10 STEPS

Find a Better Practice Management System

A simple guide to automation and stronger financial performance

nextgen healthcare

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The healthcare workforce has grown by 75 percent in the past two decades. At first, it sounds like good news, but there's a disturbing trend: **A whopping 95 percent of this growth was in administrative staff, not doctors.[1]**

This is largely the consequence of regulation from government entities and demands from third-party payers. What does it mean for your medical practice?

The expense of staffing your office for administrative purposes is soaring—far outpacing the growth in providers who deliver care. To run a financially effective practice, you need automation.

A practice management (PM) system should support automation of routine tasks to save you time.

This e-book will help you find a PM system to run your medical practice effectively.

WHY CONSIDER A NEW PM SYSTEM?

To run a lean organization

Consider your labor-to-provider ratio. How much staff do you need to hire each time you bring a new provider? Consider every manual task performed by your office staff: Is there is a way to automate it—with the aim to develop a lean, effective organization?

With the right PM system, you can automate reports and statements; billing; claims; collection and recall letter generation; eligibility and claim status requests, and more. This will make a huge difference in the financial viability and long-term success of your practice.

To get a better view of your KPIs

The right PM system should provide a window into the key performance indicators (KPIs) that your practice needs to understand financial trends, identify issues that need to be addressed, and find opportunities for growth.

STEP 1

IDENTIFY YOUR NEEDS

What about your current PM solution merits replacement? What pain points are affecting your efficiency?

Common pain points

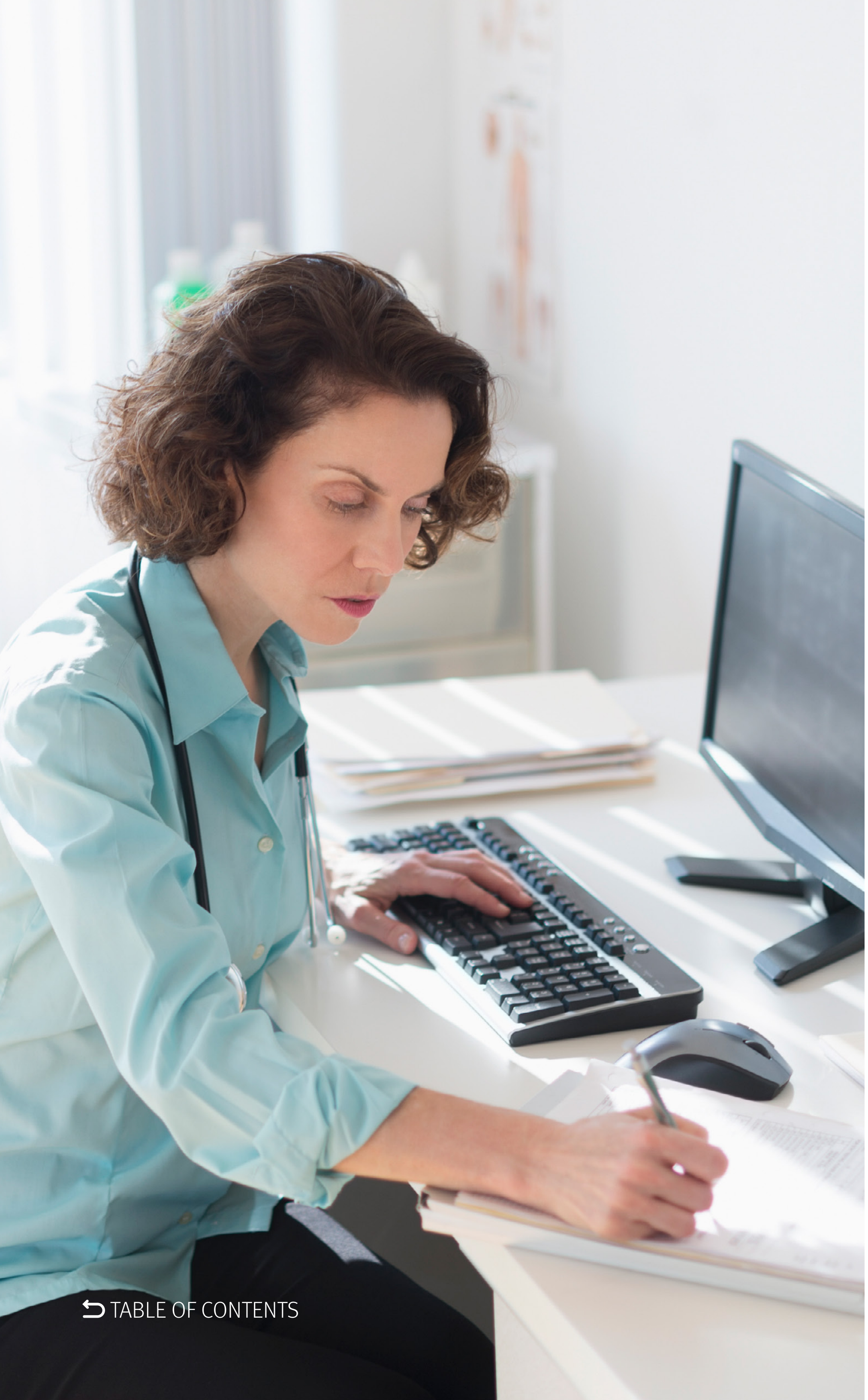
- The PM system doesn’t integrate with your electronic health record (EHR); staff have to log in and out of different systems
- The system isn’t equipped to handle the nuances of your medical specialty
- Lack of automation means your staff must manually perform routine tasks, such as reviewing and sending out claims and statements
- Cloud-based hosting options aren't offered, making remote access to information difficult and requiring server costs
- The system doesn't provide transparency and workflow efficiency between the front and back offices
- The system is challenging to use; onboarding and training is difficult
- When you need support, the vendor is often slow in their response, or their responses aren't helpful
- Lack of automated reporting means your staff has to spend hours creating reports manually

Desired features

What features would you like in your new PM system? What desired features are available in PM systems currently on the market?

Key features to look for:

- Ability to automate routine processes
- Integration with your EHR
- Reporting and financial analytics capabilities—including support for monitoring your practice's KPIs
- Cloud-based hosting options
- Integration with virtual visits



STEP 2

DO YOUR RESEARCH

1. **Build a team**
Assemble a team to guide the selection process with representation from major areas of your organization—clinical, billing, IT, and administration. Include no more than seven team members to make decision making easier.

2. **Build consensus and choose potential vendors**
The selection team should meet to build consensus on which capabilities of a new PM system are most important to the practice. Next, choose at least four vendors that may meet needs identified by your team.

3. **See solutions for yourself**
Watch demos online to preview each of the identified products. During the demos, each person should note the features they like and rank them, based on how they'd help your practice.

4. **Finalize your features**
Based on your research, finalize your list of key features and functions. The final list will help produce a more solid RFP. It will also help you gauge the overall market.

STEP 3

ESTABLISH A BUDGET

To determine a budget for your new PM system, start by gaining a better understanding of the cost of your current system, as both a yearly cost and total cost of ownership over a set time period.

Consider the cost of depreciation on equipment—servers, computers, and peripheral devices. Remember to factor in recurring costs of licensing your PM software as well as what you pay for IT support and system maintenance.

Balance cost against potential ROI

When budgeting for the new PM system, in addition to the costs for software and hardware (or cloud-based hosting, if you select that option), you will need to factor in costs for implementation assistance, training, and data conversions, as part of onboarding to the new system.

Cost factors, however, can be balanced against the potential for return on investment (ROI). If your new PM system allows for greater automation, you will likely save on labor costs.

For example, if a medical practice requires ten full-time equivalents (FTEs) to run its back office, with a more automated PM system, it may only need seven.

Consider new roles and initiatives

In addition, administrative staff whose tasks are replaced with automation can be reassigned to new roles and initiatives—some of these new assignments may help generate revenue, thereby adding to your ROI.

STEP 4

DRAFT AN RFP

Be specific with your requirements for vendor proposals. The more clearly you outline your requirements, the better your responses will be.

Components of your RFP

Your RFP should include these sections.[2]

An introduction – Provide information to the vendor about your practice and how you operate from a business perspective. Help the vendor understand the type of practice for which they are submitting a proposal.

Vendor profile – Provide an opportunity for each vendor to share basic information about their company and their PM solution.

Requirements – Specify all the requirements you are looking for in your new PM system. Requirements may be written in a question format. Use the answers to compare the offerings of competing vendors. See the following section for sample requirement questions.

Timelines – Provide timelines for submission of the RFP, review, and decision making.

Cost – When asking for cost data, give vendors an opportunity to provide explanations for these costs. Also ask about licensing options.

In a perpetual software license, software is installed and operated on hardware located on-site at the medical practice. As a licensee, you may be offered additional services, such as implementation, customization, training, maintenance, and technical support.

In a software-as-a-service (SaaS) model, the software is only available on a hosted platform ("on the cloud"). Maintenance is included as part of the hosting cost, but there still may be separate implementation, customization, and training services offered.

Generally speaking, a larger upfront investment is needed for a perpetual software license. The SaaS model requires less front-end investment, but necessitates monthly payments.

Selection process – Include a brief summary of your intended selection process.

Sample RFP requirements

Below are sample requirements to consider including in your RFP proposal:

- Was the PM system developed in-house by software developers from your organization?
- Do you offer your PM system fully integrated with an EHR? Can this integrated system operate on a single database?
- What routine functions can be automated by the PM system? For example, consider eligibility and claim status requests, billing, claims, reports, statements, and collection and recall letters.
- Do you offer a cloud-based hosting option?
- Does the PM system provide an at-a-glance view of critical data based on the user role? Can the screen the user sees upon entering the program be customized according to their role?
- Can both front office and back office staff clearly see whether the patient has an outstanding balance?
- Does the PM system allow patients to pay their bills online?
- Does the system provide a window into financial and operational analytics and key performance indicators (KPIs)?
- Does the system facilitate sending out automated patient reminders and patient surveys?
- What features does the PM system offer to enhance transparency and workflow efficiency between the front and back office?

Additional RFP Tips

- The first page of your RFP should identify a single point of contact with an email address. Tell all vendors they will be disqualified if they communicate with anyone other than that point of contact or by any means other than the provided email.
- Ask vendors to provide three to five client references with a description of the products and services the vendor provided them.
- Do not share your budget information.

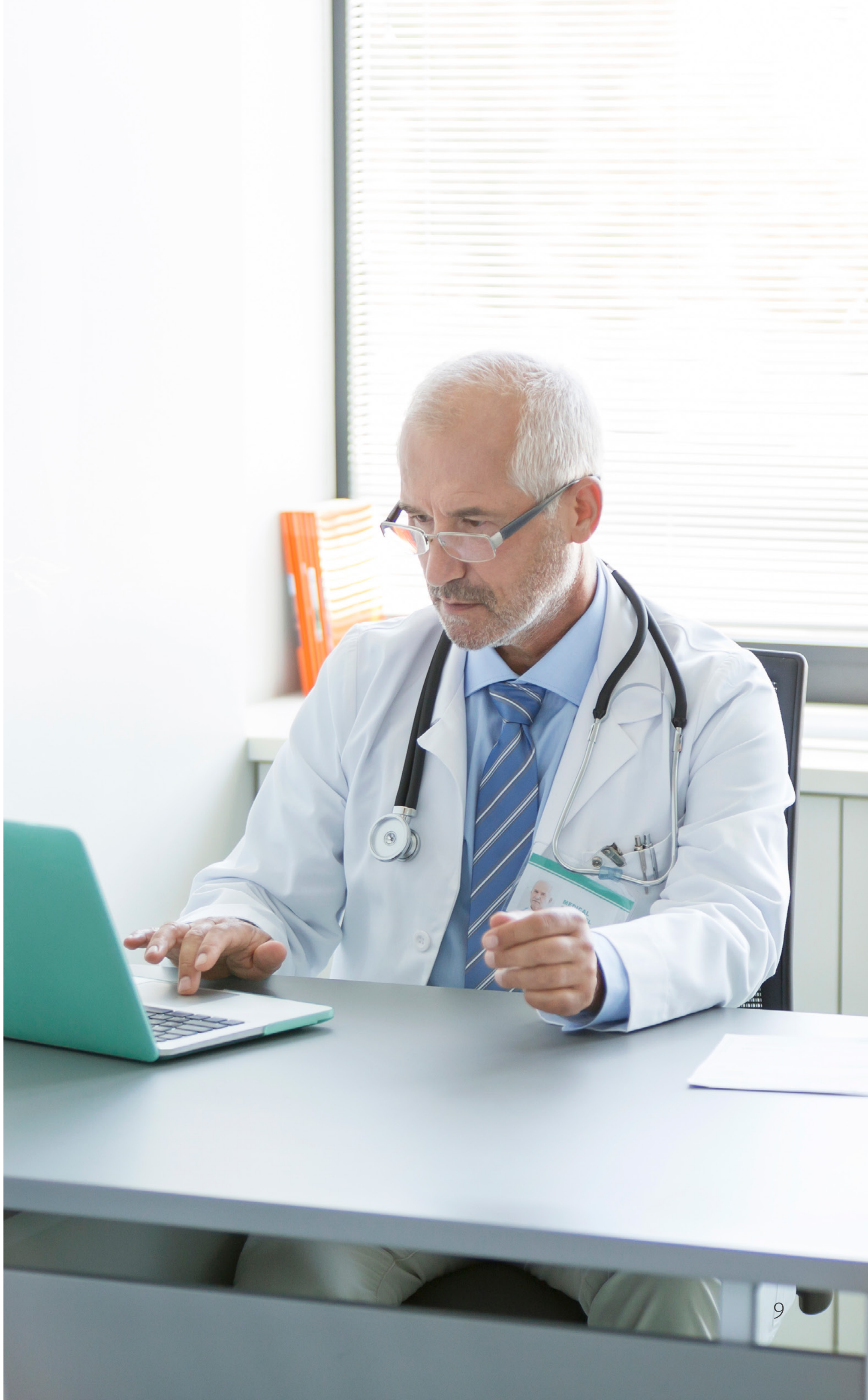
STEP 5

NARROW THE POOL

Evaluate each proposal with a weighted points scale. There are many ways to score vendors and the amount of granularity you apply is up to you. The important thing is that you employ some method to rank all RFP responses that will allow you to feel comfortable that the top few vendors do in fact offer solutions that meet your needs and are within your budget.

Once all team members have scored each vendor, use the average scores to select the vendors who will move forward. Three is optimal, as the next step requires significant resource commitments. Be sure to notify the vendors who will not be moving forward.

Tip — It's not uncommon to find that vendors who meet your needs are outside your budget, and vendors who are within your budget do not meet your needs. If you find yourself in this position, stop and do some additional analysis. Carefully consider your needs and decide whether they can be reduced or if your budget can be increased.



STEP 6

SEE THE PRODUCTS IN ACTION

Schedule your top two vendors to present their PM systems, either with an on-site demo or using a virtual meeting platform such as Webex. Give them plenty of time to present, at least four hours. Prepare your team to rank every vendor's demo using the same scale.

Tell vendors that they must deliver live demonstrations of their products—not slides or any other non-live presentation.

Unscripted is best

Some organizations want vendors to follow a set script when they deliver their presentation. However, this limits vendors who may have creative solutions to meet your needs.

Asking vendors to follow a script may also encourage the introduction of limitations from your current PM system into your selection of a new one. This tendency to carry forward the status quo is one of your biggest risks now and during implementation of the new PM system.

Remember, this is your chance to rid your organization of workarounds and take a fresh look at how you can make business operations more efficient.

STEP 7

DISCUSS PARTNERSHIP

How you work with a vendor is as important as their product.
Ask vendors to discuss the following:

Partnership Checklist

- **Implementation methodology**
  What is their project plan? How many hours do they expect the project to take? How is the work divided between the vendor and your group? How quickly does the project begin once a contract is executed?

- **Data migration**
  Do they migrate data from your system into theirs? How exactly do they accomplish this? How do they price it? What data elements are included? What data do they recommend, if any, that you pay to migrate?

- **Training**
  Does the vendor offer interactive eLearning courses to help train staff, trainer-led sessions, or both? What materials do they provide to support learning? What system do they use for training? Do they offer hands-on practice exercises and access to a training database? Do practice administrators have a way to assess your staff's progress in learning new skills?

- **Proposal review**
  Ask the vendor to walk you through their proposal line by line and ensure you understand each charge. Ask if you may incur any additional costs not listed on the proposal. Have them describe and justify any potential changes to your cost.

- **Relationship building**
  You are seeking a partnership as much as a solution. Assess the vendor's willingness to engage in a long-term business partnership, as opposed to just making a one-time sale. What avenues of communication are in place if you need to seek support after the deal is signed? Ask the vendor what resources they offer to help ensure successful onboarding and ongoing use of their PM solution. As your practice's needs evolve, what resources do they have in place to help you meet future financial challenges?

STEP 8

REQUEST BEST AND FINAL OFFERS

After reviewing three-to-five prospects, your team may already have a clear winner in mind. If so, move to the contracting step. If not, narrow the field to two vendors using a team vote, demonstration rankings, or pricing.

Communicate any additional requests for product or service features or changes to your expectations to your two prospects. Now that you've gained a better understanding of their terms for pricing, consider providing additional information that would help them refine their offer.

Ask both remaining prospects to submit a best and final offer. This gives them the opportunity to adjust their pricing and gives you a chance to obtain better terms.

Tip — Make both vendors aware that there are only two finalists for your business, and they are competing with each other with their best and final offer.

STEP 9

CHOOSE A PARTNER

By now, you may have one vendor who has earned the most votes from your selection team. If not, use price as the final criteria to select your vendor of choice.

Negotiate terms with this vendor until you either sign a contract or reach an impasse. Do not notify your second-place vendor of your decision until you execute a contract with your vendor of choice. Notifying a vendor of second-place status can cause difficulties should you later decide to work with them.

Tip — Be sure to check the client references provided by the vendor. Insights from the vendor's clients add real-world value to what you learned during your research. When you speak to these clients, be ready to ask targeted questions. This will help you better understand how they are using the PM system.

STEP 10

REVIEW THE CONTRACT AND SIGN IT

Ask your selected vendor to submit their final contract and software license agreement, as well as any additional paperwork needed to finalize the purchase. Ask if there are contracts or agreements for any third-party software necessary for the system to operate. You may need to review these agreements as well.

Get legal advice

Send the paperwork to your legal team or outside counsel for a careful review. Make any necessary changes recommended by your legal advisors and make sure they are acceptable to the vendor. You are entering into a long-term partnership, so you should understand everything in the contract and be comfortable with all of the conditions.

If you hit a critical impasse in your negotiation, let the vendor know that if you can't come to terms, you intend to move on to another PM solution provider. Give them time to respond. If the impasse persists, you may need to switch vendors. If you are satisfied with the terms to which the vendor has agreed, execute the contract.

A LEADER IN PM

It's a big undertaking to switch your PM system. That's why it's important to choose a proven vendor who not only meets your needs now, but who will be a partner alongside you as those needs evolve.

NextGen Healthcare earned Best In KLAS for practice management

(11 to 75 providers) for the past three consecutive years: 2019, 2020, and 2021.

Automate routine tasks

Time-consuming repetitive tasks like scheduling, billing, verifying eligibility, claims processing, and assigning follow-up steps to staff can all be automated to save you time. These tasks can be performed anytime you want, on a continuous, automatic cycle.

Review charges automatically

Combine custom and specialty-specific rules with automation to review and correct charge data from your EHR before passing it to your practice management (PM) system. Reduce operating costs, capture missed revenue, and accelerate insurance payments.

Access robust data analytics

Get the data you need to establish meaningful benchmarks, make critical decisions, and grow your business. Easily obtain practice analytics via a web browser or your smartphone or tablet.

Obtain accurate estimates

Cost estimation uses financial information to quickly determine the patient's responsibility and identify an appropriate amount to collect pre- or post-service. The estimator can access eligibility, contracts, and the full range of historical, financial, and reimbursement data to produce reasonable estimations.

Find claim status more readily

Easily navigate adjudication information in a modern, aesthetically pleasing user interface.

Provide a better experience

Integration of the PM system with the NextGen® Patient Experience Platform improves practice efficiency, provides a better patient experience, and builds patient loyalty.

Make informed decisions

Receive real-time data and key performance indicators to make intelligent business decisions. Assess your A/R, manage your month-end closing, analyze your payer mix, and ensure a healthier cash flow.

Configurable, custom reporting to:

- Leverage drill-down capabilities
- Track enterprise-wide performance and monitor productivity
- Generate automatic daily, weekly, and month-end reports
- Gain meaningful insights and eliminate guesswork

TAKE THE NEXT STEP.

Contact us at 855-510-6398 or results@nextgen.com.

Empowering the transformation of ambulatory care.

1 Heather Ross, "The Great Healthcare Bloat: 10 Administrators for Every 1 U.S. Doctor," Healthline Health Hews, January 30, 2019, https://www.healthline.com/health-news/policy-ten-administrators-for-every-one-us-doctor-092813. **2** Amy Vant, "A framework cheat sheet for your EHR RFP," EHR in Practice, August 10, 2015, https://www.ehrinpractice.com/a-framework-cheat-sheet-for-your-ehr-rfp-295.

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