



A guide to managing your private anaesthetic practice

Sooner or later, whether you are a staff specialist, VMO or entirely in private practice, you will need to send accounts to your patients. This guide will help you get started managing the financial aspects of your anaesthetic business.

Who should do the billing?

The simplest option is to do it yourself. Other options are to have a family member, friend or secretary do it, to use a billing service, share a secretary with another anaesthetist, or use the services of your anaesthetic group. A busy anaesthetist may only need 1-2 half days of secretarial work per week, less for staff specialists and part-time workers. It is advisable to initially perform the billing yourself so that you can fully understand and advise others on using whichever system you have chosen. It is important to train the 'secretary' and check his/her work until you have confidence in them. Even if your anaesthetic group provides billing services, you should familiarise yourself with how the secretaries prepare and manage your accounts since these will reflect your own professionalism.

Using a billing service

There are now several companies which provide billing services to anaesthetists. Some people use these exclusively for their entire practice, while others use them for short periods while just starting out or to cover other temporary requirements. Usually a billing service will send the account, collect and bank payments, follow up overdue accounts, answer enquiries and provide regular reports. They may charge a fee per account or a percentage of the fees invoiced.

Choose a computer system

A dedicated computer is essential for your anaesthetic practice, not only for accounting, but for all kinds of educational and communication activities. Most computers bought today will have adequate features to manage your affairs, so choose on the basis of value for money and reliability of backup services. Essentials include a modem for Internet access and a backup device such as a zip drive or CD writer. Many people are now choosing a broadband cable or ADSL Internet connection for speed and convenience. Desktop computers offer more features for the price, while notebook computers offer portability and can perform most tasks equally well. Handheld computers (Palm & Pocket PC) cannot yet replace desktop or notebook systems.

Billing without dedicated computer software

It is possible to manage accounts without dedicated computer software using only the MBS book, the RVG book, and a computer with basic word processing software.

Using Microsoft Word, for example, you could create simple templates for your accounts and receipts. Create a new document based upon the template for each new patient and enter the relevant information into the document. You could automate this further by creating a mail-merge document and entering the patient, item and fee details into a table which is then merged with the account or receipt template.

This method is really only an option if you do a very small number of private cases since it becomes too unwieldy with many accounts.

Using specialized anaesthetic software

Anaesthetic billing is quite complicated and generic accounting software such as MYOB or Quicken is unlikely to satisfy. There are several dedicated software packages for anaesthetists in the marketplace. **Access Anaesthetics** provides all the functions required to streamline your billing, receipting, banking and reminder systems to keep a comprehensive record of your business activity. This will increase your practice efficiency and provide a professional look to your correspondence.

Types of accounts

MBS. The MBS 'schedule fee' has been the fundamental fee for accounts for many years because this is the total amount that the patient will be rebated from Medicare and their health fund in most circumstances. Prior to November 2001, the rebates for anaesthesia were set with reference to the activity of the surgeon, not the anaesthetist. The RVG was subsequently incorporated into the MBS system to provide an anaesthesia-based fee system.

The RVG system specifies a basic anaesthetic unit value for standard operative procedures according to the difficulty of the case. A number of time units are added according to the time the procedure took. Additional 'modifier' units are added according to the degree of difficulty, out of hours work and so on. The total number of units is multiplied by a dollar value per unit.

The schedule fee is determined using the unit value applicable at the time. In Nov 2001 this was \$17.15. MBS rebates (both pre and post Nov 2001) lag well behind what is considered appropriate remuneration for anaesthetic services. Consequently, it has been usual to add a percentage to the schedule fee, or since Nov 2001, to bill at a specific unit value which may be substantially higher than the MBS rebate level.

Health Fund Agreements. Legislation now allows health funds to rebate patients for amounts above the MBS fee. An anaesthetist may elect to provide services at a private hospital for which (s)he bills the health fund or hospital directly rather than the patient. The funds agree to pay a fixed fee to the anaesthetist which provides the patient with a 'no-gap' service. Each fund publishes a schedule of fees which are usually around 40% higher than the MBS fee.

Funds may also allow a 'known-gap' service where the fund will pay a fee above the MBS fee, but where the patient also makes a co-payment. Such accounts may be sent to the patient or, one to the patient and one to the fund.

It is usually required that the doctor register with each fund that they wish to use. The doctor still has the option for any account to use or not use the health fund product. Using these methods may add significantly to the paperwork involved in sending accounts, but may speed up the receipt of payments. Each fund has its own requirements, which may or may not include written 'informed financial consent'.

Health fund rebate methods are still controversial and you are advised to consult your colleagues or the ASA for the latest guidelines.

ASA RVG. Over many years, the Australian Society of Anaesthetists lobbied the government to incorporate its RVG (Relative Value Guide) into the MBS schedule and this was finally introduced in Nov 2001. Prior to that time, many anaesthetists used the ASA's RVG schedule to determine their fees even though it was not recognised by the Health Insurance Commission. It was considered a more appropriate system of determining fees. The ASA's RVG schedule has its own item numbers which are different to the MBS item numbers. Not all items match between the two systems and the ASA schedule has a number of additional modifier items.

The ASA's RVG schedule can be used to bill patients. However, where the patient is eligible for a rebate from Medicare, the account should show the item numbers used in the MBS schedule. Medicare assessors will only pay rebates for items they can identify and problems at this stage mean lower rebates for patients and more follow up work for you or your secretary.

Third Party and Workers' Compensation. Where an operation is performed in relation to a motor vehicle or occupational accident, the account is usually sent to an insurance company or solicitor rather than the patient. In NSW, most third party and workers' compensation insurers prefer to receive anaesthetic accounts generated using the ASA's RVG schedule, rather than the Medicare schedule. They will then provide payment for fees up to the maximum unit value recommended by the AMA. It is advisable to obtain relevant insurance company or solicitor details during the preoperative consultation.

Department of Veterans' Affairs. When sending patient accounts to the DVA, anaesthetists may elect to be paid according to the MBS or according to the time-based schedule developed by the DVA. In the former case, standard MBS accounts should be generated. For 'time-based' accounts, you need to provide the specific times for the procedure and details of any additional procedures performed. You will be remunerated according to a standard formula with a rate for the first 30 minutes, then for each 5 minutes thereafter. The DVA have their own set of 6 item numbers for time-based accounts, and these should be used on accounts instead of the MBS anaesthesia item numbers.

Determining what to charge

In setting your fees, consider practice costs, what you're worth, your experience, the difficulty of the procedure and the patient type (emergency, overseas patient, ability of patient to pay, pensioner etc). Practice costs may include rent, wages, medical defence premiums, computer hardware and software, postage, continuing education, the cost of living in different cities and anticipated delays in payment. If using the RVG, you may settle on a specific unit value or, for MBS accounts, a specific percentage above the schedule fee.

Inform your patients about your fees

Because of the low level of MBS rebates, many of your private patients will be expected to pay a 'gap' especially if you use RVG billing. You should discuss your estimated fees with your patients prior to surgery explaining the reasons for and likely amount of the 'gap'. Patients may legitimately complain about large gap payments if not informed previously. The ASA has developed an 'Informed financial consent' brochure which may be helpful in your discussions with patients. Or you may wish to provide the patient with a written estimate or 'quote'. This can be personalised for each patient, or a standard quotation could be produced for procedures you perform commonly. It may also be useful to inform your surgeon of your estimated fees.

Other useful brochures are also available from the ASA including 'Anaesthesia and you', 'Epidural anaesthesia and you' and 'Pain relief'.

GST

GST does not generally apply to private

anaesthetic procedures, third party, workers compensation or Veterans' Affairs accounts. Nor does it apply to any procedure where an MBS number applies. It does, however, apply to anaesthetics given for elective cosmetic surgery and to some other procedures. It also applies to sessional payments from hospitals to VMOs. Consult the ASA for the latest details.

Discounts

Some anaesthetists find that offering a small discount to patients helps to improve the practice cash flow and reduce the need to follow up overdue accounts. Generally discounts are offered to patients for timely payment of accounts and if the payment is not received within a specified period, the patient is liable to pay the undiscounted fee. This seems to work particularly well where the period the discount is available is short enough to require that the patient pay the fee directly, rather than to apply and wait for Medicare and fund rebates.

Very large discounts are inappropriate as it may appear that the un-discounted fee has been artificially inflated.

Important note on fees

Each anaesthetist must set his/her fees individually after considering all factors which are relevant to his/her own practice. The ACCC takes a dim view of making agreements with those who would be considered your competitors. Note also that the ASA does not recommend specific fees; its advice regarding the RVG constitutes a standard method of comparing the relative value of different anaesthetic services.

What to put on the account

Essential items include your full name, provider number, qualifications, correspondence address, telephone number for enquiries, patient's name/address, date of each anaesthetic service, description of service, total fee, surgeon, date the account was sent and a unique account number. Additional items may include any of the following; your company name and ABN or ACN, MBS or RVG item numbers, times/duration of procedure, hospital, claim number for Veterans' Affairs or insurance claim, patient's date of birth, date of injury, discount offered, GST if applicable, message regarding the derivation of the fee, message regarding the overdue status of the account and payment instructions.

Private health fund billing may require additional paperwork and this is different for each fund. Some require that account details be recorded on their own stationery; others require a summary form (batch header) to be included with a group of accounts. The details will be included with a provider's pack when you register with each fund.

When to send accounts and reminders

Accounts should be sent as soon as practical after an anaesthetic service. You may wish to give consideration to individual patient circumstances such as a prolonged hospital stay. For major surgery you may wish to wait until after a patient has returned home while for minor procedures, sending an account the same day may be appropriate. This delay will depend on each individual anaesthetist or on the preferences of a group.

Where payments are not received within a specified time a reminder should be sent which includes a copy of the original account. Again, the delay before reminders are sent should be determined by the individual anaesthetist. Additional reminders with appropriate messages may be sent thereafter at specified intervals. Discounts may be helpful in encouraging prompt payment of accounts.

In some cases it may be beneficial to telephone patients to enquire about non-payment of accounts. You may prefer a spouse or secretary to do this rather than do it yourself. The emphasis should be on assisting the patient to pay the account, rather than making demands.

In considering the time within which to offer discounts, send reminders and make telephone calls, it is worth noting that Medicare estimates the following times for processing accounts: 18 days for unpaid accounts presented to Medicare for payment to the provider, and 10 days for paid accounts presented to Medicare for reimbursement to the patient.

For accounts where payment is not forthcoming after reasonable efforts, it may be wise to use a collection agency. Generally they will send 2 or 3 letters to a debtor with increasing levels of 'encouragement' to pay. Some charge a percent of fees recovered while others charge a fixed cost per account. Consult your colleagues to decide which agency to use or look up the Yellow pages under 'Debt collection services'.

Receiving payments and handling enquiries

Most payments are made by cheque received through the mail and only few anaesthetists (usually those belonging to groups) can accept cash payments at their rooms. Since most consultations occur at hospitals, anaesthetists rarely require rooms. A post office box may be all that is required.

Apply to your bank for a merchant facility so that you can accept credit card payments from your patients by mail or phone. This is easy to set up even for a single anaesthetist. It is convenient for patients and can be very useful when telephoning late payers since payments can be taken immediately by phone. These days everyone has a credit card.

Health funds usually pay their no-gap accounts directly into the doctor's specified bank account and send a statement with the details.

Some consideration needs to be given to how to provide a phone answering service during business hours. It's a good idea to set up a second line into your house with a separate number and an appropriate answering machine message. If required, calls can be diverted to a mobile phone or to an instant messaging facility.

It is not uncommon for patients to experience difficulties in their dealings with Medicare and health funds and it is a good idea to create standard letters for managing recurring problems. A set of standard letters to deal with patient enquiries regarding fees may also be helpful.

Use a logbook

Start up a physical logbook to record all your private cases. There is no substitute for a simple paper record of all the anaesthetics you have ever given, especially if your practice has any electronic problems in the future. A paper record gives you a reliable time-referenced gold standard of the work you have done. Some examples of logbooks are:

An annual diary. Use one such as a Collins A4 sized diary with one day per page. For each anaesthetic you give, place a patient label on the page and write down the details of the procedure. You may find that the page sizes are insufficient for some days and too big for others. You can instead ignore the days and just stick the labels and details in a chronological sequence. Then

label the books in the same way you would label an old cheque book, e.g. Jan-Mar 1999. If you do this you won't need a diary as such but the A4 ones are a handy size.

A card system. Buy some 5 x 3 or 6 x 4 inch blank index cards from a newsagent or stationer and keep a bundle with you when you are working. Put a patient sticker on each one and record the procedure details, one anaesthetic to a card. If you want to be really organised, print a template onto the card with blanks and boxes to prompt you for relevant information.

A loose leaf folder. For the ultimate in record-keeping, use your word processor to print a template onto an A4 page containing detailed prompts for information to enter, and ample space for waxing lyrical about the procedure. Keep your pages in a set of ring binders. This may be a bit excessive for your average anaesthetist.

Always keep the diary or cards with you when you are working so you can use the quiet times to enter the details of your anaesthetics. Create a new entry every time you give an anaesthetic, or if appropriate, when you see the patient during a pre-anaesthetic consultation.

What about entering data directly into a computer without the paper record?

There is a certain amount of duplication involved in completing a paper record and then entering it into a computer. If you like, take a notebook or pocket computer with you to work and enter the data directly. This will eliminate the duplication, do away with the paper record and save you some time later. However, there are a few disadvantages to this system as follows:

- You won't have the advantage of a reliable gold standard paper record which is immune to electronic problems.
- You need a portable computer.
- You must take your computer to work and avoid losing it.
- You may not have time to do the data entry.
- Doing the data entry may distract you from your anaesthetic duties.
- Privacy of your accounts may be compromised.
- It may be unwise to be seen dealing with accounts while involved in clinical activities.

Handheld computers

Palm and Pocket PC devices are being used more commonly in the operating theatre environment. This evolving technology offers much to the anaesthetist. As well as being able to enter details for private accounts, these can be used for clinical logbooks, a diary, address book, journal reference manager, drug information index, infusion calculator and many other uses.

What to put in the logbook or cards

- The patient address sticker. If you can't find one, transcribe the patient name and address from the notes and also the date of birth.
- The *date* of the anaesthetic – *don't omit it*, especially if using a card system.
- The surgeon, operation and hospital and their relevant contact numbers.
- The MBS item numbers for the procedures.
- Whether or not a pre-anaesthetic consultation was done.
- Details of pressure monitoring, transfusion or any other extras.
- The start and stop times for the anaesthetic and any RVG modifying factors such as patient age, emergency status, and whether it was done out of hours.
- Contact details including home, work and mobile numbers. These may be invaluable for following up unpaid accounts.
- Patient's insurance status and health fund details including membership number.
- For Veterans' Affairs patients – the DVA number.
- For Worker's comp or third party patients – the insurance company, employer and/or solicitor and any relevant claim number.
- Any relevant clinical notes.
- Details of the account type and fee to be charged e.g. SF, RVG@30.
- Details of any discussion of fees including any estimated gap.

Enter the procedure details into Access Anaesthetics

Whenever it is convenient, enter the relevant data from your logbook or cards into Access Anaesthetics. Or, 'Hotsync' your Palm or Pocket PC to transfer the accounts directly. When a new account is created, it will automatically be assigned a unique Account Number. You should record this number in your logbook or on each card for easy reference.

If you have a secretary

If you have a spouse or secretary doing this job for you, simply hand them the logbook or completed cards or, if your secretary works elsewhere, post or fax the cards. (A logbook is not the best option in this case.) You could even use a post office box as an intermediate point between your secretary and you; you pick up your mail and leave your cards while your secretary collects your cards (and cheques for banking) from the same box. You don't even have to see each other!

Manage printing, receipting, banking and sending reminders

After an appropriate time has elapsed from the anaesthetic procedure, print the accounts which are 'Ready to send'. When payments arrive record the details in the computer. At the end of a computing session, print receipts for any accounts which need them, print any new accounts which are 'Ready to send' and print any reminders which are due for outstanding accounts. Prior to your next trip to the bank, print a bank deposit slip for the payments received since the last deposit.

Letterheads

The letterhead formats built in to Access Anaesthetics can be customised sufficiently for most people and look professional. If you want to design your own, go ahead, and have it printed by a professional printer. You may, for example, like to print in colour, add a logo or create a particular look. Then put the letterhead paper in your printer and print your accounts and letters onto it (you can turn off the built-in letterhead in

the system Options). Be sure that your own letterhead doesn't conflict with the page locations that Access Anaesthetics uses to print data.

Postage and design issues

The printed account and letters produced by Access Anaesthetics were designed so the address details would appear in the appropriate position for a standard DL *window* envelope. Buy a batch of these and a roll of stamps and you're ready to mail your accounts. With this system, you don't need to hand write addresses or print sticky labels.

To personalise your correspondence, have the local instant printer print a batch of envelopes with your name and return address or have some small address labels made up which you can stick on to your envelopes. The latter are very inexpensive and look fairly professional. A more fiddly option is to print your details onto the envelopes using your word processor. But be careful with window envelopes in laser printers. The heat generated may damage the plastic window or even the printer.

Rent a post office box for your business correspondence. Small ones are only about \$40 per year.

Further information

We recommend you visit our website at www.healthbase.com.au. As well as information on **Access Anaesthetics** software, you will find links to professional societies, journals, health funds, government bodies, computing issues and many other useful anaesthesia resources.

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