

AGS Annual Scientific Meeting

May 2, 2007

Information Technology Services for the Mobile Practice

*How to be Profitable
and Remain Compliant*

James H. Collins, CEO
Janus Health

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How to Deal with CD (Connectile Dysfunction)

James H. Collins, CEO
Janus Health

Today's Political Mandate

- VHS v. Betamax
 - Superior technology or slick marketing?
- So many standards setting bodies
 - Does it matter?

Healthcare Informatics Standards

- ASTM E31
Standards Committee on Healthcare Informatics
- ACR NEMA / DICOM
- ASC X12
Accredited Standards Committee
- ISO TC 215
- CCHIT
Certification Commission for Healthcare
Information Technology

Healthcare Informatics Standards

- CEN TC251
Working Group 6 on Security, Privacy, Quality and Safety
- Health Level Seven (HL7)
- IEEE
- NCPDP
National Council for Prescription Drug Programs
- ADA

Today's Political Mandate

- VHS v. Betamax
 - Superior technology or slick marketing?
- So many standards setting bodies
 - Does it matter?
- National Health Record
 - CMS has the hammer!
- Transparency of cost, service and outcomes more than 2008 campaign rhetoric!
- Will cost sharing be an Incentive or Threat?

I.T. is Your Best Friend

...because today you have no choice

- Wireless does not mean Mobile
- Patient care does not mean Compromise
- Data capture and report generation
 - PDF, XML and data packets

Your Three Biggest I.T. Problems

- Asynchronicity
 - How do you practice when not connected to the internet?
- Slow upload speeds
 - Can their technology speed match yours?
- Non-HIPAA compliant cell phones, email and internet access

Your Two Biggest IT Challenges

- How to share structured data electronically
- How to remain flexible for constant technology advances and
 - Avoid Obsolescence

Functionality, Interoperability, Security

- Can you be compliant?
- Can you stay in practice?
- Will you get paid?
- Can you be profitable?

What are the Questions...

...you need to ask?

- How much will I pay for support?
- How often will it be upgraded?
- Will I pay extra for upgrades?
- Do I own my data?
- How do I get it back?
- Is the system fully redundant?

What are the Questions...

...you need to ask?

- How does the vendor define redundant?
- Can it be modified to match the way I work now?
- Will it give me reports to help me improve my practice?
- Do they have someone to help me with compliance?

What are the Questions...

...you need to ask?

- Does the system support unified messaging?
What is UM?
- Can they demonstrate how the system will reduce my costs?
- What happens if I lose my wireless connection?
- Is the wireless functionality proven?

What are the Questions...

...you need to ask?

- Should I use a web-based, client, or client-server system?
- Does your system require a "dedicated" server?
- If so, how many users will this support before I have to buy another?

What are the Questions...

...you need to ask?

- How does it process sudden internet disconnection (i.e. freezes, hibernates, store & forward)?
- Are any other practices or providers using your system with pure broadband cellular wireless (WWAN) only?
- Can I install your system on my office mail server?

What are the Questions...

...you need to ask?

- If so, how many users will this support before my server performance declines?
- Who provides the hardware?
- If you provide me the hardware, are your prices competitive?

What are the Questions...

...you need to ask?

- Who maintains the hardware on an ongoing basis?
- Who configures the hardware upon delivery?
- Do our users have to remember a separate username/password to access your system?

What are the Questions...

...you need to ask?

- Can I access patient information offline?
- How is patient information I capture offline saved in their record?
- What does "custom" templates or user interface really mean?

What are the Questions...

...you need to ask?

- How much bandwidth does my local ISP provide my office?
- Who manages the data backup?
- How do my providers access the server if my office loses power?
- Does your system backup my patient data?

Best Business Practices

- How to leverage your time
- How to scale your practice
- How to finance your practice
- Go paperless
- How to deal with legacy software and equipment

Digital X-ray – A Financial Model

Operating Income

(Actual Housecall Group 2006 x-ray revenue with digital x-ray expenses)

Annual Operating Income (5-year average)

	California		Florida	
	Annually	Per Visit / %	Annually	Per Visit / %
X-Ray Visits	1,458		1,458	
Revenues				
Chest X-ray (Code 71010)	\$39,220	\$26.90	\$41,495	\$28.46
Setup (Code Q0092)	20,777	14.25	21,506	14.75
Transport (Code R0070)	272,092	186.62	160,380	110.00
Subtotal	<u>\$332,089</u>	<u>\$227.77</u>	<u>\$223,380</u>	<u>\$153.21</u>
Other X-rays	11,620	7.97	11,620	7.97
Total Revenue	<u>\$343,709</u>	<u>\$235.74</u>	<u>\$235,000</u>	<u>\$161.18</u>
Variable Expenses				
Network & Billing	\$51,556	15%	\$35,250	15%
Mileage	16,220	\$11.13	16,220	\$11.13
Total	<u>\$67,777</u>		<u>\$51,470</u>	
Contribution Margin / Rate	\$275,932	80%	\$183,530	78%
Fixed Expenses				
Technician Compensation	\$100,755	\$69.11	\$100,755	\$69.11
Operating Lease	12,880		12,880	
Computer Radiography (CR) Parts	1,789		1,789	
Calibration & Badge Tests	930		930	
Tech support / software upgrades	599		599	
Extended Warranties	3,730		3,730	
Total	<u>\$120,683</u>		<u>\$120,683</u>	
Total Expenses	\$188,459	55%	\$172,153	73%
X-Ray Profit	<u>\$155,250</u>	<u>45%</u>	<u>\$62,847</u>	<u>27%</u>

6 visits per day for 243 working days per year

Other states have higher setup code (eg \$72 in Nebraska)

CA and FL represent best & worst code R0070 states

Assumes \$80,000 a year incl. taxes & benefits. Your area will vary.

Note: 6 x-ray visits per day can generate significant profits

Digital X-ray – A Financial Model

Profitability & Breakeven

Profitability & Break-Even Examples: California & Florida (5-Year Average)						
Daily X-Ray Visits	2	3	4	5	6	9
Working Days per Year	234	234	234	234	234	234
Annual X-Ray Visits	468	702	936	1,170	1,458	2,106
Percent of Housecalls Needing X-Ray		5%			10%	15%
California						
Profit per Year	(\$30,840)	\$13,445	\$57,730	\$101,380	\$155,250	\$277,250
Profit per Day	(\$132)	\$57	\$247	\$433	\$663	\$1,185
Profit per Visit	(\$66)	\$19	\$62	\$87	\$106	\$132
Break-Even X-Ray Visits / Month		53				
Break-Even X-Ray Visits / Day		2.7				
Florida						
Profit per Year	(\$60,500)	(\$31,045)	(\$1,590)	\$27,230	\$62,847	\$143,781
Profit per Day	(\$259)	(\$133)	(\$7)	\$116	\$269	\$614
Profit per Visit	(\$129)	(\$44)	(\$2)	\$23	\$43	\$68
Break-Even X-Ray Visits / Month				80		
Break-Even X-Ray Visits / Day				4.1		

Your expected % experience.

Best case breakeven x-ray visits per day.

Worst case breakeven x-ray visits per day.

Optimal financial model shown on previous page.

A Profitable Housecall Practice....

Actual Housecall Group 2006 Financial Performance

FTE = Full-Time Equivalent
NPP = Non-Physician Practitioners

		Performance With X-Ray		Performance Without X-Ray	
Clinicians	Physicians	4 FTEs		4 FTEs	
	NPPs	4 FTEs		4 FTEs	
	X-Ray Techs	1 FTEs		0 FTEs	
	Total	9 FTEs		8 FTEs	
Annual Practice Days		243		243	
Annual Visits	Physicians	6,804	7 / day	6,804	7 / day
	NPPs	5,832	6 / day	5,832	6 / day
	X-Ray Techs	1,458	6 / day	0	0 / day
	Total	14,094		12,636	
Collections per Visit	Physicians	\$136.57		\$136.57	
	NPPs	\$106.29		\$106.29	
	X-Ray Techs	\$235.74		\$0.00	
Comp per Hour / Visit	Physicians	\$111.22		\$95.98	
	NPPs	\$57.07		\$57.07	
Comp per Clinician	Physicians	\$189,177		\$163,254	
	NPPs	\$83,210		\$83,210	

Note the impact of x-ray.

A Profitable Housecall Practice....

Actual Housecall Group 2006 Financial Performance

Use per visit data and %s as benchmarks to your current practice.

Most practices do not include x-ray.

		Performance With X-Ray		
		Per Year	Per Visit	%
Revenue (Collected)	Physicians	\$929,240		49%
	NPPs	619,902		33%
	X-Ray	343,709		18%
	Total	\$1,892,851	\$149.80	100%
Clinician Comp	Physicians	\$756,708		40%
	NPPs	332,841		18%
	Total	\$1,089,549	\$86.23	58%
Software, Network, Billing		\$283,928	\$20.15	15%
Other Expenses	Office Comp & Benefits	\$134,307	\$10.63	7%
	Supplies	58,464	4.63	3%
	Telecom & Computer Services	48,000	3.80	3%
	Insurance	34,253	2.71	2%
	Rent	32,006	2.53	2%
	Bank/Payroll Charges	10,752	0.85	
	Licenses/Taxes and Fees	8,458	0.67	
	Other Office Expenses	4,677	0.37	
	Total Other	\$330,915	\$26.19	17%
Total Operating Expenses		\$1,704,392	\$132.56	90%
X-Ray Expenses		\$188,459		10%
Profit		\$0	\$0.00	0%

		Performance Without X-Ray		
		Per Year	Per Visit	%
Revenue (Collected)	Physicians	\$929,240		60%
	NPPs	619,902		40%
	X-Ray	0		0%
	Total	\$1,549,142	\$122.60	100%
Clinician Comp	Physicians	\$653,015		42%
	NPPs	332,841		21%
	Total	\$985,856	\$78.02	64%
Software, Network, Billing		\$232,371	\$18.39	15%
Other Expenses	Office Comp & Benefits	\$134,307	\$10.63	9%
	Supplies	58,464	4.63	4%
	Telecom & Computer Services	48,000	3.80	3%
	Insurance	34,253	2.71	2%
	Rent	32,006	2.53	2%
	Bank/Payroll Charges	10,752	0.85	
	Licenses/Taxes and Fees	8,458	0.67	
	Other Office Expenses	4,677	0.37	
	Total Other	\$330,915	\$26.19	21%
Total Operating Expenses		\$1,549,142	\$122.60	100%
X-Ray Expenses		\$0		0%
Profit		\$0	\$0.00	0%

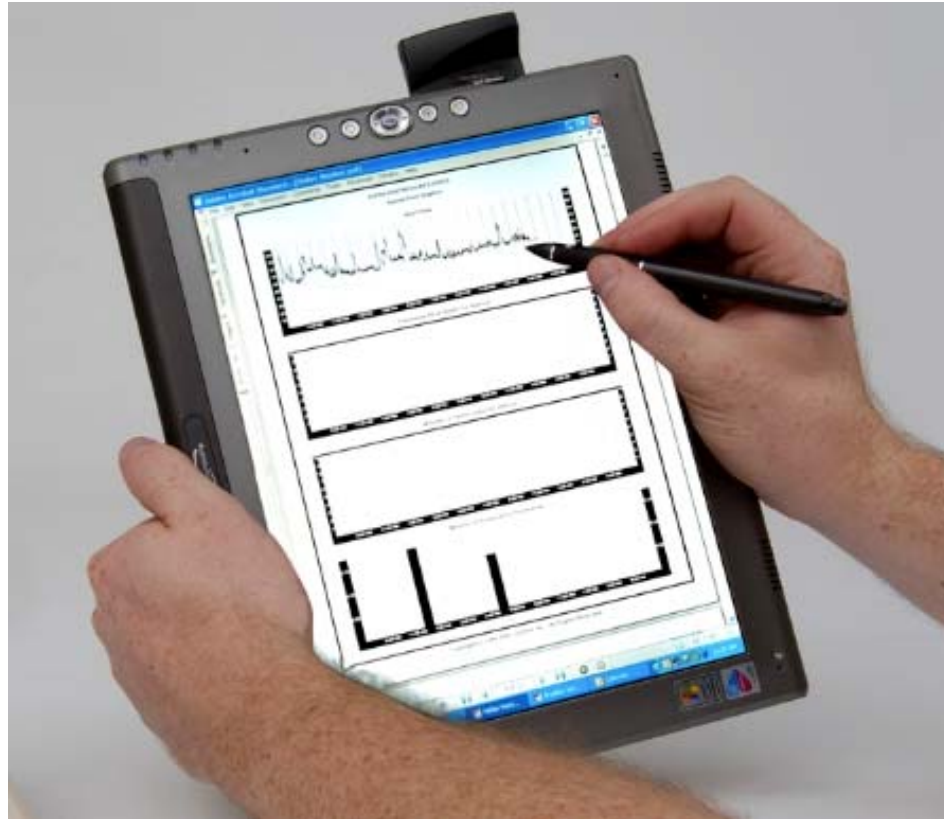
All profits have been included in Physicians' Compensation above.

Connectile Dysfunction

Curing CD leads to better outcomes

- AND better income.

“Take this ‘tablet’ and call me in the morning.”



Thank You !