

HBP Services, Inc.

Pathology Practice Evaluation Checklist

Overview:

Each Pathology Practice requires a comprehensive **Practice Management Evaluation**. This will be used to:

- Identify the scope of Practice activities
- Determine problem areas
- Define areas of excellence
- Develop a work plan and implementation timetable

The goals are to have the Practice run efficiently and to maximize the bottom line.

Areas of focus include:

1. General

Practice Philosophy - Is there more than one?

Is there a mission statement?

Strategic Plan -3-5 years

Annual "Roadmap"

Goals & Objectives

Entity Structures

Financial Basis and fiscal year

2. Income System

Cost Centers

Professional component for hospital services

PC arrangement with specialty groups

Global billing for referred services

Technical list billing only

Clinical, as approved by Medicare

PCCP

Molecular Testing {FISH}

Flow Cytometry

Autopsy

List billing arrangements

HBP Financial Services Group, Ltd.

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Practice Fees

Last update?

Is it selective or across the board?

What is the basis of charges? {Compared to Medicare rates or RVUs}

Is there a single rate for all types of patients?

Is a self pay discount offered?

Are there any special arrangements with other entities at special contracted rates?

Third Party Reimbursement

Is there a *Third Party Calendar*?

Including notification requirements

Par vs. Non Par Status

Provide a list of par and non-par plans

Is PCCP billed under a non-par entity?

Does the practice maintain a *Credit Master*?

Are Third Party fees loaded in the billing system and exception reports available?

3. Advisors

Legal

Accounting

Actuary

Insurance Broker {Professional Liability, Business Coverage}

Retirement Plan Administrator

Banker

Consultant

Human Resources

4. Practice Staff

CEO/CFO/COO/Practice Manager

Bookkeeper

Billing Coordinator

Billing Department



Pathology Assistant {PA}

PhDs

Marketing and Sales Staff

Courier

Laboratory Staff

5. Outsourced Services and Contracts.

Billing System

Collection Agency

Functions performed by Advisors

Financial Reporting, Management, HR, Sales

IT/EMR/LIS Support

6. Human Resources

Job Descriptions

Performance Evaluations

Incentive Plan

Personnel Manual

Are there any active HR disputes?

Recruitment Agency for Pathologists and other staff

7. Practice Filing System

Legal Documents

Articles of Organization

By Laws

Minute Book

Stock Certificates

Employment Agreements

Stock Redemption Agreement

Medical Reimbursement Plan

Hospital Contract

Billing Contract

Collection Agency Agreement

Agreements with Advisors

Tax ID



Third Party Contracts/Fee Schedules

Other Practice Files

Operations Manual

Storage-in a fireproof cabinet

8. Compliance

Plan

Officer

Audit Results

9. Fringe Benefits-Costed

Health

Dental

Disability {Short/Long Term}

Life Insurance

Auto Reimbursement

Cell Phones and Pagers

CME

Books and Journals

Society Dues

Benefits Above the Line {paid by the Practice}

Benefits Below the Line {charged to each Pathologist}

10. Fringe Benefits-Non Costed {Time}

Universal Time

vs. Vacation / Sick

Holiday

CME



11. MD Related

Pathology Owners
 Stockholder/Partners

Non Owner MDs

Initial Employment Period

Steps to Parity

Compensation

Bonus

Matrix of Practice Responsibilities

12. Fringe Benefit Options

Health Insurance Program
 High Deductible/HSA

Other Benefits such as auto reimbursement

13. Retirement Plan{s}

Formula for the retirement plans
 Employees of the Lab/Pathology Practice

Review design

Is this a single plan or a Pension and Profit Sharing Plan?

What can the individuals contribute? What is the Practice match?

Is there a Safe Harbor provision?

What are the eligibility rules for participation?

Vesting schedule

14. Malpractice

Verify credits are being applied

Who is the carrier?

What is the cost for entity coverage?

How much coverage is provided?

Is there a discount for pre-payment or a charge for installments?



15. Review of Business Insurance Policies

Analysis of coverage amounts

Annual Insurance Schedule

Review of what is covered

Agent Recommendations

What should be covered/added or deleted?

16. Cash Management

What is the approach to cash management?

Are funds held for year end planning?

Are funds distributed quickly to the Shareholders?

Which bank{s} are being used and what fees are being charged?

Are bank funds needed for year end planning or do the individual Pathologists “loan” money to the entity?

17. Bank Arrangements

Deposit Account/Bank Fees

Lock Box

Is this service used?

What are the costs?

What services are provided by the bank?

18. Loans

Loans and interest rates being charged

What are the current outstanding commitments of each Practice entity?

What Banks are involved?

Who offers the best consolidated arrangements?



Does the Practice have a Line of Credit?
Guaranteed by whom?
Is this used for equipment financing or cash flow needs?

19. Budget Income and Expenses for Financial Planning

Does the Practice have a 2014 budget?

Are monthly reports available with a comparison to budget?

Does the Practice feel the financial reporting provides adequate information to make management decisions?

Do they provide cost center detail?

20. Multi-year Projections

Are any projections available?

21. Practice Plan

Base Salary of the partners

Is there any adjustment paid to corporate officers or department chief?

W-2/K-1 Bonus Distributions

Costs "above the line" {paid by the Practice}

Costs charged to each Pathologist {Drawing Accounts}

Do the senior (5/10 year) Pathologists get an extra benefit? {above the line}

21. Calculate Buy In/Buy Out Payments

New Physicians

Which Pathologists have been offered "shareholder" status?

What are the terms of their Buy In to capital assets and AR?

Does the Practice require a Buy In associated with "Good Will"?

Departing MDs

Are there payment commitments extending into 2014 and beyond?



22. New Physician Commitments

Compensation and Benefit Impact on Practice

23. Department Related

Responsibilities of the Chief/Chair/Medical Director

Is there a Matrix of Responsibilities?

Other duties defined in the Hospital By Laws

How many PA's and who employs them?

Is there a ***Department Fund*** for development?

Do the Pathologists contribute?

How are funds used?

What is the Department LIS System?

Is support based in the department?

24. Special Billing Arrangements

List Billing – such as technical billing to Derm Groups

Charity Care

Employee Services

TCR payments to the Hospital

Capitation/ACO arrangements

25. Private Lab

26. Interface with Hospital Departments or Outsourced Services

Administration



Finance
Business Office
Department
IT
Marketing
Medical Staff

27. Marketing & Sales

Referring MD Trends (Analysis of available data)
Web site
Collateral
Sales Staff and Incentive/Commission Plan
Lab Video Tour
Advertising

28. Public Relations

Have any PR efforts been made?
Has the group engaged a PR firm?
Do any of the Pathologists have a unique reputation?
 Are any on the “Top Docs” list?
Is an Annual Department Report prepared?

29. Practice Trends

Benchmarking Data
Newest Strategies
2014 vs. 2013 results by month and by sub specialty
Product Line Comparisons

30. Practice Pendings

Work Plan
Calendar {Monthly and Annual}
Meeting Minutes

