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SUMMER 2021
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MICHIGAN

NETWORKING YOUR WAY TO THE TOP

FALL CONFERENCE

September 30th & October 1st
Shanty Creek Resort
Bellaire, MI



Save the Date:

THIRD PARTY PAYER DAY

November 5, 2021

Soaring Eagle Casino in Mt. Pleasant, MI

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Practice Focus

Practice Focus is published four times per year by the Michigan Medical Group Management Association (MiMGMA).

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Michigan MGMA has a career center on our website

WWW.MIMGMA.ORG

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MiMGMA welcomes the submission of articles for publication in Practice Focus. Submit article proposals to Debra O'Shea at

INFO@MIMGMA.ORG

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Newsletter Editors

Evan Paulus

Debra O'Shea, CMPE

MiMGMA

Debra G. O'Shea, MBA, CMPE

Executive Director

INFO@MIMGMA.ORG

800-314-7602

P.O. Box 205

Jackson, MO 63755

Executive Director

Debra G. O'Shea, MBA, CMPE

Epoxy Healthcare

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President's Message



By Susan Lutz

I am thrilled that we will be meeting in just a few short months at the MiMGMA Fall Conference. Please mark your calendars for September 30, 2021 – October 1, 2021 at Shanty Creek in Bellaire, MI for our first in-person event in two years! Not only am

I excited about the great program we are planning, but also the fun networking opportunities. It will be great to catch up with old friends and make some new connections. You will see more to come about the Fall Conference within the next month. I look forward to seeing you there!

The MiMGMA Board and Committees have been busy these past few months planning our upcoming events, working on membership recruitment/retention, connecting with business partners and updating our Bylaws. In regards to our Bylaws updates, I would like to thank the MiMGMA members who participated in our meeting on May 27 and approved the amendments to our Bylaws that were recommended by national MGMA. The MiMGMA Board is working on a full re-write of our Bylaws, which is long overdue. The updated Bylaws document will be available for membership review 30 days prior

to the Fall Conference. We will be holding our Annual Meeting at the conference to vote on these changes. Be on the lookout for that email notification so you can review the updated Bylaws prior to the Annual Meeting. Any questions can be directed to our office at info@mimgma.org

I would like to give a huge thank you to our Business Partners Committee! Valarie Parker and Fred Schaad (Committee Co-Chairs) have diligently been working with the Business Partners over the past year. Their efforts are helping to keep our Business Partners engaged with the organization, which was especially important during the pandemic when we were not able to meet in person. The committee has also been instrumental in providing educational content for our quarterly newsletter as well as webinar speakers for our virtual educational opportunities. We were able to effectively revamp our sponsorship levels this year, based on the input of our Business Partners, which has helped us increase our number of annual sponsors. As a member of MiMGMA, I encourage all of you to visit the vendor booths at our conferences and make connections with our vendors and Business Partners. You never know when you may need their services either immediately or in the future.

Thanks again to everyone who contributes to MiMGMA's continued success during uncertain times. I hope you all enjoy the summer and I'll see you at the Fall Conference! ■

Executive Director Update



By Debra O'Shea,
Executive Director MiMGMA

Over the past year and a half, we have all become increasingly familiar with change. Finally, as active cases trend down and vaccination rates go up, it seems that these changes are

becoming more and more positive. The uncertainty we felt at the beginning of this year has slowly but surely turned into optimism, and we are looking forward to a safe, in-person Fall Conference on September 30th and October 1st at Shanty Creek Resort in Bellaire. Our Program Committee is working diligently to bring you a quality agenda filled with relevant, timely content. Our keynote speakers will present on topics related to our conference theme, Networking Your Way to the Top. If your networking skills have gotten a little rusty, you certainly won't want to miss our 2021 Fall Conference! Additional details about the conference will be released throughout the next couple months, so stay tuned for announcements via email, LinkedIn, and Facebook.

In their efforts to help us better serve our business partners, our Business Partner Committee has modified our Fall Conference networking event sponsorship and made it more affordable by creating multi-level sponsorship options. We encourage our vendors to check out this opportunity at MIMGMA.ORG, and we encourage all of you to make plans to join us at the conference networking event!

We would also like to invite our members to join us at our 2021 Third Party Payer Day on November 5th at the Soaring Eagle Casino & Resort in Mt. Pleasant. Our new Reimbursement Chair, Joe Rivet, along with his committee will begin piecing our TPPD agenda together soon. While it's still several months away, now is a great time to mark your calendars and clear your schedule for that day.

Our 2021 Administrator of the Year Award is open, and we encourage you to nominate a deserving MiMGMA member. For more information about the award or to submit a nomination, visit our Administrator of the Year webpage [here](http://www.mimgma.org).

If you have any questions, please reach out to me at 800-314-7602 or INFO@MIMGMA.ORG with any questions you may have. Wishing you a wonderful summer! ■

Welcome, 2021 Sponsors



By Fred Schaard & Valarie Parker, Business Partner Committee Co-Chairs

On behalf of the Business Partner Committee, we are very excited with recent news from the Governor's office announcing the pandemic restrictions will be lifted this summer in Michigan. With many Michiganders getting vaccinated and COVID numbers reducing, it enables businesses to re-engage and events to open back up. MiMGMA has great anticipation for the in-person Fall Conference being held at Shanty Creek Resort Sept 30th-Oct 1st and we want to extend a special invitation to all attendees to the "Networking Your Way to the Top" networking event on the first evening of the conference. If you are anything like us, you are eagerly anticipating the ability to connect in-person with other professionals for business networking and connection! The networking event is a wonderful opportunity for all attendees, vendors and speakers to relax and enjoy two hours of networking with your colleagues while enjoying dinner and some "friendly competition" MiMGMA style with a fun game! Be sure to make this a part of your schedule during the conference and we will look forward to seeing you there! ■

Thank You to our 2021 Corporate Sponsors!

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Administrator of the Year



By Sandy Sprague, FACMPE

As we anticipate and plan our 2021 Fall Conference, it is not too early to start thinking about the MiMGMA 2021 Administrator of the Year Award.

We are pleased to announce that Dean Schink, President of Specialized Insurance Services Agency, is once again sponsoring our Administrator of the Year Award. This award represents the highest honor MiMGMA has to offer its membership! The deserving recipient is presented a plaque and generous check provided by our sponsor, Mr. Dean Schink.

The purpose of the award is to recognize a medical group practice administrator affiliated with the Michigan Medical Group Management Association (MiMGMA) who has exhibited exceptional leadership/management proficiency and enhanced the effectiveness in the

delivery of health care in his/her practice and community through a recent noteworthy achievement.

This year's award brings a whole new meaning to "Administrator of the Year." In the midst of the COVID-19 pandemic, many of our administrators have been forced to step up and take charge in an unfamiliar way, whether it meant rapidly implementing telehealth options for patients, staying up-to-date with constant legislative changes, or managing a newly remote workforce. We are excited to read through the accomplishments of the many deserving individuals to be nominated.

For more information or to nominate an administrator, visit our Administrator of the Year [page](#). Nominations will be accepted through August 14, 2021. ■



JUNE WEBINAR

Are Your Business Payments Safe?

About the Webinar: Did you know your current check processing is posing risks and exposing your AP payments to payment fraud risks? With internal and external threats on the rise, accounting teams have no time to lose in mitigating the risks of payment fraud, safeguarding sensitive banking information, and ensuring the integrity of the accounting system. Electronic payment solutions, such as virtual cards and ACH transactions, provide greater protections than paper checks, mitigating the risk of payment fraud. Join us to learn how your company can help your accounts payable team eliminate check writing and start making secure vendor payments today.

Learning Objectives:

- Discuss growing payment fraud risks to your organization
- Highlight recent payment fraud incidents that have impacted businesses
- Learn how to safeguard your business payments through ePayments

Presenters: Kenan Korfez, Account Executive – Physicians Offices, Paymerang and Jeff Gainer, Director of Information Security and Risk Management, Paymerang

Date/Time: Tuesday, June 29th at 1 pm EST

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* Michigan MGMA members receive FREE registration to our monthly webinars. Please sign in before registering to ensure the system reflects this.

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Membership Update



By Cindy Kinney, Membership Committee Chair

After a slow start to the year, we were excited to see our membership numbers ticking up in April and May. In May, we received approval from National

MGMA to change our dual membership fee. Dual membership is now \$410. This will be a \$15.00 premium for anyone who is currently a national only member that wants to become a dual member. Compared to a state only membership of \$129, that is truly a great value. We are excited to provide our members with this cost savings.

There are multiple ways our members can engage with the Michigan MGMA and we want to encourage you to be part of our community.

We have recently established an Academic Sub-Committee for all students and faculty members. If you are a current student and college faculty, please

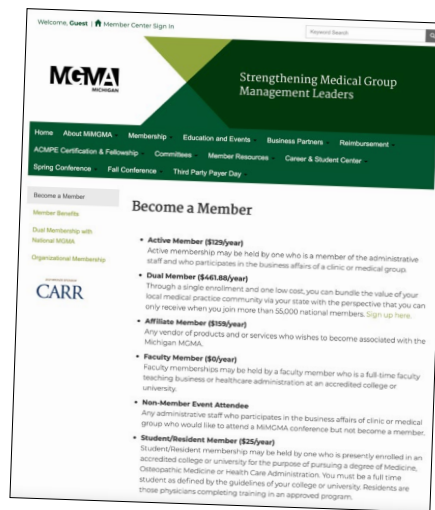
consider being part of this new committee and helping to bring you tools and programming that will align with your continued education and success. Please email me or INFO@MIMGMA.ORG for more information on joining.

Fall Conference will be here before we know it and we

are looking forward to seeing everyone in person. We are working to implement membership promotions with your conference registration. You will not want to miss this great event filled with networking, information and vendor connection.

If you are interested in being on a committee or are looking for ways to be more engaged, please do not hesitate to reach out. I am more than happy to chat with you about all of the great opportunities Michigan MGMA has to offer. You can reach me at [CINDY.KINNEY@](mailto:CINDY.KINNEY@BEAUMONT.ORG)

[BEAUMONT.ORG](mailto:CINDY.KINNEY@BEAUMONT.ORG). ■



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What is the MSMS Program?

For the past 13 years, Fitzmaurice-Garvin has had an exclusive, contractual relationship with the Michigan State Medical Society regarding various Property and Casualty Insurances, Directors and Officers Insurance, and other applicable insurance products. We have now brought out a brand-new product—in collaboration with the Michigan State Medical Society, Hanover Citizens Insurance Company, and Fitzmaurice-Garvin Insurance Agency—that offers extremely deviated rates and a dividend program on Worker's Compensation policies.

What does the MSMS Program achieve?

Hanover Citizens and the Michigan State Medical Society have agreed to offer a product exclusive to our agency that offers extremely deviated rates and a dividend program on Worker's Compensation policies. In order to qualify, your practice simply needs a low claims history. While every quoted Worker's Compensation policy may see premium reduction up to 65%, the major savings occur with policies whose premium is around or above \$2,000 annually.

How can I join this program?

This program is exclusive, and solely offered from Fitzmaurice-Garvin, thus no other insurance agency in the State of Michigan can provide this program.

What's next...

Please visit and complete the following link for your exclusive review, or call Tanner J. Kaplan today at **231-947-9532**.

<https://fg-ins.lpages.co/msms/>

MARK YOUR CALENDARS FOR OUR 2021 FALL CONFERENCE!

We can't wait to see you
September 30 – October 1
at Shanty Creek Resort in Bellaire!



We're Back!



by Ken Rates, MHS, MBA
President-elect and Program Chair

Michigan MGMA's Program Committee is ecstatic as we plan our return to in-person networking. It's been nearly two years since we have held an in-person event and we are all anxious to get back to what we find

most valuable with MiMGMA, connecting with our members. The 2021 Fall Conference will not disappoint.

Keynote speakers include Chrissie Zavac who will share with you best practices on how to maximize LinkedIn and Greg Peters who will share with you the secret to in-person networking. Add in an amazing and fun-filled networking event, countless other education sessions, and the chance to visit beautiful Bellaire, Michigan, and you can see why the 2021 Fall Conference is one not to be missed.

Mark your calendars, save the date, and plan to be at the Shanty Creek Resort on September 30th to October 1st, 2021. ■



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Opportunity is Knocking: Get Certified Today!



By Sandy Sprague, FACMPE

It's a new day with new opportunities knocking on your door at MiMGMA!

If you are an active member of MiMGMA and have not yet completed your certification to become a Certified Medical Practice

Executive (CMPE), opportunity is indeed knocking on your door today! I would highly encourage you to open that door to discover what awaits you as a CMPE.

There are several resources available to prepare for the certification exams, such as study groups, webinars, books, practice tests, and others. The information on the exams is based on real life administration of a medical practice; you could be pleasantly surprised at what you already know.

Based on The Body of Knowledge for Medical Practice Management – 3rd Edition, the American College of Medical Practice Executives (ACMPE) exam competencies can help you assess your current level of knowledge in the six domains that define the scope of responsibility of medical practice executives.

Each section focuses on a different domain:

- Operations Management
- Financial Management
- Human Resource Management
- Organizational Governance
- Patient-Centered Care
- Risk Management

After applying and receiving program acceptance, applicants must demonstrate mastery of the principles outlined in our Body of Knowledge (BOK) for Medical Practice Management by completing two exam requirements:

Multiple choice exam: This 175-item, multiple-choice exam assesses your on-the-job knowledge of the broad scope of group practice management principles and practices as described in the six domains of the BOK.

Scenario-based exam: This exam may only be taken once you have logged two years of healthcare experience and earned your Bachelor's degree or 120 hours of college credit. The 90-item exam assesses in-depth knowledge of medical practice management principles, problem-solving and decision-making skills a candidate would need to handle and resolve real-world medical practice issues through 18-25 scenarios.

You are able to register for exams on-demand; you will receive notice to schedule in 24 hours. Exam registration will be eligible for one year from purchase date before expiring.

Reach for the gold standard in medical practice management; seize the opportunity before you today with ACMPE Certification!

Please visit the MGMA.ORG website for additional information regarding certification or contact Sandy Sprague, FACMPE, ACMPE Forum Representative for MiMGMA. ■



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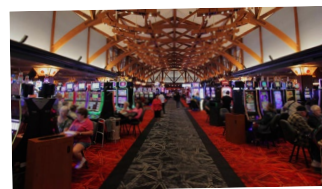
- HCI Interactive Digital Whiteboard
- HCI Health-Key Infection Control Keyboard
- HCI Bedmate 15
- Binders for Organization (TJC, HFAP, Etc.)



MARK YOUR CALENDARS:

2021 THIRD PARTY PAYER DAY!

Nov. 5 • Soaring Eagle Casino • Mt. Pleasant, MI



Reimbursement News: Revision of E/M Guidance in the Claims Processing Manual



By Joe Rivet, Esq.

On May 3, CMS published Medicare Claims Processing Transmittal 10742 regarding revisions of three sections of the manual. CMS removed from 100-04, Chapter 12:

■ E/m levels for split/shared services

Critical Care visits and neonatal intensive care codes for critical care; and Split/shared E/M visits for nursing facility.

CMS removed former guidance under these sections placing a notation stating “Left intentionally blank for future updates.” These sections are to be updated through the notice and rulemaking process. This will likely come in the summer through the proposed rules.

■ CMS Increases Payment for COVID-19 Monoclonal Antibody Infusions

CMS published a Press Release announcing an increase to the Medicare payment rate for administering COVID-19 monoclonal antibodies from an average payment rate of \$310 to \$450 for most healthcare settings. CMS also established a higher payment rate (\$750) when monoclonal antibodies are administered in the beneficiary’s home or temporary lodging. This change is effective for dates of service on or after May 6, 2021.

■ Osteoporosis Drug Processing Correction

CMS issued a One-Time Notification Transmittal 10763 regarding system edits which prevented HCPCS codes J0897, J3111, and J3590 from processing correctly. The transmittal also addresses an error in processing line items subject to LUPA payments on TOB 032x.

■ DRG weight for COVID-19 Discharges – CMS Edit Corrected

CMS published a One-Time Notification Transmittal 10767 indicating a claims update resolved the issue where provider-submitted adjustment claims was triggering a DRG weight greater on the adjustment claim than the weight on the original claim. This impacted the additional 20% increase to the DRG weight for COVID-19 discharges.

■ Hepatitis B Preventive Service Vaccine Code

CMS published a One-Time Notification Transmittal 10769 regarding hepatitis B vaccine code 90739. The hepatitis B vaccine has been added to the list of preventive services recommended by the USPSTF. As a result, coinsurance and deductibles do not apply to this code for Medicare and will make a reasonable cost reimbursement for the vaccine when

on TOBs 012X, 013X, 022X, 023X, and 034X. CMS also published MLN Matters 12230.

■ Outpatient Hospital Department – Prior Authorization Changes

CMS issued an update to the Prior Authorization for Certain Hospital Outpatient Department Services temporarily removing CPT codes 63685 (insertion or replacement of spinal neurostimulator pulse generator or receiver) and 63688 (revision or removal of implanted spinal neurostimulator pulse generator or receiver) from the list of services requiring a prior authorization.

The prior authorization is required for Blepharoplasty, Botulinum toxin injections (Botox), Panniculectomy, Rhinoplasty, Vein ablation, Cervical Fusion with Disk Removal (eff. July 1, 2021), Implanted Spinal Neurostimulators (eff. July 1, 2021).

■ QW Modifier Added to U0002 and 87635

CMS published a One-Time Notification Transmittal 10798 which added QW modifier to COVID-19 testing codes U0002 and 87635. CMS also published MLN Matters 12294. ■



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Is Your Practice Enrolled as a COVID-19 Ready Provider?

With more than 4.7 million Michigan residents age 16 and older vaccinated against COVID-19, we are well on our way to safely reopening our state and protecting our friends and family. To help continue this momentum, we need your help. Since we know that people trust their own doctor's office most for vaccine information, you play a critical role in answering parents' questions and protecting against the spread of COVID.

Currently more than 4,000 providers are eligible and have not yet enrolled to become a "COVID-19 Ready Provider" to administer the COVID-19 vaccines. All currently vaccinating health care providers registered in Michigan Care Improvement Registry (MCIR) to provide immunizations must also enroll in the CDC COVID-19 Vaccination Program to be able to receive and administer COVID-19 vaccines.



You can use the flyer, talking points and parent frequently asked questions to help with communicating to your team and patients about the steps to become a "COVID-19 Ready Provider" found here. If you have any questions, contact the COVID-19 Provider Enrollment Team at

MDHHS-COVIDVACCINEPROVIDERS@MICHIGAN.GOV. ■

Participate in a Research Study to Learn about Michigan Nurses' Experience with Electronic Health Records



Greetings! We are asking for your help with a research study that we are conducting to learn more about nurses' experience with electronic health records (EHRs). The study is part of a collaboration with nurse researchers in Texas so that we can benchmark nurses' experiences between our states.

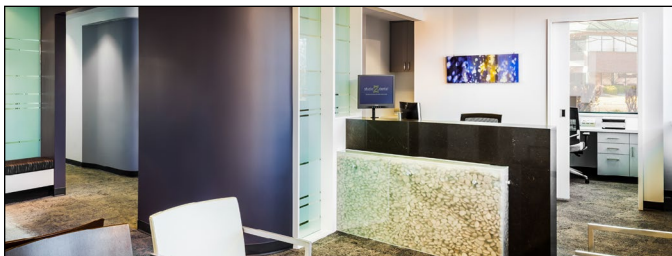
If you are a practicing RN in Michigan using an EHR, please take 10 to 15 minutes to complete our survey. We are looking for practicing nurses throughout the state working in all sorts of roles, including advanced practice. The findings will help inform future statewide efforts to improve EHR user experience for nurses.

To complete the survey, please go to **NURSING.TTUHSC.EDU/SURVEYS/EHR-MICHIGAN/**

We also would be grateful if you would share with other practicing nurses in Michigan who use an EHR. If you are interested, a recruitment flyer suitable for sharing can be obtained by emailing **INFO@MIMGMA.ORG.**

Thank you for considering completing our survey, and for sharing the flyer with others to help with our data collection efforts.

*Best Regards,
Julia Stocker Schneider
Jaime Sinutko*



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Preventing Disputes Among the Medical Practice Owners

By Brandon Dalziel

Litigation and dispute resolution are almost always both expensive and a significant distraction to the practice. In many instances, rather than a malpractice or similar claim the litigation or dispute is related to the ownership or management of the practice. While medical practices are often good about having in place employment agreements and employee handbooks to address important scenarios with employees, owners frequently procrastinate or fail to have in place documents that would help prevent the damaging litigation or dispute. All too often, the practice or a majority of its owner are forced to deal with an owner that has become difficult and has unreasonable demands. Governing documents for the business (often in the form of an operating agreement, shareholders agreement or buy-sell agreement) that can act as a prenuptial among the owners are critical. Such document should outline the legal details of the practice so that, from the outset, there is no confusion as to the rights and obligations of each owner.

Key topics and provisions include: management and decision making (e.g., who can make ordinary course decisions and what level of approval is needed for important matters (and defining the important matters)), restrictions on the sale of ownership

(e.g., potential consent requirement of the other owners required and/or a right of first refusal), how to resolve deadlocks, how to remove an owner in certain circumstances (e.g., an owner that is unfit or has committed bad acts), non-competition restrictions, and setting the sale price for ownership interest upon an owner's death, disability or retirement.

It is everyone's best interest to have an agreement that addresses these and other important to topics. Even if such an agreement is in place, having one in place can be quite different than having an appropriate and fulsome agreement; it is prudent to periodically review the agreement, particularly if practice ownership details have changed. Waiting until a dispute has arisen to have legal counsel consultation is a recipe for disaster. "By failing to prepare you are preparing to fail." (Ben Franklin) ■

Bodman PLC can provide guidance on this matter and others provide practical advice to meet your needs. If you would like to discuss these or any other legal issues affecting your organization, please contact the Brandon Dalziel, at (313) 393-7507 or BDALZIEL@BODMANLAW.COM. Bodman cannot respond to your questions or receive information from you without first clearing potential conflicts with other clients. Thank you for your patience and understanding.



Top Five Ways for Offices to Reduce Past Due Accounts

By Michael Glass

Many practices have knowledge of best practices in receivables. However, once an account begins aging on your A/R, you may find these Top Five ways to reduce past due accounts useful:

1. Have a defined financial and debt collection policy:

One of the major causes of overdue receivables is that your practice has not clearly defined to the patients in writing when payment is due. If patients are not clear on the payment terms, they may feel that waiting 45- 60 days for payments are fine, especially if there are no penalties for paying late. Make sure that your payment terms are clearly stated in writing on the Patient Registration form and statement. If payments are late, have a defined procedure for the office staff to follow as to when to make a call (day 45). Practices are also utilizing automated phone contacts made in the 'practice name' to help in this area.

2. Send out statements promptly and consistently:

If you do not have a systematic billing system, get one! Many times, the patient has not paid simply because they have not received an invoice or statement. Once reminded, most patients are likely to pay in a timely manner. However, given the number of rising delinquencies in the housing market, and the stricter policies for lending, you do not want to be late or inconsistent in asking for payments. No law says you can contact a patient only once a month. The old adage "The squeaky wheel gets the grease" has a great deal of merit when it comes to collecting past due accounts. It is an excellent idea to contact late payers every 7-10 days. Doing so will enable you to diplomatically remind the patient of the terms of payment and ensure that the patient is satisfied with your services.

3. Use your aging sheet, not your feelings.

Many practices (or well-meaning employees on staff) have let an account age beyond the point of reason because he or she felt the patient would pay eventually. While there may be a few exceptions or unusual situations, the fact is that all patients should be treated in the same manner and that expecting to be paid on time is your right. Try to focus on EVERY account going over 45 days and stick to a systematic plan of follow up. Initially, these calls are just a warm and friendly reminder. After speaking to the patient, you can verify that they did receive their statement, ask to receive that payment in the next 3-5 days. If that call does not generate the payment as promised, then follow up with a past due letter with expected



day of payment. Most practices do not have the time to pursue accounts going over 90 days, so at that point you should take the next appropriate step to get paid.

Even experienced staff members can sometimes become gun shy when dealing with past due patient accounts. This is especially true when promises for payment have been made and broken. It is important to be firm, yet courteous, when dealing with the excuses being delivered. Instead of pushing the patient up against a wall, pull the patient to your style


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of thinking and maintain goodwill with them. Be sure your staff has all the tools to make it easy to process a credit card payment.

4. Follow the collection laws in your state.

In many states, businesses are governed by the same laws as collection agencies.

For example, communicating in writing or verbally that the account will be forwarded to an attorney or a credit bureau and then failing to do so can be a violation of some state and federal collection laws. Also, harassing or contacting a patient at unreasonable hours, or using threats or profane language can lead to serious consequences. If you are not sure about patient's rights, contact your state's consumer protection agency. The Fair Debt Collection Practices Act (FDCPA-federal law) applies to Business to Consumers (B2C) and not Business to Business (B2B) collection techniques.

5. Use a third party sooner.

Once you have systematically pursued your past due accounts for 60-75 days (and they have avoided your attempts to



contact them), you may want to send them a FINAL NOTICE allowing 10 days to pay. More than likely, if they have the ability to pay your office they will do so or at least communicate their intentions before you place their account with a pre-collect service. Pre-Collect Third Party services allow

you to keep 100% of the money if collected timely.

The impact of the 'Third Party' tends to reprioritize the debt and encourages the patient to make the payment. Designed for early intervention, a 'pre-collect' service can save practices the internal costs of working accounts beyond the point of reason. Typically, once an account reaches 90 days, you should consider using professional Third-Party intervention.

Most Collection Attorneys and Collection Agencies charge a percentage of the revenue collected, typically 40% to 50%. For Medical Offices with small balances Debt Collectors may not present the most cost-effective solution to past due account concerns.

In Summary

Even by setting up and adhering to a specific collection plan, there are a few accounts that will never be collected. By identifying these accounts early, you will save yourself, and your practice, a great deal of time and expense. Even though a few may slip by you will find that overall, the number of slow pay and nonpaying accounts will greatly diminish, and that's a victory in itself!

When a practice provides a patient service, it has a right to expect to be paid on a timely basis. However, anyone who has been in practice more than a few months has learned that prompt payment is not always the case.

Often, accounts become seriously past due, or when payments are made, there are sometimes insufficient funds in the patient's account to cover a check. Accounts not paid in a timely manner can have a serious impact on the cash flow of the practice. It is becoming increasingly important to be mindful of these trends.

Practice Managers and their staff often learn that managing the accounts receivable is tricky and involves the delicate matter of asking for payment without coming across as harsh. There are processes that once implemented, and the employees are trained on, can be effective in obtaining payments. The balance a patient owes is often a moving target. Continual monitoring is required as the status of these accounts change with new visits, the posting of payments from prior statements, partial payment and requests for back-up documentation.

For questions concerning improving your current process or Pre-collect Services or Debt Collections in general call Michael Glass at (877) 377-5378 today. Mike is a MI MGMA Member. ■

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The Process of Medical Office Leasing



By: Valarie Parker
CARR

Leasing a Medical office space is one of the most crucial financial initiatives a healthcare provider will engage in for a number of key reasons. The Medical office lease is typically the second highest fixed expense in a

Medical practice (next to payroll) and it represents a negotiable contract that impacts both the ability to maximize profits, via lease terms, as well as the ability to position a practice for long-term success.

There is much more to leasing a Medical space than simply finding a great location and negotiating terms. And while identifying a location is important, there are many nuances to evaluating an office space within a market.

When it comes to lease negotiations, it is paramount that favorable economic terms are achieved. Since there is no standard or templated approach to negotiating a lease, each project is significantly different as the needs and opportunities for both the healthcare provider and the landlord vary greatly with each property option. You must ensure you are considering the full cost of the deal, and not just comparing rental amounts. Sometimes a higher lease rate is actually cheaper in the long run when considering the deal as a whole.

It can be tempting to take the do-it-yourself approach when leasing Medical space. To achieve the best possible terms though, it's best to hire a firm that is an expert in the Medical real estate market, has a proven track record negotiating Medical leases and is connected to a team of advisors who are committed to your Medical practice's success. It is vital that you have a Medical real estate advisor on your side to help you make confident decisions about your practice's real estate.

Hiring a real estate agent that's a Medical specialist will also help protect you from numerous common pitfalls by employing their proven strategies and improving the process of finding and negotiating space. A Medical specific agent can also introduce you to industry experts who can help you with everything from insuring yourself and your practice to confirming your practice is receiving the most up to date tax savings available. Most importantly, a Medical agent will save you dozens of hours in non-billable time so you can use those hours to improve your business. Your agent should do all of this at no cost to you as real estate commissions are paid by the Landlord.

Medical Letter of Intent

Once you've toured the market and identified your top 3-4 property options, it's then time to negotiate. This is done by submitting a non-binding Request for Proposal (otherwise known as an RFP) to the Landlord of your top properties. The RFP contains a list of financial and business deal points that you request if you are to occupy the space.

The landlord will then reply with an LOI, which is a non-binding document that stands for Letter of Intent. In the LOI, the landlord will counter any points that are not acceptable and, along with the lease rate, will present an offer based upon the terms requested. The reason for the RFP approach is to ensure you are getting things that are imperative for your Medical office which are otherwise uncommon for a "standard use."

Not only is it acceptable to negotiate on multiple properties, but it's in the best interest of you as a Tenant. Submitting multiple offers creates competition between Landlords, ensuring you understand what other properties would be willing to offer you for your tenancy. It also gives you confidence in knowing



that you will not need to start the entire process over if one property does not work out (which does happen in commercial real estate, in both up and down markets). Finally, this approach also allows the practice owner to rest assured knowing that the best options in the market were equally evaluated before committing to a location and terms.

A Letter of Intent serves as a high-level agreement between the Landlord and the Tenant prior to preparing a lease draft which will ultimately become a binding contract. Taking this approach saves both parties time and money by not getting to the legal negotiations too quickly, thus saving billable hours for what an attorney would otherwise have charged in a situation where the parties are too far off on the main business points to proceed any further.

The most common business points include but are not limited to: the name of the Tenant and their intended use of

the space, lease type, lease term, lease and rent commencement dates, base lease rate, common area operating expenses, exclusivity, free rent periods, annual escalations, tenant improvement allowance, signage, HVAC and electrical needs, renewal options and condition of the premises (also commonly referred to as the landlord's work).

Your Medical agent should gather all of the LOI's and put them into a comparison spreadsheet which takes into consideration not only the unique terms offered by each landlord, but also the remaining costs of the deal for the practice, including the cost to build out the space, cost of funds to pay for improvements, along with other important considerations. In doing so, you will obtain a clear picture for which deal makes the most sense overall. Often times there are multiple rounds of negotiations to ensure that there is nothing left on the table.

Once all Letters of Intent are evaluated, and best and final terms are agreed to, your agent will provide a comparison of the final offers, and then you will decide which is the prevailing property. At that point, the Landlord will supply a lease draft for legal review by your real estate attorney.

Medical Lease Agreements

Upon receiving a Medical office lease agreement from the Landlord, it's time to engage a real estate attorney to perform a lease review. Your attorney should begin with the LOI to ensure that not only did the business points make it into the lease, but that they are communicated in a way that makes them binding on both parties. Your attorney will also then review the remainder of the lease, which often includes such points as:

- Assignability and permitted transfers
- Force majeure and/or pandemic clauses
- Maintenance responsibilities of both parties, including HVAC

- Subleasing restrictions (i.e. to a specialist)
- Personal Guaranty burn-offs
- Death and disability
- Relocation (within the property)
- Access to the property after normal business hours
- Common area maintenance
- Landlord's work and delivery of the premises
- Liability insurance requirements

Other matters pertinent to a Medical office

Medical lease agreements vary in length from ten pages to fifty pages or more. The depth of the lease is largely dependent upon the type of Landlord that owns the property (e.g. and institutional landlord vs. a mom and pop owner) along with the size of the property or master-planned development. In every case, no matter how short and seemingly simple the lease is, only licensed attorneys are permitted to give a client legal advice.

Your real estate agent should not, and legally cannot, perform a legal review of your lease. It is a breach of both legal and ethical



state statutes for a real estate agent to practice law. Practicing law constitutes the giving of legal advice, including but not limited to the evaluation of a legal document (or lease) and then advising a client on potential outcomes or strategies to proceed. Bottom line, real estate licensees are not permitted to practice law.

Conclusion

Following these strategies will ensure that you get the best possible outcome and maximize your profits when leasing Medical office space:

- Understand that there are pitfalls to calling on properties without representation and avoid the temptation to do it yourself.
- Hire an expert Medical real estate broker that only represents tenants and buyers, and therefore has no conflict of interest otherwise created by agents that also work with Landlords.
- Look at all of your viable options including the possibilities of leasing or owning. Look at retail, office and stand-alone buildings. Cover all your ground and compare your top three to five options before making a decision.
- Assemble an expert team of Medical advisors and vendors to help you complete your office project. Your team may include an Attorney, CPA, Architect, Contractor, Engineers, IT Professional, Designer, Practice Consultant, Equipment Supplier, Financial Planner, and more. Your specialized Medical real estate agent can help you secure your entire team, and ensure you have the most qualified and efficient professionals working on your behalf. ■

CARR is the nation's leading provider of commercial real estate services for healthcare tenants and buyers. Every year, thousands of healthcare practices trust CARR to achieve the most favorable terms on their lease and purchase negotiations. CARR's team of experts assist with start-ups, lease renewals, expansions, relocations, additional offices, purchases, and practice transitions. Healthcare practices choose CARR to save them a substantial amount of time and money; while ensuring their interests are always first. Visit CARR. US to learn more about our expert representation services.



Michigan Medical Group Management Association

P.O. Box 205

Jackson, MO 63755

800-314-7602

INFO@MIMGMA.ORG