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SOFTWARE

Issue: **February 2007**

Lean and Mean with the Machine

by **Roberta Domos, RRT**

Software systems can help you compile the data you need for a winning competitive bid and foster an efficient business that keeps costs down.



HME providers are looking for a break from the newly elected Democratic majority in Congress, but the wheels of legislation grind slowly, and the challenges faced by the industry are not likely to recede in the near future. Competitive bidding, mandatory accreditation, and the nature of the ever-rising cost of doing business all demand that we find ways to innovate processes, improve the management of information, and develop more efficient operations. Providers looking to chart a new course on these fronts would be wise to look to software systems to provide much of the answer.

For instance, with competitive bidding on the horizon for some of the largest Medicare markets in the country, it will be critical that providers are able to calculate gross profit margins and utilization of serialized rental equipment to have the necessary data for a winning bid. Data in, data out, as they say. To get that kind of information out of your system, you will need to collect, at a minimum, information on costs of goods, and keep a

history of when items were on rental and generating inventory at specific reimbursement rates. Systems that can tie into or export data to accounting packages that include payroll costs will give you even more specific numbers to work with.

With thinner gross margins, it becomes more important than ever to protect cash flow. There are a number of ways your software system can help reach this goal.

MANAGE INVENTORY, BILL EFFICIENTLY

Products that sit in your warehouse or storage facility cost you money without generating income—the very definition of waste. Perpetual inventory systems that allow for "just in time" practices can help you hone your inventory so that you can keep waste to a minimum. Software that ties into online ordering systems and communicates with your inventory system will make the ordering process much more streamlined as well.

Typically, though, the biggest bottleneck to cash flow for most providers is the time it takes to collect the documentation to successfully bill the claim. Systems that provide eCMN functionality or, more commonly, allow you to fax computer-generated physician documentation direct to the doctor's office from the computer system can help you control the internal factors that account for documentation lag time.

THE PAPERLESS OFFICE AND MORE

For most providers, labor costs are the largest continuing expense. Companies that want to win the Medicare bid in their area—and still maintain profits at prebid levels—will almost certainly need to find ways to boost employee productivity to maximum levels.

First, look for software features that allow you to set up recurring delivery customers in grids or zones. This feature helps managers to produce routes that keep delivery personnel from wasting valuable time and fuel.

Second, consider moving in the direction of a "paperless" office by integrating document-scanning tools. Since it takes as long to accurately scan and review documents as it does to file them, you are not likely to save much time on the filing end. However, endless trips to the filing cabinets and exhaustive searches for thick files will be a thing of the past—and productivity can improve dramatically. Imagine the thousands of additional dollars billing personnel could collect each week if their hunt and seek duties were reduced by even 30 minutes per day.

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Tools and Tactics

- Calculate gross profit margins and serialized rental equipment utilization to acquire data for a winning bid for competitive bidding.
- Use perpetual inventory systems that allow for "just in time" practices that keep waste to a minimum.
- Use online ordering systems to streamline processes.
- Protect cash flow.
- Boost employee productivity.
- Consider moving in the direction of a "paperless" office by integrating document-scanning tools.
- Pick a vendor that continues to evolve and improve. Even established vendors want to know your opinions.

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MANDATORY ACCREDITATION

The other major change that all providers will experience in the near future is Medicare Part B mandatory accreditation. Other than tracking product serial and lot numbers, and keeping a record of preventive maintenance records as required by the US Food and Drug Administration, HME systems software has not typically offered much to assist providers in meeting accreditation standards. Mandatory accreditation requirements should move most software vendors in this direction.

For full coverage of CMS' final rule on competitive bidding, visit the [Top News section](#) on the home page (top left).



Most accrediting bodies require that the provider document that patient education and applicable home safety assessment activities have been completed when customers first receive certain equipment and supplies. In addition, tracking follow-up visits and documenting that they were completed according to basic standards of care are an important component of accreditation standards. Software that can create the correct documentation forms, prepopulated with current patient and equipment information, can greatly assist a company in keeping on top of accreditation standards.

Ideally, software would allow the flexibility for providers to insert their own forms into the system. However, at a minimum, look for vendors to attempt to provide basic documentation forms that meet most standards. If your software vendor has not mentioned any accreditation improvements to your software, request that they consider developing tools to assist you in meeting the Medicare-mandated standards for patient documentation and follow-up.



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—Roberta Domos, RRT

Another important piece of the mandatory accreditation standards revolves around collecting, aggregating, and acting on data collected to guide performance-improvement activities. Every HME provider I have ever worked with as a consultant participates in performance-improvement activities on a daily basis in the course of trouble-shooting problems that arise. Unfortunately, many providers use a "by the seat of their pants" method that does not produce nearly as good a result when it comes to finding and acting on the root cause of an issue. A good "gut instinct" by owners and managers certainly plays an important role in any successful business, but hard data can trump "gut instinct" in almost every situation. If you need further convincing, a formal performance-improvement program is a key requirement of the standards set by the Centers for Medicare and Medicaid Services.

Specifically, providers must collect patient satisfaction data, reimbursement data such as billing errors and denials, and other key indicators that reveal company compliance with other mandated patient service processes. A number of vendors already can provide aggregated data for reimbursement processes using electronic remittance notices that are sliced and diced by the software, complete with charts and graphs ready for management review. External systems exist to track and report other data, and there is always the basic spreadsheet to fall back on. However, those tools require redundant data entry, and the time spent on that data entry translates into a cost for the provider. Look to software systems of the future to help providers collect more of the data needed to meet the mandatory standards companies need to implement a formal performance-improvement program.

Not every software system will provide all the features we have discussed here. It is the provider's job to choose software that can grow with industry changes, and to make sure their employees know how to use critical features that are available. Remember that no vendor can understand the industry as well as providers that live day in and day out with the challenges of making a reasonable profit.

A worthy software vendor will listen to customer feedback as they continue to develop their products and may count on you to let them know what features you need to innovate and improve the way you do business. Even established vendors will solicit your thoughts. Keep the lines of communication open.

For more information on practice management software, including additional articles by Roberta Domos, go to the free [online archives section](#).



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