
How to Determine If Your Practice Could Use a Professional Practice Administrator *

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The business of practicing medicine presents many management challenges for physician practices. Practices that strive for excellence in balancing financial stability, operational efficiency, compliance with legal and regulatory requirements, and provision of high quality care might benefit from the services of a professional practice administrator.

To determine whether hiring a professional administrator is the right approach for your practice, it is important to have a good understanding of your practice's current needs and readiness to hire a professional practice administrator. If you are ready to make a change, you'll need a strategy for recruitment and hiring.

Assessing Your Practice's Management Needs

An effective way to assess your practice's need for a management change is to take a broad look at how you currently manage your practice. Focus your review on: daily practice operations, planning and marketing, financial management including dealing with managed care, human resources, facilities, information technology, legal and regulatory compliance, relationships with external individuals/organizations/agencies, and use of outside consultants. Here are sample questions in each of these categories.

Sample Survey of Current Practice Management

Daily Practice Operations

- Do our current methods for overseeing daily practice operations meet the needs of physicians, managers, staff, and patients?
- Do we work well as a team to identify operational problems, determine feasible alternatives, and implement changes on a timely basis?
- Do we develop and communicate practice plans and policies to physicians and staff clearly and on a timely basis?

Planning and Marketing

- Have we developed and do we annually update a strategic plan that addresses long- and short-term priorities? A short-term priority might be implementation of an electronic medical record system, and a long-term priority might be moving into a larger space.
- Do we have current knowledge of demographic trends, community dynamics, new laws and regulations, and competition so our practice can respond to changes in the external environment?
- Do we have a marketing plan that supports the objectives set forth in our current strategic plan?

Financial Management

- Do our systems for billing, claims processing, and collections result in accounts receivable management that meets benchmarks for our specialty?
- Are we satisfied with our current systems for preparing and regularly monitoring our operating budget and capital equipment plan?
- Does our managed care strategy include review and negotiation of contract language and reimbursement rates, monitoring actual vs. expected payments, and making sure that operational systems comply with managed care requirements?

Human Resources

- Are responsibilities and accountabilities for both clinical and non-clinical staff clear?
- Do we have standardized job descriptions and a job classification system?
- Do we use a performance review system to manage orientation, training, regular review, and disciplinary action for managers and staff?
- Do we have systems for physician recruitment, hiring, orientation, and performance review?

Facilities

- Does the size of our facility meet our current and projected needs?

Information Technology

- Do we use information technology to support the administration of our practice and the direct provision of patient care in ways that meet our needs and budget?

Quality Assurance

- Do we have effective methods for responding on a timely basis to inquiries about claims and patient complaints?
- Do we use satisfaction surveys regularly to determine our ability to meet the needs of patients and of all those individuals, organizations, and agencies with which we regularly relate?

Legal and Regulatory Compliance

- Is legal and regulatory compliance a priority for our practice?
- Are we satisfied with the ways in which we learn about, meet, and monitor requirements?

Relationships

- Have we identified the external individuals, organizations, and agencies with which we need to develop relationships? Examples are other physicians' practices, hospitals, managed care plans, professional organizations, and regulatory agencies.
- Are responsibilities for maintaining these relationships clear?

Use of External Consultants

- Do we use consultants to help us with tasks we cannot perform internally?
- Do we manage the consultants that we have identified as appropriate resources for our practice?

Is Your Practice Ready for a Professional Practice Administrator?

If the responses to the questions above identify aspects of your current practice that need improvement, take the next step and examine your practice's readiness for a professional administrator. In many situations, a professional practice administrator can relieve physicians and other staff of responsibilities they ought not have. The important question is whether or not your physicians and staff are receptive to change. Here are questions that can help you determine readiness for hiring a professional practice administrator?

- Are we are satisfied with the role that physicians now play in the management of our practice?
- In our opinion, does the current practice manager have the vision and skill to make the practice flourish?
- Are our current physician leaders intellectually receptive to sharing power with a professional practice administrator in order to improve the practice?
- Given the individual personalities of everyone in our practice, what is the likelihood that we can adjust to hiring a professional practice administrator?

- Would we be willing to support a financial package for a professional practice administrator that includes salary, benefits, and bonus?
- If necessary, are we willing to revisit our governance structure, organizational chart, and policies and procedures to hire a professional practice administrator into our practice?
- When we look at the current distribution of management responsibilities, would hiring a professional practice administrator increase the time that physicians can spend on patient care, practice planning, and professional education?
- By centralizing appropriate functions under a professional practice administrator, can we improve the performance of multiple sites currently functioning under the direction of local practice managers?
- Are our physicians receptive to working in partnership with a qualified and experienced non-physician professional practice administrator on practice finances and other appropriate issues?
- Would we be comfortable having a professional practice administrator work with us to develop a vision for the practice and assume responsibility for assuring that our operations support that vision?

Finding the Right Practice Administrator

If the responses to this second set of questions clearly indicate that your practice is receptive to hiring a professional practice administrator, how do you find the right one? You have some important decisions to make to develop a job description and employment agreement, advertise, identify qualified candidates, interview candidates by telephone and in person, and select the best candidate for the job.

Begin the recruitment process by developing a job description and an employment agreement. Start internally by listing the responsibilities that you want the practice administrator to assume. Compare your list with job descriptions that colleagues in other practices are willing to share with you. Then make the job description part of a formal employment agreement that covers salary, benefits, profit sharing, bonus, leadership development, and professional education.

Newspaper advertising is suitable for local and regional exposure. If you decide to do a national search, contact the professional practice management association to which many practice administrators belong. You may want to use an executive search firm to help you further refine the job description and identify and screen qualified candidates. If you take this approach, check the internet to identify firms that specialize in medical practice management.

If you already have a practice manager who has some, but not all, of the skills required by a practice administrator, invite him or her to apply for the position. By using your structured job description, you can objectively match skills against requirements and minimize discomfort if your current staff person isn't qualified to do the job. You may find that your current employee is willing and able to do the job with appropriate education and coaching.

Structure the interview process so that you convey and obtain information that will help you make an informed decision. Probe about technical knowledge, ability to manage resources, communication skills, leadership and decision-making abilities, management style, and experience with change and innovation. Share with candidates both the job responsibilities and the values of your practice; both are important and should be made clear from the outset. Use the face-to-face interview to inquire about and observe qualities of an outstanding administrator that resumes don't reveal, such as management style, entrepreneurial skill, determination, and people skills. Develop a formal method for gathering and summarizing the impressions of everyone with whom the candidates meet so you can create a composite profile for each candidate. Check references carefully. Finally, consider using a numerical ranking system to order your choices. Your decision is important, and you want to be as objective as you can.

Conclusion

By doing an honest assessment of your practice, determining the practice's readiness for a professional practice administrator, and using a thoughtful and objective process for recruiting and hiring, you can make sure that the management of your practice meets the highest standards of excellence.

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