

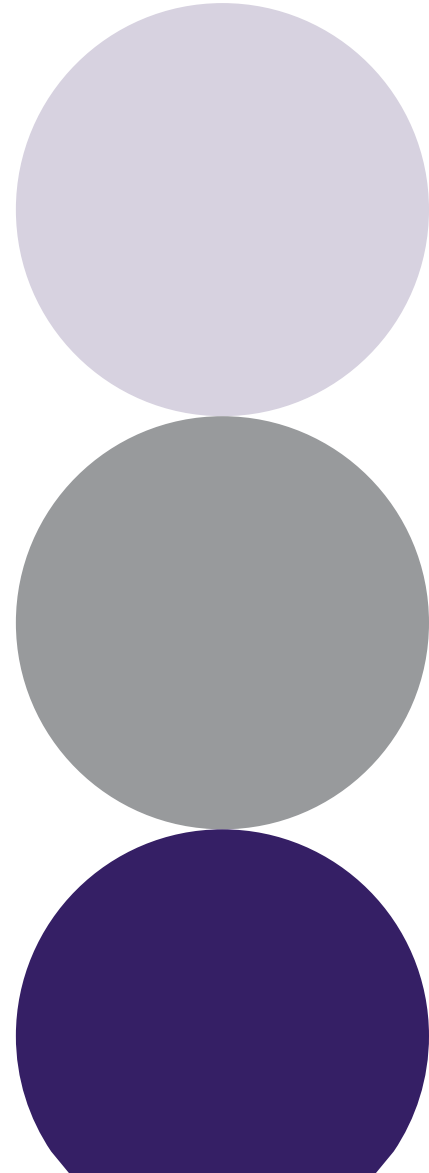


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# AAOE Roadmap to Recovery Series: Managing Your Practice Finances in the COVID-19 Era

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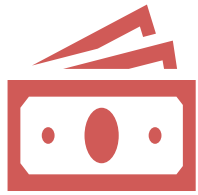




# Know Your Numbers and Project

- Weekly Cash Balances
- Weekly Kept and Expected Appointments
- Weekly Performed and Scheduled Number of Surgeries
- Resulting Expected Revenue in Total and per Encounter
- Staffing Levels Relative to Volume
- Strategic Return to Full Service
- What That All Means for the Physician's Income





# Weekly Cash Balances

By doing this every Friday you can see the weekly use or “burn” of cash.

ACCOUNTS	4/10/2020	4/17/2020	4/24/2020	5/1/2020	5/8/2020	5/15/2020
Operations Checking Account	238,000	258,000	176,000	165,000	160,000	150,000
Savings Account	24,000	24,000	26,000	26,000	26,000	26,000
PPP Loan Account	-	-	375,000	325,000	275,000	225,000
Savings Advanced Payments	-	155,000	155,000	155,000	155,000	155,000
<b>Total Cash Balances</b>	<b>\$ 262,000</b>	<b>\$ 437,000</b>	<b>\$ 732,000</b>	<b>\$ 671,000</b>	<b>\$ 616,000</b>	<b>\$ 556,000</b>
O/S Checks	(80,000)	(45,000)	(80,000)	(75,000)	(60,000)	(65,000)
<b>Total Available Cash</b>	<b>\$ 182,000</b>	<b>\$ 392,000</b>	<b>\$ 652,000</b>	<b>\$ 596,000</b>	<b>\$ 556,000</b>	<b>\$ 491,000</b>
O/S Payables	(81,549)	(124,009)	(80,000)	(75,000)	(50,000)	(50,000)
<b>Total Book Cash</b>	<b>\$ 100,451</b>	<b>\$ 267,991</b>	<b>\$ 572,000</b>	<b>\$ 521,000</b>	<b>\$ 506,000</b>	<b>\$ 441,000</b>
<b>Less Debts:</b>						
PPP Loan Debt	-	-	(375,000)	(325,000)	(275,000)	(225,000)
CMS Advanced Payments	-	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)
<b>Total Debts</b>	<b>\$ -</b>	<b>\$(155,000)</b>	<b>\$(530,000)</b>	<b>\$(480,000)</b>	<b>\$(430,000)</b>	<b>\$(380,000)</b>
<b>Total Book Cash, Net</b>	<b>\$ 100,451</b>	<b>\$ 112,991</b>	<b>\$ 42,000</b>	<b>\$ 41,000</b>	<b>\$ 76,000</b>	<b>\$ 61,000</b>

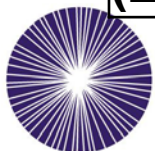


# Weekly Kept and Expected Appointments

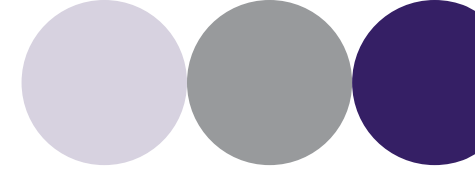


APPTS	LOC A	LOC B	Total	% of 2019
Mar 2 – 7	200	135	335	106%
Mar 9 – 14	240	130	370	97%
Mar 16 – 21	60	35	95	30%
Mar 23 – 28	40	6	46	10%
Mar 30 – 4	40	8	48	13%
Apr 6 – 11	40	10	50	11%
Apr 13 – 18	40	15	55	16%
Apr 20 – 25	60	25	85	20%
Apr 27 – 2	60	40	100	28%
May 4 – 9	80	80	160	51%
May 11 – 16	120	95	215	65%
May 18 – 23	150	160	310	80%
<b>(Expected)</b>				

- Since capacity is subject to the nature of the office at this time, keeping appt. statistics by location is most appropriate.
- Compare the volume to the same week of 2019 by running a Kept Appointment report out of the Practice Management System.
- Can we apply that percentage to the cash receipts from the same time last year?

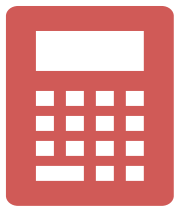


# Create Your Own Version



<b>WEEK ENDING</b>	4/10/2020	4/17/2020	4/24/2020	5/1/2020	5/8/2020	5/15/2020
Operations Checking Account	238,000	258,000	176,000	165,000	160,000	150,000
Savings Account	24,000	24,000	26,000	26,000	26,000	26,000
PPP Loan Account	-	-	375,000	325,000	275,000	225,000
Savings Advanced Payments	-	155,000	155,000	155,000	155,000	155,000
<b>Total Cash Balances</b>	<b>\$ 262,000</b>	<b>\$ 437,000</b>	<b>\$ 732,000</b>	<b>\$ 671,000</b>	<b>\$ 616,000</b>	<b>\$ 556,000</b>
PPP Loan Debt	-	-	(375,000)	(325,000)	(275,000)	(225,000)
CMS Advanced Payments	-	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)
<b>Total Stimulus Debt</b>	<b>\$ -</b>	<b>\$ (155,000)</b>	<b>\$ (530,000)</b>	<b>\$ (480,000)</b>	<b>\$ (430,000)</b>	<b>\$ (380,000)</b>
<b>Net Cash Position</b>	<b>\$ 262,000</b>	<b>\$ 282,000</b>	<b>\$ 202,000</b>	<b>\$ 191,000</b>	<b>\$ 186,000</b>	<b>\$ 176,000</b>
<b>Cash Receipts</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 35,000</b>	<b>\$ 45,000</b>	<b>\$ 50,000</b>	<b>\$ 70,000</b>
<b>Kept Appts</b>	<b>50</b>	<b>55</b>	<b>85</b>	<b>100</b>	<b>160</b>	<b>215</b>
<b>Surgeries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>15</b>
<b>Incoming Calls</b>	<b>400</b>	<b>400</b>	<b>450</b>	<b>450</b>	<b>500</b>	<b>550</b>
<b>Incoming Referrals</b>	<b>10</b>	<b>10</b>	<b>8</b>	<b>12</b>	<b>30</b>	<b>60</b>





# Collections per Encounter Decline



## Calculation

Medical Collections

(no drugs, no optical, no contact lens)

\_\_\_\_\_ *divided by* \_\_\_\_\_

Total Encounters

**Academetrics™ Median\***

**\$232.86**

## What is Different Now

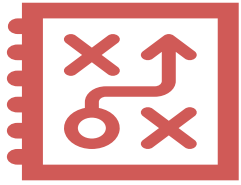
Medical Collections per encounter is an indicator of all revenue generated or set in motion by an office visit.

At this point...

- Fewer surgeries may be scheduled as a result of office visits.
- Diagnostic testing may be deferred.
- Eventually there may be a change in Payer Mix due to patient loss of commercial insurance coverage.
- Premium services may be deferred.

\*2018 data for all practices



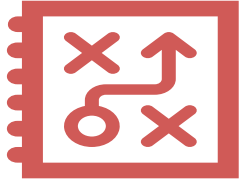


# Staffing Levels Relative to Volume



- Appointments may be 60% – 80% of pre-COVID volumes.
- Surgeries may be scheduling at 50% of pre-COVID levels.
- Do you anticipate a return to 100% patient volumes?
- Factors including the number of lanes you have, the type of building your office is located in and the state of the virus in your area will influence the recovery.





# Lean Staffing

<https://www.aao.org/practice-management/analytics/benchmarking-survey>

- 2018 AAOE Benchmarking Data showed an average of
  - 1,500 patient encounters per clinical staff member
  - 2,900 patient encounters per front office staff member
- If your patient encounters remain consistently less than historical levels, fewer staff are needed.
- In a more lean practice different types of staff may be needed.
  - Screener/Host for the clinic entrance.
  - More pre-registration and patient outreach via phone, portal and e-mail
  - Fewer dedicated scribes in favor of multi-faceted technicians





# Projecting Cash

Percentage of 2019? Revenue per Encounter? Or estimated on what happened over the last three to four weeks?

COVID CRISIS	PPP Loan								
CASH WORKSHEET	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14
Percentage of Normal Patient Volume - See Notes	15%	25%	25%	35%	35%	40%	40%	60%	60%
Adjusted Cash Flow	4/24/2020	5/1/2020	5/8/2020	5/15/2020	5/22/2020	5/29/2020	6/5/2020	6/12/2020	6/19/2020
Beginning Balance	467,000	727,000	729,500	734,500	663,250	672,500	525,750	559,500	433,250
Daily Receipts All Sources	50,000	30,000	10,000	18,750	31,250	31,250	43,750	43,750	50,000
Staff Payroll EOW	(35,000)			(45,000)		(60,000)		(65,000)	
OD Payroll EOW	-			-		-		(20,000)	
Associate MD Payroll EOW	(20,000)			(20,000)		(20,000)		(20,000)	
Shareholder Draws - EOW	(20,000)			(20,000)		(40,000)		(40,000)	
Health Benefits Costs	(17,000)				(17,000)				(17,000)
Accounts Payable Paid	(50,000)	(10,000)	(5,000)	(5,000)	(5,000)	(15,000)	(10,000)	(25,000)	(5,000)
Rent Paid		(17,500)				(35,000)			
Mortgage Payments	(8,000)					(8,000)			
Other Expenditures	(15,000)								
PPP Loan Received	375,000								
Medicare Advance Pmts Rec'd									
CMS Grant									
Line of Credit Proceeds									
<b>Ending Cash Balance</b>	<b>727,000</b>	<b>729,500</b>	<b>734,500</b>	<b>663,250</b>	<b>672,500</b>	<b>525,750</b>	<b>559,500</b>	<b>433,250</b>	<b>461,250</b>



# Big Cash Events During Recovery



- The date you received PPP Loan proceeds (if applicable).
- The date your bank has calculated as being the end of your forgiveness period.
- The date your first PPP loan payment is due (if it is not all forgiven).
- The date you received Medicare Advance Payment money.
- 120 days after that receipt date.
- 210 days after that receipt date.
- The date any large deferred payments are due to landlords, vendors or banks.



# Projecting Months Ahead

Reflects a level volume of 80%

COVID CRISIS	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29
<b>CASH WORKSHEET</b>									
<b>Percentage of Normal Patient Volume - See Notes</b>	80%	80%	80%	80%	80%	80%	80%	80%	80%
<b>Adjusted Cash Flow</b>	8/7/2020	8/14/2020	8/21/2020	8/28/2020	9/4/2020	9/11/2020	9/18/2020	9/25/2020	10/2/2020
<b>Beginning Balance</b>	304,500	389,500	189,500	255,500	150,500	233,500	156,500	207,500	107,500
Daily Receipts All Sources	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Staff Payroll EOW		(75,000)		(75,000)		(75,000)		(75,000)	
OD Payroll EOW		(20,000)		(20,000)		(20,000)		(20,000)	
Associate MD Payroll EOW		(20,000)		(20,000)		(20,000)		(20,000)	
Shareholder Draws - EOW		(20,000)		(20,000)		(40,000)		(40,000)	
Health Benefits Costs			(17,000)				(17,000)		
Accounts Payable Paid	(15,000)	(10,000)	(5,000)	(15,000)	(5,000)	(10,000)	(25,000)	(10,000)	(5,000)
Rent Paid				(35,000)				(35,000)	
Mortgage Payments				(8,000)					
Other Expenditures		(55,000)							
PPP Loan Received									
Medicare Advance Pmts Rec'd		(100,000)	(12,000)	(12,000)	(12,000)	(12,000)	(7,000)		
CMS Grant									
Line of Credit Proceeds									
<b>Ending Cash Balance</b>	<b>389,500</b>	<b>189,500</b>	<b>255,500</b>	<b>150,500</b>	<b>233,500</b>	<b>156,500</b>	<b>207,500</b>	<b>107,500</b>	<b>202,500</b>

As year-end approaches – how much cash to keep and how much to pay owners.

Reflects a choice to repay a portion of the Medicare Advance before recoupment starts.



# Planning for Repayment or Recoupment of Medicare Advance Payments

- The Advance Payments should be reflected as a liability on your financial statement, not revenue.
- Know the date that Recoupment is to begin - 120 days after receipt of funds.
- Create a spreadsheet to track the accumulating recoupments.
  - For instance, if you received \$100,000 in advance and the first EOB recoups \$2,500, you still have a liability of \$97,500.
- EOBs will identify the recoupments with a unique code.
- Follow PME for updates on the interest rate that will be applied to any moneys still owed at the end of your recoupment period.



# Banking Relationships

- Banks lend money to ongoing professional service organizations. Ophthalmology practices are those type of organizations.
- A pro-forma for your expected ramp-up of revenue provides a basis for consideration for a loan or line of credit.
- The Paycheck Protection Program loan program has served to either strengthen or stress banking relations.
- It may not be a good time to abandon long standing banking relations even if they have been tense.





# Data Driven Decision Making.... Should We Bring the OD Back?



- What is the OD's Historic Revenue per Encounter?
- Do you staff the OD with a technician?
- Do you have Vision Plan business?
- Do you have an optical shop within the confines of your medical office?
- Can you alter the OD's compensation to reflect a reduced number of patients?





# Data Driven Decision Making....

## Should We Open the Satellite Location?



- Are you paying the rent or did you receive an abatement?
- Does the availability of more exam lanes allow you to have more physicians in office and meet more patient demand?
- Are the visits at the satellite location “additional” visits or are they the same number of visits at different locations?
- Would you need to “hire back” more staff?





# In Conclusion

These are challenging times. It is critical to understand and to be able to communicate effectively about progress and expectations for the future. Setting a cadence of communication and using consistent tools builds common understanding on the part of those preparing and those reviewing.

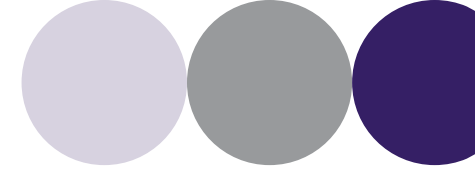




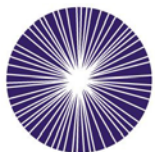
# Resources

- AAOE Recovery Roadmap series
  - <https://www.aao.org/practice-management/article/reboot-your-practice-post-covid19-recovery-roadmap>
- AAOE website
  - Lean management (<https://www.aao.org/practice-management/article/webinar-lean-management-increase-profitability>)



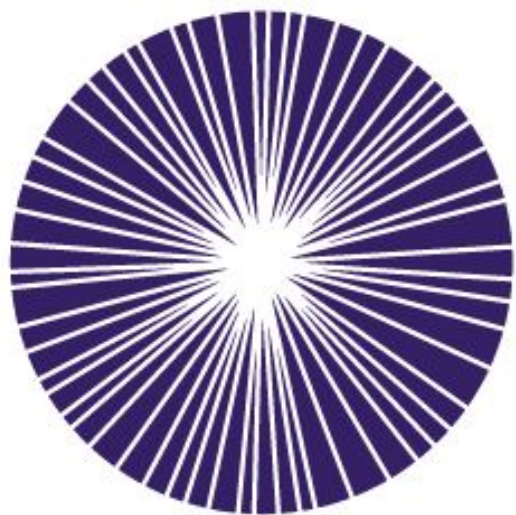


# QUESTIONS?



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