Late Night With Chip & Paulie

Episode #11

Thursday October 27, 2022 @ 8:00PM(ET)



Scott Krugman, MD

Last Webinar

Employee Retention Credit

Seth Kaplan

Agenda

- This Week's Focus
- Data Nerd Report
- News Round Up
- Scott Krugman, MD

Focus For The Week…

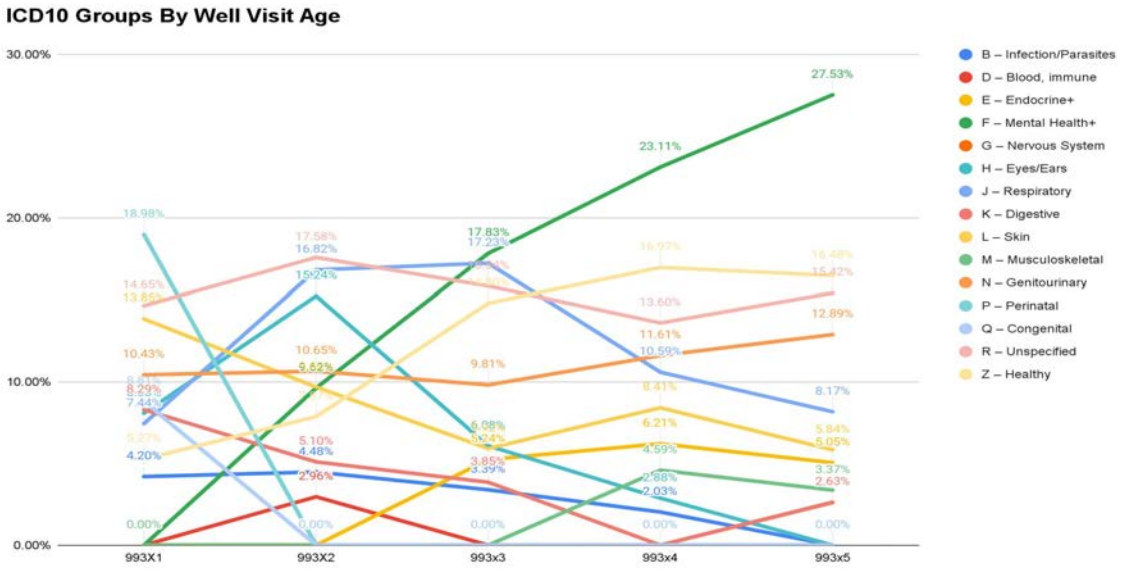
There are problems you fix and there are problems you manage…

Latest Data From The Data **NERDS**

-25 Modified Sick Visits During Well Visits…What are you seeing?

Volume	ICD10
18.60%	ADHD
12.87%	Rhinitis
11.54%	Asthma
10.68%	Otitis
10.14%	URI
8.31%	Anxiety
8.20%	Weight
6.76%	Eating
6.60%	Rash
6.31%	Stomach

Latest Data From The Data **NERDS**



www.PediatricSupport.com

Latest Data From The Data **NERDS**

993X1 Visit%		993X2 Visit%		993X3 Visit%	
7.7%	Feeding problems of newborn	**9.1%**	Suppurative and unspecified otitis media	**10.1%**	Attention-deficit hyperactivity disorders
5.6%	Atopic dermatitis	**6.5%**	Acute upper respiratory infections of multiple and unspecified sites	**7.0%**	Vasomotor and allergic rhinitis
4.9%	Neonatal jaundice from other and unspecified causes	**6.1%**	Specific developmental disorders of speech and language	**6.3%**	Asthma
4.7%	Suppurative and unspecified otitis media	**3.8%**	Vasomotor and allergic rhinitis	**4.2%**	Overweight and obesity
4.2%	Acute upper respiratory infections of multiple and unspecified sites	**3.7%**	Lack of expected normal physiological development in childhood and adults	**2.8%**	Other functional intestinal disorders

Latest Data From The Data **NERDS**

993X4 Visit%		993X5 Visit%	
10.8%	Attention-deficit hyperactivity disorders	**11.2%**	Other anxiety disorders
6.2%	Other anxiety disorders	**10.7%**	Attention-deficit hyperactivity disorders
4.9%	Asthma	**4.4%**	Depressive episode
4.7%	Overweight and obesity	**3.5%**	Symptoms and signs concerning food and fluid intake
4.4%	Vasomotor and allergic rhinitis	**3.2%**	Vasomotor and allergic rhinitis

PMI Conference 2023

- First weekend in February
- Virtual options still available (Livestream & On-Demand Access)

SOLD OUT

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Dust off your 70's attire and celebrate the PMI conference weekend with a silent disco.

Hors d'oeuvres, beer, and wine are included in the pricing.
Cash bar will be available for mixed drinks.

Venue: On-site in the Discovery Ballroom @ Royal Sonesta Hotel

Saturday February 4, 2023 (8:00PM to Midnight)

Price: $49.99 Register Via PMI Conference Registration Website

Final PMI Schedule To Be Released Next Week

Pre Conference Sessions for 2022

- **Practice Management**
  - Front Desk Best Practices (Lynne Gratton)
  - Compensation Models For Pediatric Practices (Paulie Vanchiere)
  - Do Your Own Financial Analysis (Tim Proctor)
  - Essential KPI's For Your Practice (Alisa Vaughn)
- **Marketing**
  - Self-Promotion For Marketing Success (Nola Ernest)
  - Responding To Social Media Attacks (Nicole Baldwin/Todd Wolynn)
  - Effective Tools For Marketing Management (Feiten)
- **Supergroups**
  - The Role Of Supergroups In Pediatrics (Susanne Madden)
  - Lessons Learned From The Field (Susan Sirota)
  - CIN's- What Works For Pediatricians (Weissman & Lindquist)
  - Panel/Group Discussion
- **The Reach Institute**
  - Eugene Hershorin & Peter Jensen

The REACH Institute
www.TheREACHInstitute.org

What's On The Pediatric Practice Management Calendar?

October 27th, 2020
Paulie and Chip Late Show Webinar

Check for vendor training (Q)
Confirm third party purchasing accounts (Q)
Perform all desktop/device system upgrades (M)
Update administrator security (Q)
Update practice address book (Y)
Waiting room analysis (Q)

bit.ly/PediatricPracticeManagementCalendar

How Long Is Your Commute?

News Round Up

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News | Sports | Life | Data | Opinion | Obituaries | eNewspaper | Legals | 60°F

HEALTH

COVID laid bare NY's health inequality. Here is the $13.5 billion Medicaid plan to fix it

David Robinson
New York State Team

Published 5:18 a.m. ET Oct. 6, 2022 | Updated 5:19 a.m. ET Oct. 6, 2022

Key Points

- COVID-19 ravaged low-income neighborhoods and communities of color in New York.
- NY officials are seeking federal approval to spend $13.5 billion through Medicaid to address the long-standing systemic inequality that fueled disparities in pandemic suffering.
- The spending would span five years and support efforts under Medicaid, the health program for low-income and disabled Americans that covers one in three New Yorkers.

- $1.5 billion to shore up finances and workforce training at safety-net hospitals and nursing homes.
- $1.5 billion in various other initiatives seeking to address workforce shortages in health care.
- Nearly $1.6 billion for enhanced transitional housing initiatives aimed at helping reduce the number of patients in health institutions and unstable housing situations.
- $748 million for added medical services for New Yorkers being released from state and county prisons and jails.

$300 million for telehealth initiatives that would build upon the digital health progress forged during the pandemic

Pay Transparency Laws

MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING CLUB PRO

PERSONAL FINANCE

'Know your worth' — 33% of job seekers said they wouldn't even go to a job interview without seeing the salary first

PUBLISHED TUE, OCT 18 2022-9:00 AM EDT

Jessica Dickler @JDICKLER

WATCH LIVE

KEY POINTS

- Pay transparency is paramount as inflation weighs on most Americans' financial standing.
- Roughly one-third of job seekers said they wouldn't even go on a job interview without knowing the salary the employer is willing to offer first, a recent report found.
- One expert advises clients to inquire about a position's salary during the initial phone-screening interview.

- Varies by State
- Audit Your Pay rates
  - Position/Title
  - Years Of Experience

ERC: IRS Bulletin

IRS

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Home / News / News Releases / Employers warned to beware of third parties promoting improper Employee Retention Credit claims

Employers warned to beware of third parties promoting improper Employee Retention Credit claims

English | 中文(简体)

Topics in the News

News Releases

News Releases for Frequently Asked Questions

Multimedia Center

Tax Relief in Disaster Situations

Inflation Reduction Act

Tax Reform

IR-2022-183, October 19, 2022

WASHINGTON — The Internal Revenue Service today warned employers to be wary of third parties who are advising them to claim the Employee Retention Credit (ERC) when they may not qualify. Some third parties are taking improper positions related to taxpayer eligibility for and computation of the credit.

These third parties often charge large upfront fees or a fee that is contingent on the amount of the refund and may not inform taxpayers that wage deductions claimed on the business' federal income tax return must be reduced by the amount of the credit.

If the business filed an income tax return deducting qualified wages before it filed an employment tax return claiming the credit, the business should file an amended income tax return to correct any overstated wage deduction.

Businesses are encouraged to be cautious of advertised schemes and direct solicitations promising tax savings that are too good to be true. Taxpayers are always responsible for the information reported on their tax returns. Improperly claiming the ERC could result in taxpayers being required to repay the credit along with penalties and interest.

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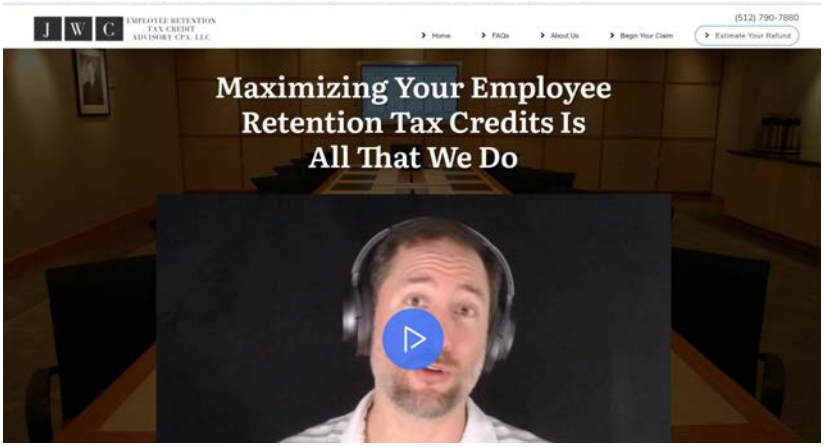
- Taxpayers are always responsible for the information reported on their tax returns. Improperly claiming the ERC could result in taxpayers being required to repay the credit along with penalties and interest.

Options To Consider

We have no financial relationship…use the following link for discounted fee:

https://ertcadvisors.as.me/ertc-pediatric-mgmt



Jace & Don

www.ERTCAdvisors.com

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Options To Consider

They don't know I'm mentioning them…we have no financial relationship with them either.

www.AskFrost.com

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Practice Management Tip

- Review shareholder/partnership agreement
- If amount/formula for buyout is not specified, need to update
- Buy/Sell or Life Insurance is an effective mitigation tool

Employee Annual Bonuses

Method 1: Budgeted Amount

Approach: Run payroll report to report, by employee, total regular wages paid for the period of January - November. Then allocate budgeted bonus amount based on each employee's percentage of regular wages paid.

Step 1	**Run payroll report showing total regular hours paid Jan - Nov**
Step 2	**Enter each employee in grid with name & amount paid**
Step 3	**Add total wages paid**
Step 4	**Determine percentage for each employee**
Step 5	**Determine total amount practice budgeted for year end bonus**
Step 6	**Pay each employee the pro-rated amount**

Budgeted Bonus Pool Amount: $ 10,000.00

EID	Employee	Employment Status	REG Wages Paid		
1	Suzy	Full Time	$ 55,000	17.77%	$ 1,777.06
2	Anne	Full Time	$ 40,000	12.92%	$ 1,292.41
3	Camille	Full Time	$ 35,000	11.31%	$ 1,130.86
4	Eloise	Full Time	$ 40,000	12.92%	$ 1,292.41
5	Donna	Full Time	$ 25,000	8.08%	$ 807.75
6	Catherine	Part Time	$ 15,000	4.85%	$ 484.65
7	Sam	Full Time	$ 37,500	12.12%	$ 1,211.63
8	Frank	Full Time	$ 30,000	9.69%	$ 969.31
9	Joseph	Part Time	$ 20,000	6.46%	$ 646.20
10	Michelle	Part Time	$ 12,000	3.88%	$ 387.72
			$ 309,500		$ 10,000

Employee Annual Bonuses

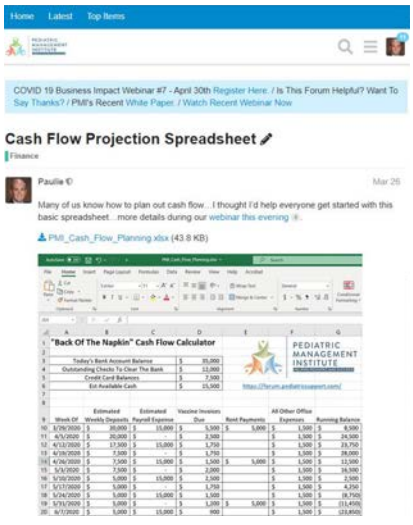
Method 2: Pay employees X hours of pay

Approach: Enter each employee's base hourly rate into a spreadsheet and then assign a specified number of hours to determine their total bonus amount.

		Hours Paid:	30	
EID	**Employee**	**Employment Status**	**Hourly Rate**	
1	Suzy	Full Time	$ 26.00	$ 780
2	Anne	Full Time	$ 19.00	$ 570
3	Camille	Full Time	$ 16.75	$ 503
4	Eloise	Full Time	$ 19.50	$ 585
5	Donna	Full Time	$ 12.00	$ 360
6	Catherine	Part Time	$ 18.75	$ 563
7	Sam	Full Time	$ 18.50	$ 555
8	Frank	Full Time	$ 14.50	$ 435
9	Joseph	Part Time	$ 10.75	$ 323
10	Michelle	Part Time	$ 18.50	$ 555
				$ 5,228

Year End Distributions

- Calculate January - November
- Make distribution in December
- For month of December, try to land on zero net income
  - Cash basis: pay outstanding invoices
- Timing more critical for C-Corps than LLC/S-Corps

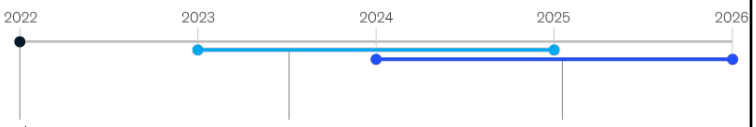


Practice Health Insurance Open Enrollment

- The system is rigged
- Practices seeing double-digit increases
- Be mindful of needs of employees and their families
- Pricing for new plan benefits takes time and many insurance agents report longer than usual delays

Employers could face health cost increases of 9–10 percent through 2026 because of inflationary pressure passed through from providers.

Inflationary cost pass-through from providers to employers



~$100 billion

Potential incremental annual provider costs from 2022 inflation[1]

~$80 billion in incremental clinical wage costs, and ~$20 billion in incremental non-labor spending driven by heightened inflationary environment in 2022

~6%

Incremental unit cost increase passed to non-government payers over 3-year contract renewal cycle

~$70 billion of the $100 billion incremental provider cost passed to non-government payers,[2] equivalent to a 6% increase of non-government payer total medical costs

9–10%

Total rate increase passed on to employers at the next renewal during 2024–26 benefit years

Total annual rate increase to employers is equivalent to the ~6% inflationary unit cost increase on top of 3–4% annual baseline trend

[1]Based on macroeconomic forecasts from McKinsey Global Institute applied to historical provider cost pools.
[2]Based on historical provider revenue base from non-government payers and historical payer cost pools across payer lines of business.

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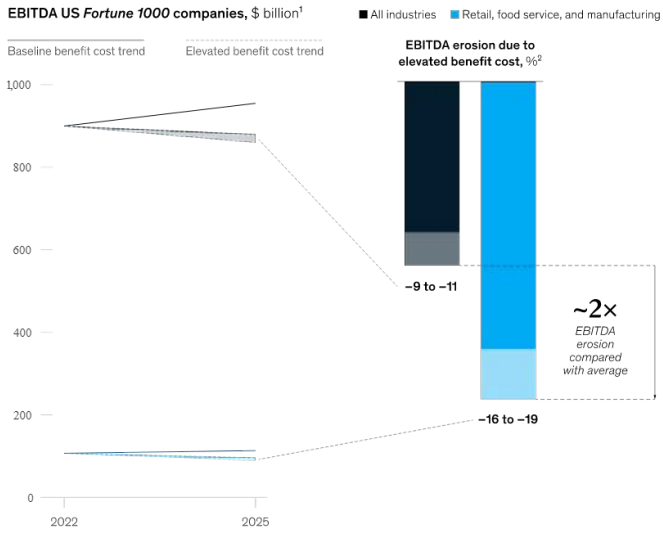
Industries with a high employee base and low margin may experience approximately 2X higher EBITDA erosion from elevated benefit costs by 2025.

30

EBITDA US *Fortune 1000* companies, $ billion[1]



[1]Assumes 2% annual EBITDA growth with baseline benefit cost trend, 3–4% baseline benefit cost trend and 5.5%/9.5%/9.5% elevated benefit cost increase over 2023–25.
[2]Erosion numbers represent 2025 baseline vs elevated cost range.
Source: McKinsey analysis of *Fortune 1000* companies, Truven data

McKinsey & Company

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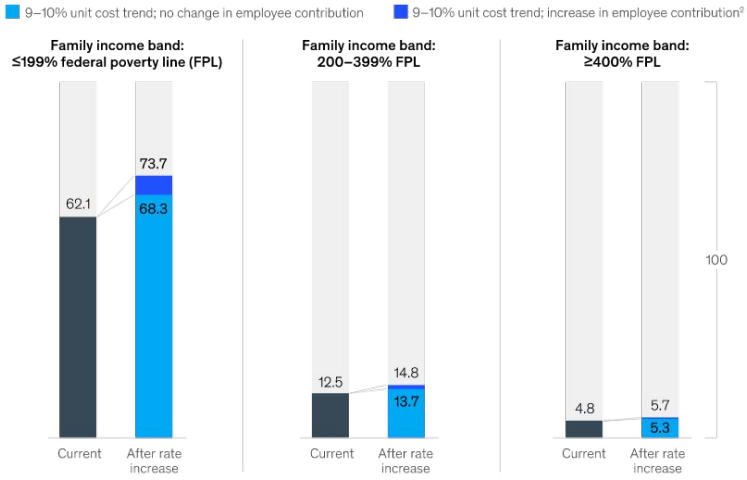
Lower income populations could spend ~68–75 percent of discretionary income on medical costs due to unmanaged cost increases.

31

Average medical contributions for family coverage, % of discretionary income[1]



The impact would fall disproportionately on vulnerable populations, specifically families under 200 percent of the federal poverty line. These families currently spend 62 percent of discretionary income on medical expenses, including premium contributions and out-of-pocket expenses.

[1]Total medical contributions incl. out-of-pocket and premium costs. Assumes: 9–10% allowed cost trend; ~$20,000 average cost of care PEPY; 85% average MLR; OOP spend based on KFF survey data.
[2]Assumes employee contribution to increase by 2%.
Source: Enrollment projection tool, KFF 2021 Employer Health Benefits Survey, Peterson-KFF Health System Tracker, 2020 US Census data

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There is opportunity to better address employee sub-segments of healthcare risk through improved care management.

Type of member; average annual cost per member	Example conditions	Share of members, %	Share of costs, %	Example programs
Healthy *<$2,500*	• Preventative care • Minor acute care • Pregnancy	>80	<20	• Maternity program featuring e-consult, digital member education, care condition, remote patient monitoring for high-risk pregnancy
Rising risk *>$8,000*	• Early-stage single chronic illness (eg, type 2 diabetes)	~15	~20	• Diabetes management with remote patient monitoring, digital engagement/consultation, and medication adherence management
Persistent super utilzers[1] *~$90,000*	• Unmanaged behavioral health needs (eg, anxiety, depression) • Poorly managed chronic illnesses (musculoskeletal, diabetes, hypertension) • Cancer	2–3	~30	• Behavioral health program focusing on virtual consulting, digital-driven personalized care, prescription monitoring, peer engagement • Joint pain/joint replacement management via Rx utilization management, patient navigation, remote therapy
Catastrophic *>$100,000*	• NICU/PICU[2] cases • Heart failure • Renal disease	2–3	~30	• Cardiovascular disease management with remote patient monitoring and multi-discipline post-acute care coordination

$6k
Average spend per member

[1]More than one year in top ~5% of spending.
[2]Newborn intensive care unit/pediatric intensive care unit.
Source: Kaiser Family Foundation 2019; Population Health Management 2019

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Next-generation benefit design accounts for healthcare risk, consumer discretion and ability to absorb risk, and value.

Comparison by risk category

Low ● Medium ● High

Type of risk	Example	Consumer discretion	Consumer ability to absorb risk (cost)	Value
Routine	Minor acute low-cost conditions; usually require outpatient medical care	●	●	●
Preventive	Evidence-based preventative care	●	●	●
Chronic care	Evidence-based chronic disease management	●	●	●
Catastrophic, chronic	High-cost chronic disease management	●	○	●
Catastrophic, not chronic	High-cost acute care	○	○	○
End of life	Specialized care at the end of life	○	●	●
Discretionary	Shoppable non-emergent services	●	●	●
Purely elective	Procedures often not covered by medical benefits	●	●	○

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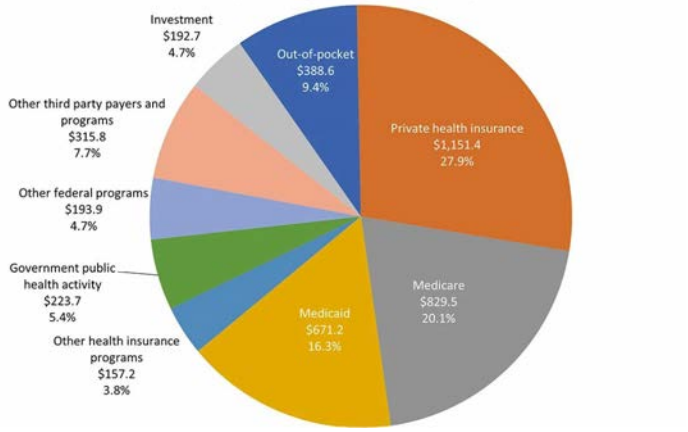
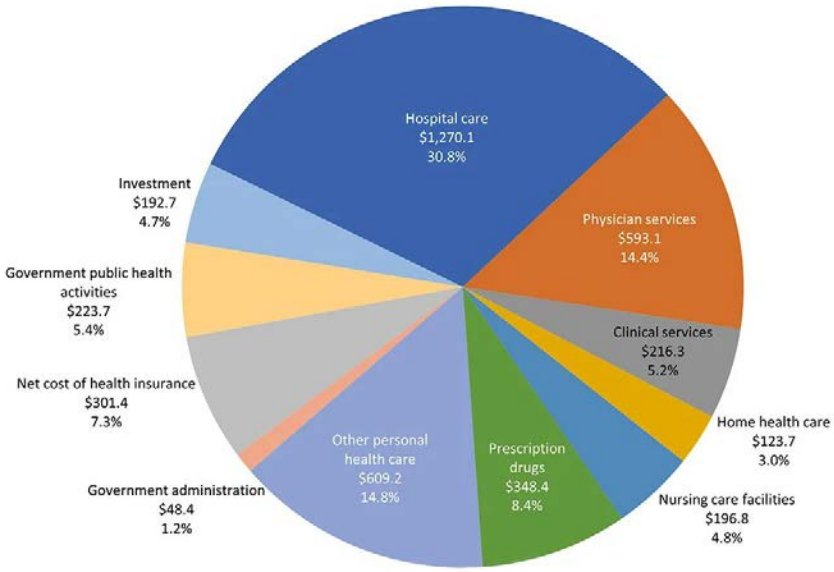
Who pays the bill?
2020 health care spending decomposed by source of funds



Health spending in the U.S. increased by 9.7% in 2020 to $4.1 trillion or $12,530 per capita.

https://www.ama-assn.org/about/research/trends-health-care-spending

The U.S. spent $4,124.0 billion on health care in 2020 where did it go?



MGMA

Is employing physicians a smart strategy or a financial bubble?

INSIGHT ARTICLE - MARCH 15, 2022

RVUS · COMPLIANCE REGULATIONS · PROVIDER COMPENSATION

SIGN IN TO SAVE

David N. Gans MSHA, FACMPE

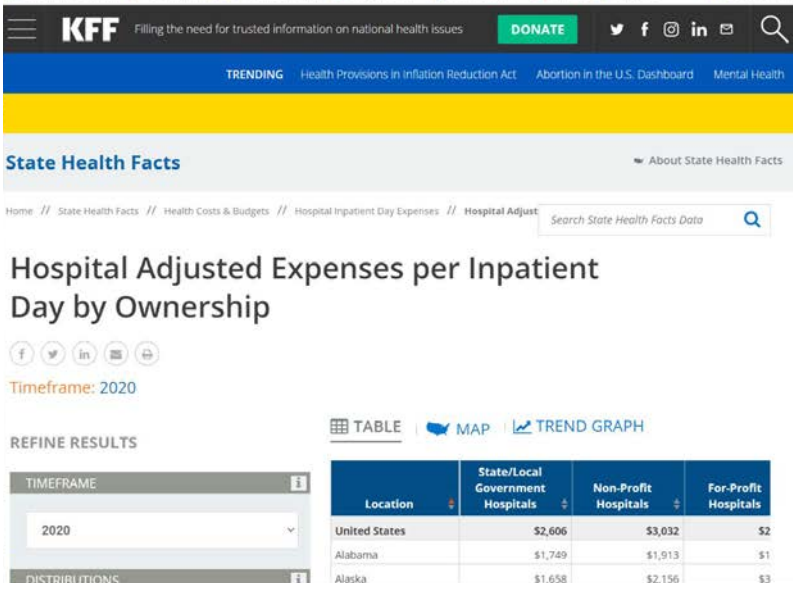
Douglas E. Hough PhD

Steven Andes PhD, CPA

U.S. hospitals and health systems report substantial operating losses from the medical practices they own or operate. National surveys indicate that health system-owned practices lose hundreds of thousands of dollars each year per employed physician.[1] The losses, amplified by the large number of physicians in these systems, indicate that health systems are losing tens of millions of dollars operating their physician enterprises.

As inpatient margins continue to shrink, and health systems report the need to cut staff and "tighten their belts" to offset system-wide losses, we need to ask if employing physicians is a smart strategy or a financial bubble that will eventually burst and bring financial ruin to entire health systems. Examining the nation's largest repository of medical group financial data helps to better understand the true magnitude and causes of the reported losses and to judge their potential impact on the parent organizations. The survey data also allow an assessment of whether the price of employing physicians fits the classic definition of a financial bubble, in which the cost of acquistion significantly exceeds the asset's intrinsic value.

…after controlling for the difference in physician productivity, higher operating costs, and the less-remunerative payer mix, the regression model indicates that hospital ownership, by itself, reduces profitability by $126,287 per physician per year, a similar value as the actual median loss of $127,799 per FTE physician reported in the MGMA Cost and Revenue Survey.



Title: Hospital Adjusted Expenses per Inpatient Day by Ownership | KFF

Location	State/Local Government Hospitals	Non-Profit Hospitals	For-Profit Hospitals	Profit/Non Profit Variance ($)	Profit/Non Profit Variance (%)
Alabama	$1,749	$1,913	$1,719	($194)	-10.14%
Alaska	$1,658	$2,156	$3,342	$1,186	55.01%
Arizona	$2,611	$3,253	$2,804	($449)	-13.80%
Arkansas	$2,713	$1,852	$1,783	($69)	-3.73%
California	$3,886	$4,464	$2,708	($1,756)	-39.34%
Colorado	$2,731	$3,633	$3,153	($480)	-13.21%
Connecticı	$5,557	$3,251	$2,287	($964)	-29.65%
Florida	$2,435	$2,866	$2,111	($755)	-26.34%
Georgia	$779	$2,420	$2,161	($259)	-10.70%
Idaho	$1,926	$3,169	$2,795	($374)	-11.80%
Illinois	$3,188	$2,939	$2,474	($465)	-15.82%
Indiana	$1,669	$3,243	$2,726	($517)	-15.94%
Iowa	$1,789	$1,791	$1,376	($415)	-23.17%
Kansas	$2,019	$2,263	$2,401	$138	6.10%
Kentucky	$2,440	$2,283	$2,286	$3	0.13%
Louisiana	$1,999	$2,496	$2,292	($204)	-8.17%
Maine	$1,573	$2,967	$1,194	($1,773)	-59.76%
Massachus	$2,598	$3,651	$2,251	($1,400)	-38.35%
Michigan	$1,136	$2,787	$2,382	($405)	-14.53%
Mississipp	$1,157	$1,424	$1,728	$304	21.35%
Missouri	$2,147	$2,847	$2,097	($750)	-26.34%
Montana	$671	$2,060	$3,235	$1,175	57.04%
Nebraska	$1,510	$2,600	$3,141	$541	20.81%
Nevada	$3,179	$2,537	$2,186	($351)	-13.84%
New Jerse	$1,922	$3,409	$2,250	($1,159)	-34.00%
New Mexi	$3,466	$3,259	$2,731	($528)	-16.20%

Summary (41 States)

	State/Local Government Hospitals	Non-Profit Hospitals	For-Profit Hospitals	Profit/Non Profit Variance ($)	Profit/Non Profit Variance (%)
Average	$2,410	$2,792	$2,483	($309)	-11.05%
Median	$2,147	$2,787	$2,292	($495)	-17.76%

HealthAffairs

Inflation Is Squeezing Hospital Margins—What Happens Next?

Andrew Sudmack, Daniel Polsky

OCTOBER 25, 2022 10.1377/forefront.20221021.288337

The recent, historically poor financial performance is the result of significant pressures on multiple fronts. Labor shortages and supply-chain disruptions have fueled a dramatic rise in expenses, which, due to the annually fixed nature of payment rates, hospitals have thus far been unable to pass through to payers. At the same time, diminished patient volumes—especially in more profitable service lines—have constrained revenues, and declining markets have generated substantial investment losses.

Hospitals in the United States are on track for their worst financial year in decades. According to a recent report, median hospital operating margins were cumulatively negative through the first eight months of 2022.

MARGIN CHANGE BY PERCENTAGE POINTS	Month-Over-Month	Year-Over-Year	Year-Over-Year 2020
Operating EBITDA Margin	3.7	2.0	-2.7
Operating Margin	4.2	2.1	-2.5

Source: National Hospital Flash Report (September 2022)

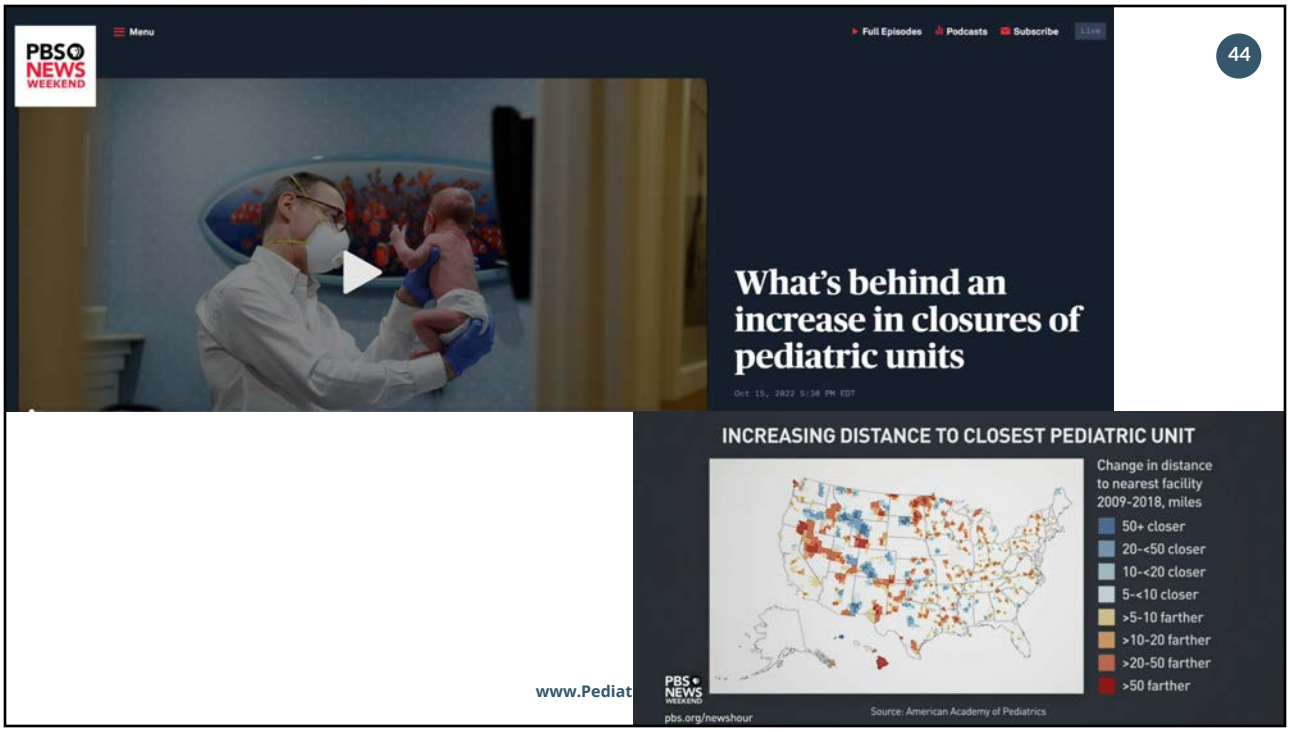
* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

KaufmanHall

…economic uncertainty and the threat of recession will create continued disruptions in patient volumes, particularly with elective procedures. Although health care has historically been referred to as “recession-proof,” the growing prevalence of high-deductible health plans (HDHPs) and more aggressive cost-sharing mechanisms have left patients more exposed to health care costs and more likely to weigh these costs against other household expenditures when budgets get tight.

Impact On Hospitals

- MCO Contracts 2-3 Year Terms
- Disproportionately affecting rural hospitals
- Reduction In Service Lines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What's behind an increase in closures of pediatric units
Oct 15, 2022 5:30 PM EDT
INCREASING DISTANCE TO CLOSEST PEDIATRIC UNIT
Change in distance to nearest facility 2009-2018, miles
50+ closer
20-<50 closer
10-<20 closer
5-<10 closer
>5-10 farther
>10-20 farther
>20-50 farther
>50 farther
PBS NEWS WEEKEND
pbs.org/newshour
Source: American Academy of Pediatrics

www.Pediat