141

Charles F. Fenton, III is General Counsel for iMBA, Inc. He initially graduated from Stonehill College outside Boston, and Temple University in Philadelphia. As a board certified foot and ankle surgeon, he later was valedictorian from the Georgia State College of Law. A known health law expert, he has been quoted in the Wall Street Journal, Georgia Law Review, Trial magazine, and numerous other medical-legal-financial publications for physicians and the Bar. Dr. Fenton focuses on health care liability, asset protection, risk reduction issues and third party payer recoupment actions. He is a member of the Association of Trial Lawyers and American Jurisprudence Council. He has served as co-counsel to clients in Connecticut, Florida, Iowa, Kentucky, New Jersey, Pennsylvania, Texas, and Washington State.

AQ 2 **Eric Galtress**
ericteam101@yahoo.com

Eric Galtress held executive level positions in the Human Resources Outsourcing (HRO), Professional Employer Organization (PEO), and Aerospace Industries in the areas of contract management, operations, marketing, and business development. He brings a consultative approach and personal commitment to providing the health care and business communities with practical and tailored solutions to reduce costs and liabilities, while improving productivity. He developed and spearheaded a highly successful human resources outsourcing program for the County of Los Angeles Department. of Health Services; the first of its kind, whose goal was to reduce health administration and workplace management costs. Mr. Galtress has authored chapters in textbooks and contributed many articles for the World Trade Association, aerospace, business services, garment, and health care industries. Formerly, he served as Director of International Programs and COO of a privately held aerospace distributor and Sr. VP, COO and Board Member of a training, education, and media company.

Dr. Brian J. Knabe, CMP
Savant Capital Management, Inc
190 Buckley Drive
Rockford, IL 61107

Brian Knabe is a financial advisor with Savant Capital Management (a Registered Investment Advisor), and a magna cum laude graduate of Marquette University, with an honors degree in biomedical engineering. He earned a medical degree from the University of Illinois—College of Medicine and attended the University of Illinois for his family practice residency, where he served as chief resident. He is also a clinical assistant professor in the Department of Family Medicine with the University of Illinois. Dr. Knabe is a member of the American Academy of Family Physicians, the Illinois State Medical Society, and the Catholic Medical Association. He holds the Certified Medical Planner (CMP) charter designation.

Carolyn Merriman, FRSA
Corporate Health Group, LLC
7 Brayton Meadow
East Greenwich, RI 02818

Carolyn Merriman is president and founder of Corporate Health Group LLC, providing consultation on customer-focused health care strategies for physicians, employers, payers and consumers. She is co-author of *Physician Relations Today (A Model for Growth)*, A *Comprehensive Guide to*

Occupational Health Sales and Marketing, and author of *Sales Check-Up,* a monthly newsletter for health care sales staff. She is nationally recognized as a contributor to health care and training journals and is a frequent national speaker for organizations such as the American Hospital Association Society for Healthcare Strategy & Market Development (SHSMD), Forum for Healthcare Strategists, State Hospital Associations, Radiology Business Management Association (RBMA), Ryan-NAOHP, and Healthcare Financial Management Association (HFMA). Ms. Merriman is a member of National Speaker's Association (NSA) and American Society for Training and Development (ASTD). She holds a Bachelor's degree in Fine Arts and is a lifetime Fellow of the Royal Society. She served on the board of directors for the American Hospital Association Society for Healthcare Strategy and Market Development (SHSMD), and the New England Society of Healthcare Communicators (NESHCo).

Dr. Brent A. Metfessel, MS, CMP (Hon)
10201 Cedar Lake Road; Suite # 313
Minnetonka, MN 55305

In his 15 years of experience in managed care informatics, Brent A. Metfessel created and enhanced numerous physician practice reporting and analytic technologies using industry-standard case-mix and risk-adjustment methodologies, as well as designing medical care quality measures based on clinical practice guidelines. He is a visionary in the application of the industry-leading clinical episode of care methodology to health care databases, with experience in general computer science, statistical analysis, artificial intelligence, and computational biology. His expertise extends to the analysis of scientific studies on the efficacy and risks of new medical treatments and technologies. Dr. Metfessel created a number of Technology Assessment Reports for the Institute of Clinical Systems Improvement in Bloomington, Minnesota. He received his Master of Science degree, in Health Informatics, from the University of Minnesota, and his Medical Doctorate from the University of California, San Diego. He also holds a professional Certificate, in Management for Physicians, from the University of St. Thomas. Presently Dr. Metfessel is a senior medical informaticist.

Mario Moussa, PhD, MBA
Center for Applied Research, Inc
1600 John F. Kennedy Blvd, Suite 600
Philadelphia, PA 19103

Mario Moussa is an expert on organizational change and communication who received his MBA from the Wharton School, with PhD from the University of Chicago's Committee on Social Thought. He is co-director of Essentials of Management Program, Aresty Institute, the Wharton School. Dr. Moussa has published widely in the field of social theory and is an experienced speaker at conferences throughout North America and Europe. His areas of specialization are strategy and strategy implementation, organizational design, cross-functional teams and change management. He is the co-author (with G. Richard Shell) of The Art of Woo: Using Strategic Persuasion to Sell Your Ideas (Portfolio/Penguin, 2007). His clients include many of the country's major corporations and nonprofit institutions.

Rachel Pentin-Maki, RN, MHA, CMP (Hon)
Institute, Medical Business Advisors, Inc
Suite # 5901 Wilbanks Drive
Norcross, GA 30092-1141

Rachel Pentin-Maki received her nursing degree from the Community College of Springfield, Ohio, and her Master's degree in Healthcare Administration from Lewis University, in Evanston, Illinois. Formerly, she helped edit several medical and business textbooks and is a nationally known expert in business staffing and human resource management. Prior to joining the Institute

of Medical Business Advisors as Chief Operating Officer, she was the administrator and director of human resources at the Finnish Rest Home, Lantana, Florida. Currently on sabbatical, she is on the Board of Directors at Finlandia University (Suomi College), in Hancock, Michigan, and leads the *i*MBA Helsinki, Finland initiative.

Eugene Schmuckler, PhD, MBA, CTS
Director of Behavioral Economics
iMBA Inc, Suite # 5901 Wilbanks Drive
Norcross, GA 30092-1141

Eugene Schmuckler was Coordinator of Behavioral Science at the Georgia Public Safety Training Center and is a licensed psychologist from the Louisiana State University. He is on the board of directors of the Association of Traumatic Stress Specialists and is a certified trauma specialist. Dr. Schmuckler is an international speaker and author, with publications translated into Dutch and Russian. He is Director of Mentoring, Coaching, and Behavioral Finance, and Dean of Admissions for the online Certified Medical Planner professional designation program of the Institute of Medical Business Advisors, Inc.

Shahid N. Shah, MS
Netspective Communications, LLC
Palmer Business Park
4550 Forbes Blvd, Suite #320
Lanham, MD 20706

Shahid N. Shah is an internationally recognized health care thought-leader across the Internet. He is a consultant to various federal agencies on technology matters and winner of Federal Computer Week's coveted "Fed 100" Award, in 2009. Over a 20-year-career, he built multiple clinical solutions and helped design-deploy an electronic health record solution for the American Red Cross and two web-based eMRs used by hundreds of physicians with many large groupware and collaboration sites. As ex-CTO for a billion dollar division of CardinalHealth, he helped design advanced clinical interfaces for medical devices and hospitals. Mr. Shah is senior technology strategy advisor to NIH's SBIR/STTR program helping small businesses commercialize health care applications. He runs four successful blogs: At http://shahid.shah.org he writes about architecture issues; at http://www.healthcareguy.com he provides valuable insights on applying technology in health care; at http://www.federalarchitect.com he advises senior federal technologists; and at http://www.hitsphere.com he gives a glimpse of HIT as an aggregator. Mr. Shah is a Microsoft MVP (Solutions Architect) Award Winner for 2007, and a Microsoft MVP (Solutions Architect) Award Winner for 2006. He also served as a HIMSS Enterprise IT Committee Member. Mr. Shah received a BS in computer science from the Pennsylvania State University and MS in Technology Management from the University of Maryland.

Susan C. L. Theuns, PA-C, CPC, CHC
Union Memorial Hospital-MedStar Health
201 East University Parkway
Baltimore, MD 21218

Susan Theuns has an extensive background in health care, business management, facilities/operations, and compliance that spans three decades. She holds degrees in Allied Health and Business Management and has been a Certified Physician Assistant for 32 years. She is also a Certified Professional Coder and is certified in Healthcare Compliance. Susan has published a variety of articles for Coding Edge, Healthcare Compliance Today, and the Group Practice Journal and serves on the Advisory Board for Ingenix. Her professional memberships and affiliations include the American Medical Group Association, National Honor Society in Business Administration (Delta Mu

Delta), Health Care Compliance Association, American Academy of Professional Coders, and the National Commission on Certification of Physician Assistants. She was MedStar Health's Compliance Director of the Year in 2003 and is currently the Administrative Director of Physician Practices for Union Memorial Hospital in Baltimore, Maryland.

Jennifer Tomasik, MS
Center for Applied Research, Inc
1030 Massachusetts Ave.
Suite 330
Cambridge, MA 02138

Jennifer Tomasik coleads CFAR's Health Care practice. She works with her clients to solve complex strategic and organizational challenges, and helps them create the capabilities they need to tackle similar challenges on their own, once the engagement is complete. Her approach to consulting emphasizes communication and collaboration, supported by rigorous analytics. Ms. Tomasik has worked in the health care sector for nearly 15 years, with expertise in public health, clinical quality measurement, strategic management, and organizational change. Her clients include some of the most prestigious hospitals, health systems, and academic medical centers in the country. Jennifer has a Master's degree in Health Policy and Management from the Harvard School of Public Health. She is a founding member of CFAR's focus area on, Negotiation and Telling the Strategy Story.

Patricia A. Trites, MPA, CHBC, CMP(Hon)
Healthcare Compliance Resources, LLC
P.O. Box 758
Waterloo, IN 46793

Patricia Trites is CEO of Healthcare Compliance Resources, and holds a Master's degree in Public Administration, specializing in Healthcare, from Western Michigan University. She is a college instructor in Healthcare Administration with intensive coding and reimbursement training protocols. She is a noted speaker for national health care industry conventions, who conducts compliance guidance in the areas of billing and reimbursement, OSHA, CLIA, and employment law. Her professional memberships and affiliations include: The American Compliance Institute, Medical Group Management Association (MGMA), Independent Accountants Association of Michigan, National Association of Healthcare Consultants, Institute of Certified Professional Healthcare Consultants, American Academy of Professional Coders and Trustee, and the Institute of Certified Healthcare Business Consultants.

A Note From the Editor-in-Chief

The evolution of this publication continues to shape the private medical practice management landscape by following three important principles.

First, we assembled a world-class team of independent team experts who draw on their experience in managerial decision making for the health care industrial complex. Like many readers, each struggles mightily with the decreasing revenues, increasing costs, and high consumer Health 2.0 expectations in today's competitive marketplace and uncertain political future. Yet, their practical experience and applied operating vision is a source of objective information, informed opinion, and crucial information for all medical professionals.

Second, our writing style allows us to present a great deal of information in condensed form. We integrate prose, news reportage, journalistic brevity, and regulatory and academic perspectives with Health 2.0 examples, blog and Internet links, as well as charts, tables, diagrams, URL citations, and Web site references. The result is a logically comprehensive and progressively integrated oeuvre of operational strategies.

Third, as editors, we prefer engaged readers who demand compelling content. According to conventional wisdom, printed texts like this one should be a relic of the past, from an era before high-speed connectivity and the Health 2.0 initiatives we feature. However, our experience shows just the opposite when the printed page is united with a companion Web Site for current updates, fresh ideas, and instantaneous interactivity (www.BusinessofMedicalPractice.com). Applied practice management literature has grown exponentially since our first and second editions, and a plethora of related information makes a cyclical book and blog that sort through the clutter, and provide strategic analysis, all the more valuable. Oh, it should provide some personality and wit, too! Don't forget, beneath the spreadsheets, profit and loss statements, and new business models are still patients who want and need to depend on you.

In this edition, we update and extend the traditional content of both prior editions and pragmatically offer, answer, and/or reframe significant questions about Health 2.0 like

- How do medical office, financial, and cost accounting mechanisms work, and how do transparent business information and reimbursement data impact the modern competitive health care scene?
- Where does the marketing hype over social networks and patient-generated content end, and fruitful advertising and ROI augmentation reality begin?
- How are medical practices, clinics, and physicians evolving as a result of rapid health and nonhealth related technology changes?
- Does transparent quality information affect the private practice ecosystem?

- How are Health 2.0 technologies like online patient communities, podcasts, wikis, blogs, microblogs, and grid mash-ups changing the face of medical practice and physician–patient encounters?
- What about eMRs and meaningful use: fiction versus reality?
- What Health 2.0 policies are in place after recent domestic terrorist attacks?
- Does Health 2.0 enhance or detract from traditional medical care delivery and can private practice business models—absent command control sovereignty—survive?

Therefore, rest assured, The BUSINESS OF MEDICAL PRACTICE (*Transformational Health 2.0 Skills for Doctors*) continues to be an important vehicle for the advancement of applied knowledge and better managerial practices in our field. In the years ahead, we trust these principles will enhance utility and add value to your purchase and companion online community. Most importantly, we hope to increase your return on investment in some small increment.

Fraternally,
David Edward Marcinko
Editor in Chief

Preface

In the first and second editions of the **BUSINESS OF MEDICAL PRACTICE** we set out to produce a textbook of value to all medical professionals, as Managed Care 1.0 and Wall Street wrecked havoc with physician autonomy and patient care during the past decade. Now, in this third edition of the BUSINESS OF MEDICAL PRACTICE (*Transformational Health 2.0 Skills for Doctors*), we aim to leverage this philosophy to the Internet cloud, collaborative media space, and Health 2.0 participatory enterprises. How? Physician empowerment through patient centric care!

Most importantly, we believe that the Health 2.0 enterprise knowledge is a collective process; but not an entirely democratic one. And, while we welcome and appreciate the increased participation of our contributing authors, we will not abdicate our responsibility as informed review editors, and leaders of the Health 2.0 future, by burying it under the currently fashionable "wisdom-of-crowds." In addition, contrary to some political mindsets, we do not believe that health care reform 2010 will dramatically reduce health care costs, increase access, or improve quality for 10 reasons:

1. Doctors and their patients voraciously use new technologies and pharmaceuticals.
2. Quality is hard to define and most medical mistakes are due to human frailty.
3. Cloud computing, eMRs, and Internet grid collaboration for all stakeholders is exploding.
4. Traditional top-down leadership and medical bureaucracy is collapsing.
5. Transparent provider fees and health care institutional pricing promotes accountability.
6. Consumer directed health plans and medical tourism a growing trend.
7. Abandoning nonprofitable medical treatments is anathema to practitioners.
8. Aging baby boomer populations and demographics are against it.
9. A perfectly competitive or capitalistic health care free-market does not exist.
10. The push for continuous medical research and development is in our DNA.

Above all else, medicine is a uniquely personal experience, and society is not ready for the brutal efficiencies of rationing, or an intrusive governmental system.

On the other hand, we are pragmatic and realize that medical providers of all independent degree designations (allopathic, osteopathic, podiatric physicians, dentists, optometrists, chiropractors, psychologists, and nurse practitioners), must learn to better compete, collaborate, and appropriately use health information technology in the next decade. Ultimately, physicians who are clinically, technically, *and* managerially responsible will be future leaders of medicine. The information in this text will help achieve this goal and is most applicable to the solo, small, or medium group practice; or for those physicians who aspire to be decision makers and administrators. For the employed physician or resident,

it will also serve as a blueprint for what can still be independently achieved. And, for practice administrators and office managers, it will serve as a guide to the next generation of more complex large group management endeavors.

The **BUSINESS OF MEDICAL PRACTICE** (*Transformational Health 2.0 Skills for Doctors*) is written in prose form, using nontechnical jargon, without the need to document every statement with a citation from the literature. We do refer to current visionaries who purport to have innovative new ways to collaborate in cyberspace, in an arm's length fashion. This allows a large amount of information to be condensed into a single and practical volume. It also assists in the comprehension of important concepts in a single reading session, with a deliberate effort to include germane examples. The interested reader is then able to research selected topics or communication with the authors, editors, and readers on our companion Web site. Overlap of material has also been reduced, but important concepts are reviewed for increased understanding.

New chapters and topics for this edition include

- Defining Health 2.0 and participatory care
- Managing and protecting accounts receivables
- Incurred But Not Reported (IBNR) health care claims
- Negotiating cost volume profit contracts
- Revenue cycle management and cash conversions
- Marketing, advertising, sales, CRM, and public relations
- eMRs, mobile-health, and clinical groupware
- Health IT, cloud computing, and SaaS
- Medical practice buy–sell agreements
- Disability insurance protections
- Medical practice sales and contracts
- Restrictive practice covenants
- Internal fraud and abuse prevention and controls
- Micro-capitation and pay-for-performance initiatives
- Mobile communications and ambulatory computing
- The USA PATRIOT and SAR-BOX Acts
- Social media and collaborative patient care
- Direct reimbursement and new-wave practice models
- Medical workplace violence and sexual harassment
- Mico-medical practice business models
- Next-generation physician leadership

We seek to breathe additional diversity into this work with these new contributing authors:

- Suzanne R. Dewey MBA
- Brian J. Knabe MD, CFP CMP
- Parin Kothari MBA
- Mario Moussa PhD, MBA
- Shahid N. Shah MS
- Susan Theuns PA-C
- Jennifer Tomasik MS

Your thoughts, suggestions, and opinions after reading the **BUSINESS OF MEDICAL PRACTICE** (*Transformational Health 2.0 Skills for Doctors*) are most appreciated and welcomed.

Hope Rachel Hetico RN, MHA, CMP
Managing Editor

Acknowledgments

It is an incredible privilege to edit the third edition of *The Business of Medical Practice: Transformational Health 2.0 Skills for Doctors*. One of the most rewarding aspects of my career has been the personal and professional growth acquired from interacting with protean professionals of all stripes. The mutual sharing and exchange of practice management ideas stimulates the mind and fosters advancement at many levels.

Creating this text was a significant effort that involved all members of our firm. Over the past year, we interfaced with numerous outside private and public companies—as well as the Internet blogosphere—to discuss its contents. Although impossible to list every person or company that played a role in its production, there are several people we wish to thank for their support and encouragement: Robert James Cimasi, MHA, AVA, CMP of Health Capital Consultants LLC, St. Louis, MO; Leila M. Hover, D. Med. Human, Drew University, Madison, NJ; Darrell K. Pruitt, DDS of Ft. Worth, Texas; and Theodore C. Nardin, CEO of the Springer Publishing Company. Any accolades are because of them. All other defects are my own.

Of course, this third edition would not have been possible without the support of my wife and daughter—father, brother, and sister—whose daily advocacy encouraged all of us to completion, as well as all our Web site readers, blog forum subscribers, and Health 2.0 collaborators. It is also dedicated to our clients and contributing authors who crashed the development life cycle to produce time-sensitive material in an expedient manner. The satisfaction I enjoyed from working with them is immeasurable.

Dr. David Edward Marcinko, MBA, CMP
Editor-in-Chief
Norcross, GA

About This Edition

The first of three themes for this edition of The BUSINESS OF MEDICAL PRACTICE (*Transformational Health 2.0 Skills for Doctors*) is *collaboration*. In fact, we believe that—regardless of medical specialty or degree designation—if you do not structurally and virtually collaborate in the coming Health 2.0 tidal wave, you will not survive as a health care entity!

However, you may ask, with whom do I collaborate? The answer is short, everyone. You must collaborate with your patients and the public; your employers and benefits managers; your vendors and managed care extenders; your payers and health insurance companies; your local, state, and regional medical societies and government; as well as your colleagues and medical competitors. Moreover, you must collaborate with all divergent stakeholders of the health care industrial complex and seek to unite them all. If you do not, you may even experience something far worse than the demise of your medical practice. You may lose your livelihood, self-esteem, and personal lifestyle through the resulting lost autonomy or business dissolution. Whether you want this to happen or not, collaboration is going to play a vital role in the future of medicine and health care.

The second theme suggests how the *Internet* enables people to collaborate and have human conversations with the potential to radically transform traditional business practices, empowered by the social media and mobile technology of today's youth. As noted in the book, *The Cluetrain Manifesto*, authors Rick Levine, Christopher Locke, Doc Searls, and David Weinberger said"all conversations are markets." However, medical professionals across the nation are still not all jumping on the Internet bandwagon. Mature doctors, with their wealth of experience and clinical heuristics, are retiring early. Mid-life practitioners are dazed and confused. Fortunately, the current generation is embracing change—with its new wave ideas and unique business models—with confidence, fly and élan. Moreover, with the federal government pushing physicians to use electronic medical records, it is only a matter of time before medicine makes a successful push into Health 2.0 and beyond to related Internet initiatives.

The final theme of our book is that medical practices must not only recognize the above trends but also *execute* them in order to be successful. For example, enterprising health care providers have already deployed sophisticated Health 2.0 media strategies to extend their brand around the world. The Mayo Clinic maintains several blogs, a Facebook page, a library of YouTube videos, and a Twitter account. In addition, within months after Alan Copperman, the vice chairman of obstetrics and reproductive science at Mount Sinai, launched YouTube videos on *in vitro* fertilization, 100,000 people had viewed them. Some physicians also leverage social media to help their patients access illness support networks (a previously difficult undertaking for homebound or geographically isolated patients) or those with rare diseases. The result is that a short doctor

visit can turn into an ongoing dialogue executed through a continuous flow of relevant information.

And so, we present these uniting themes in an easy to understand manner with sample problems and scenarios, fundamental theory, and illustrative case models, while concluding with transformers that mitigate strife using better (not best) evolving business practices. Needless to say, such transformations should not be taken lightly by any medical practitioner, clinic, or health care organization.

We trust The BUSINESS OF MEDICAL PRACTICE (*Transformational Health 2.0 Skills for Doctors*) will lead the way to future practice success. For those interested in learning more, please read on, and join the continuous "live" conversations at www .BusinessofMedicalPractice.com

WHY THIS EDITION—WHY NOW?

There are three answers to this query.

1. Unintended Consequences of Healthcare Reform 2010–2018

Much like the physical laws of nature, action begets consequences, which are usually known, unknown, or disregarded by human foibles. The law of unintended consequences, often cited but rarely defined, is that actions of people—and especially government—always have effects that are unanticipated or unintended. Economists have heeded its power for centuries; for just as long, politicians and popular opinion have largely ignored it. Therefore,, regardless of political affiliation or opinion on the Patient Protection and Affordable Care Act of 2010, there are a plethora of unintended consequences that all medical providers must recognize, and those wishing to stay independent, must mitigate. For example:

- Health care costs will be shifted to doctors in the form of lower reimbursement with higher practice overhead costs for private physicians and with fewer office employees and more ancillary business and service line extensions.
- Hospital-based physicians like pathologists, radiologists, anesthesiologists, emergency department doctors, and hospitalists will demand, and receive, higher salaries.
- Fewer (underpopulated) primary care physicians with more (overpopulated) PAs, nurse practitioners, and DNPs, with a blunted medical establishment oligopoly.
- Higher health insurance costs for employers and most patients, especially young adults without a commensurate increase in aggregate risk.
- Medical care access impediments for most Americans but improvements for those previously uninsured.
- Health 2.0 electronic connectivity for the masses with medical data "Internet neutrality."
- Continued rise of evidence-based medicine and crowd-sourced health care information.
- Higher costs for DME, instruments, and drugs; particularly in the field of human genomics and personalized pharmaceuticals.
- Increased acceptance of MSAs, HSAs, concierge medicine, private pay, and other direct cash payment methods for medical care.
- Realization that people, not eMRs, improve patient care and reduce costs, as "meaningful use" is diluted.
- An enterprise-wide health data breach of epic proportions, with innumerable smaller security breaches despite the HIPAA laws.

- Poor-quality digital manipulation of medical information with eMR-specific inflation due to ARRA and HI-TECH.
- Promotion of outcomes reimbursement models, values-based health care (episodes of care), and various microcapitation derivatives.
- More community hospitals, which lost 12 cents/dollar spent on Medicare and 35 cents/dollar on Medicaid patients last year, will close.
- Fewer viable alternatives to commercial health insurance, other than Medicare and Medicaid, since the antitrust exemption for health insurers had not been repealed.
- Medicare may become the *de facto* health insurance, much like public housing, food stamps, the USPS, and public transportation.
- The impact of changing to ICD-10 and ICD-11 for medical records coding and billing will be as significant across the industry and will push other HIT projects to lower priority.
- New HIPAA 5010 requirements will present substantial changes in the content of the data submitted with claims as well as the data available in response to electronic inquiries.
- Physician compensation will gradually decline.
- Private medical practices, often a doctor's largest financial asset, will go down in value jeopardizing personal retirement plans.
- Medicine's lost professional status will become complete as health care becomes commoditized and future grass-roots caregivers are neutered.

2. Managed Care 2.0

According to Mike Turpin writing for The Health Care Blog, health insurance reform is setting the stage for a new era of American health care—Managed Care 2.0. In launching this new period anchored by expanded access and insurance market reforms, we are expecting to say farewell to the three-decade era of Managed Care 1.0—a barren stretch of fiscal and social desert marked by spiraling costs, misaligned financial incentives, massive underfunding of Medicare and Medicaid obligations, fraud, overtreatment, public to private cost shifting, historic rates of chronic illness, and the slow erosion of employer sponsored health care, leading to an astounding number of Americans without insurance. Where Managed Care 1.0 was a time characterized by consolidation of stakeholders, cost shifting, risk shifting, and scorched earth Darwinian battles on the supply and delivery side, Managed Care 2.0 will begin "a battle for the soul of medicine."

3. Medical Community Fragmentation

According to Richard Reece MD, independent medical practice in America is in trouble. It is a fragmented system with some 900,000 allopathic physicians—300,000 primary care doctors and 600,000 specialists, practicing in disparate settings. These physicians are located in roughly 580,000 locations. Some are solo, most are in small groups, and many are clustered around 125 academic medical centers, 100 integrated groups, and 5,000 community hospitals. They are not unified. Less than 18 percent of physicians belong to the anachronistic American Medical Association, opting instead for new-wave social networks and other more relevant collaborative tools. There are also 100,000 osteopathic physicians, 250,000 dentists, 50,000 optometrists, and 12,000 podiatrists in the United States. Many are struggling to remain independent, unbiased, and unbought.

This third edition of the *Business of Medical Practice* will address these issues, and more, in an attempt to*"save the soul of the independent medical practitioner."* Most wish only to labor *omnia pro aegroto* or "all for the patient."

Author Query

AQ 1	Page ii, 2nd para 7th line	Please check this sentence. Is "achieve" the right word?
AQ 2	Page xii, Contributing Author "Eric Galtress"	Please provide degree and affiliation for this author.