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Physician Associations Can Succeed in Tough Economic Times

An Interview With Wayne A. Aardsma, President of North American Medical Management

By Georgia Casciato

"It's not easy for physician groups to succeed in today's tough economy," says Wayne A. Aardsma, President of North American Medical Management (NAMM).

"There is more to running a successful physician organization than the practice of medicine. Astute physician organizations understand the dynamics of competing in a tough economy, given that managing both care and risk is a way of life."

Aardsma understands PHO/IPA challenges firsthand as a health care executive with more than 20 years of managed care expertise. He has served the physician community in several roles since joining NAMM in 1998. NAMM is a management services company helping physician organizations optimize managed care opportunities and relationships. Today, NAMM has over 100 employees who support 10 Chicago-area physician organizations that collectively represent more than 110,000 covered lives.

"Maintaining focus on quality, competitive edge, vision and profitability has been a winning formula for NAMM clients." NAMM offers physician organizations a diagnostic checklist for successfully staying on track in today's volatile health environment:

1. Does your organization have a framework and supportive action plan for delivering a care model that exceeds physician, patient and staff expectations?

"Doctors are being forced to see more patients more quickly, yet are reimbursed less. Physician organizations can underestimate the importance of providing an environment that fosters patient satisfaction. Inefficiencies also cause stress for staff. When things aren't running well, it leaves the organization vulnerable," says Aardsma.

2. Does your organization have the commitment, processes and resources to put quality first?

"Quality health care is the core service

deliverable and needs to be up front and center. Astute medical management and continuous quality improvement can take quality from good to great. Does your organization have the resources to make it happen?"

3. Are you maximizing revenue opportunities?

"The No. 1 benefit of quality care is healthier patients with better outcomes. Being able to demonstrate better-quality scores improves quartile ranking with health plans, which leads to greater reimbursement. It takes significant focus and energy for a physician organization to earn the BlueCross/BlueShield Five Star ranking," says Aardsma, "but it pays dividends in terms of patient outcomes, organizational accomplishment and reimbursement."

4. Can you deliver on existing contracts?

"Can your organization perform back-office functions such as maintenance of member eligibility, claims management and referral management required by your payer contracts? If these functions are not performed well, the organization will forego revenue opportunities, particularly with payer contract options such as capitation that otherwise would be financially rewarding," states Aardsma.

5. Is an evaluation of your overall contracting model in order?

"Is your organization operating under a financially viable model or do you need to reconstruct your contracts? Can you ensure compliance with upcoming legislative and regulatory issues? Physician practices need to make sure their contracting strategy still makes sense."

6. Can IT add more value to the organization?

"Strategic information technology is no longer a luxury. IT that supports workflow process improvement yields cost efficiencies through information sharing and

required reporting. This is requisite for a successful organization. IT is the lifeline for practices to streamline billing, eligibility, electronic health information and optimize workflow as well as staffing."

7. Is there a vision for long-term strategic growth?

"Yesterday's strategy does not provide today's solution," warns Aardsma. "Practices need to conduct a SWOT analysis [strengths, weaknesses, opportunities and threats] to determine opportunities for improvement as well as identify strategies to capitalize on current and future trends. With the aging population and the growing need for their medical services, has your organization identified a viable strategy for maximizing opportunities with Medicare and senior patients?"

8. Is your organization in need of a checkup, turnaround or life support?

"Take a reality check of where the organization is and is not," says Aardsma. "This is critical, especially in trying economic times. Don't wait until the organization is terminal before you seek help."

For more information about NAMM, IPA/PHO performance audits and senior care partners (subsidiary), contact Paula Kolodziej, assistant to Mr. Aardsma, at paula.kolodziej@namm-il.com or call (708) 432-1610. ■

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