

# **Physician Practice Management**

**Essential Operational and  
Financial Knowledge**

**Second Edition**

**Lawrence F. Wolper, MBA, FACMPE**

**President**

**L. Wolper, Inc.**

**Morristown, NJ**



**JONES & BARTLETT  
LEARNING**

*World Headquarters*  
Jones & Bartlett Learning  
5 Wall Street  
Burlington, MA 01803  
978-443-5000  
info@jblearning.com  
www.jblearning.com

Jones & Bartlett Learning books and products are available through most bookstores and online booksellers. To contact Jones & Bartlett Learning directly, call 800-832-0034, fax 978-443-8000, or visit our website, [www.jblearning.com](http://www.jblearning.com).

Substantial discounts on bulk quantities of Jones & Bartlett Learning publications are available to corporations, professional associations, and other qualified organizations. For details and specific discount information, contact the special sales department at Jones & Bartlett Learning via the above contact information or send an email to [specialsales@jblearning.com](mailto:specialsales@jblearning.com).

Copyright © 2013 by Jones & Bartlett Learning, LLC, an Ascend Learning Company

All rights reserved. No part of the material protected by this copyright may be reproduced or utilized in any form, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without written permission from the copyright owner.

*Physician Practice Management, Second Edition* is an independent publication and has not been authorized, sponsored, or otherwise approved by the owners of the trademarks or service marks referenced in this product.

The authors, editor, and publisher have made every effort to provide accurate information. However, they are not responsible for errors, omissions, or for any outcomes related to the use of the contents of this book and take no responsibility for the use of the products and procedures described. Treatments and side effects described in this book may not be applicable to all people; likewise, some people may require a dose or experience a side effect that is not described herein. Drugs and medical devices are discussed that may have limited availability controlled by the Food and Drug Administration (FDA) for use only in a research study or clinical trial. Research, clinical practice, and government regulations often change the accepted standard in this field. When consideration is being given to use of any drug in the clinical setting, the health care provider or reader is responsible for determining FDA status of the drug, reading the package insert, and reviewing prescribing information for the most up-to-date recommendations on dose, precautions, and contraindications, and determining the appropriate usage for the product. This is especially important in the case of drugs that are new or seldom used.

#### **Production Credits**

Publisher: William Brott Miller  
Acquisitions Editor: Katey Birtcher  
Managing Editor: Maro Gartside  
Associate Editor: Teresa Reilly  
Editorial Assistant: Kayla Dos Santos  
Associate Production Editor: Jill Morton  
Production Assistant: Emma Krosschell  
Marketing Manager: Grace Richards  
Manufacturing and Inventory Control Supervisor: Amy Bacus  
Composition: Cenveo Publisher Services  
Cover Design: Scott Moden  
Cover Image: © Loongar/Dreamstime.com  
Printing and Binding: Courier Companies  
Cover Printing: Courier Companies

#### **Library of Congress Cataloging-in-Publication Data**

Physician practice management : essential operational and financial knowledge / [edited by] Lawrence F. Wolper. — 2nd ed.  
p. ; cm.

Includes bibliographical references and index.

ISBN 978-0-7637-7101-0—ISBN 0-7637-7101-5

I. Wolper, Lawrence F.

[DNLM: 1. Practice Management, Medical—organization & administration. 2. Financial Management—organization & administration. 3. Group Practice--organization & administration. W 80]

362.1068—dc23

2011046461

6048

Printed in the United States of America

16 15 14 13 12 10 9 8 7 6 5 4 3 2 1

*To our darling Sophie,  
a bright ray of sunshine every day.*





# Contents

Foreword .....	xiii
Acknowledgments .....	xv
About the Managing Editor/Author .....	xix
Contributors .....	xxi
Contributor Biographies .....	xxv
<b>Section I Practice Operations and Functions .....</b>	<b>1</b>
<b>Chapter 1 International Physician and Health System Practice:</b>	
<b>Can U.S. Reform Efforts Learn from Other Nations? .....</b>	<b>3</b>
<i>Grant T. Savage, PhD, MBA, BA; Mohamed Bouras, MS; Leo van der Reis, MD</i>	
Origins of Medical Group Practice .....	4
Medical Group Practice in the United States .....	12
Medical Group Practice in 11 Other Nations .....	19
Lessons for the U.S. Healthcare System: Whither the PPACA of 2010? .....	28
Appendix A: Financing and Organization of 12 Health Systems .....	31
Appendix B: Medical Malpractice Liability in Eight Health Systems .....	39

<b>Chapter 2 Organization and Operations of Medical Group Practice</b> . . . . .	45
<i>Stephen L. Wagner, PhD, FACMPE</i>	
Part I: Organization. . . . .	45
Part II: Operations . . . . .	59
<b>Chapter 3 Physician Leadership in Medical Group Practice</b> . . . . .	85
<i>Gary S. Kaplan, MD, FACMPE, FACP</i>	
The Evolution of Group Practice as a Preferred Model. . . . .	85
External Challenges . . . . .	89
Internal Leadership Challenges . . . . .	90
Clinical Care Delivery. . . . .	93
Evolution of the Physician Role . . . . .	94
Spectrum of Group Practices and Implications for Leadership . . . . .	95
Skills, Knowledge, and Competencies . . . . .	97
External Relationships . . . . .	102
Internal Relationships. . . . .	104
Collaboration and Teamwork . . . . .	106
Illustrative Leadership Vignettes . . . . .	107
Opportunities, Risks, and Vulnerabilities . . . . .	109
Barriers to Success . . . . .	110
The Future . . . . .	111
<b>Chapter 4 Management of Nursing Services</b> . . . . .	115
<i>Sheila Richmeier, MS, RN, FACMPE</i>	
Movement of Practices to Larger Systems. . . . .	116
Nursing Roles . . . . .	122
Evolving Nursing Roles . . . . .	126
Nursing Models . . . . .	131
The Future Medical Office . . . . .	133
<b>Chapter 5 Human Resources Management in Group Practice</b> . . . . .	139
<i>Michael A. O'Connell, MHA, FACHE, FACMPE</i>	
Organizational Investment in Human Resources Management . . . . .	140
Human Resources and Technology . . . . .	141
Evaluation of Positions Needed by the Organization and Preparation of Job Descriptions. . . . .	141
Recruitment and Hiring . . . . .	144
Orientation . . . . .	147
Employee Education and Training . . . . .	148
Evaluation of Performance . . . . .	149
Total Compensation Administration. . . . .	160

Employee Engagement . . . . . 165

Physician Recruitment, Retention, and Resource Enhancement . . . . . 166

Conclusion . . . . . 169

**Chapter 6 Marketing Healthcare Services . . . . . 171**

*Roberta N. Clarke, MBA, DBA*

Marketing Mission and Objectives . . . . . 172

The Competition Defined . . . . . 173

Business-to-Business Marketing . . . . . 179

Derived Demand . . . . . 180

Consumer Behavior: Availability of Information . . . . . 182

Consumer Behavior: Information Search and Use . . . . . 183

Consumer Behavior: Integrity and Validity of Information . . . . . 185

Consumer Behavior: The Role of Digital Communication . . . . . 186

Consumer Behavior: Adoption of Innovation . . . . . 187

Differentiation: Quality . . . . . 188

Differentiation: Access . . . . . 189

Differentiation: Price . . . . . 190

Other Sources of Differentiation . . . . . 191

Customer Retention . . . . . 192

Data-Driven Marketing . . . . . 195

**Chapter 7 Public Health and Private Physician Medical Practice Preparedness:  
Can We Be Medically Prepared for the Next Disaster? . . . . . 199**

*Denise O’Farrell, MPH; Howard L. Smith, PhD; Keri D. Black, PhD, CFNP  
Annette Phillipp, PhD, MPH; Lawrence F. Wolper, MBA, FACMPE  
David N. Gans, MSHA, FACMPE; Neill E. Piland, PhD*

Historical Relationships Between Public Health  
and Medicine Related to Emergency Preparedness . . . . . 200

Creation of the National Bioterrorism Hospital Preparedness Program . . . . . 202

The Level of Interaction, Communication, Cooperation, and Training that  
Currently Exist Between Public Health and Medical Private Practice . . . . . 206

The Primary Care Setting as a Key in Disaster Preparedness and Response . . . . . 208

Level of Success in Medical Practices’ Preparedness to Interact  
with Public Health and Perform During Times of Planning and Crisis . . . . . 211

Improvements that Should Be Made in Emergency Preparedness  
and Requirements Essential to Implementation . . . . . 212

Implications for Healthcare Practice and Research . . . . . 213

Toward Enlightened Medical Care in Time of Disaster . . . . . 216

<b>Section II Monitoring and Controlling Physician Organizations</b> . . . . .	<b>219</b>
<b>Chapter 8 Physician Practice: Organization, Management, and Operation</b> . . . . .	<b>221</b>
<i>Michael J. Kelley, MBA, CMPE; Steven Falcone, MD, MBA</i>	
<i>Stephen G. Schwartz, MD, MBA; Richard D. Norwood, CPA, FHMA, MBA</i>	
Forms of Physician Practice . . . . .	221
Healthcare Funding Plan Evolution . . . . .	226
Operational Aspects of Physician Practice . . . . .	232
Evaluation of Managed Care . . . . .	240
Financial Benchmarking . . . . .	241
<b>Chapter 9 Accounting and Budgeting for Medical Practice Managers</b> . . . . .	<b>247</b>
<i>Steven M. Andes, PhD, CPA; David N. Gans, MSHA, FACMPE</i>	
The Major Types of Accounting . . . . .	247
The Practice Manager's Responsibility for Accounting and Budgeting . . . . .	248
The Relationship Among the Practice Manager, the CPA, Auditors, and Potential Lenders . . . . .	248
Principles of Financial Accounting: The Generally Accepted Accounting Principles . . . . .	249
Cash and Accrual Accounting, and Modified Accrual Accounting . . . . .	253
Methods of Depreciation . . . . .	254
Chart of Accounts . . . . .	259
Flow of Financial Information . . . . .	260
Internal Control . . . . .	267
Budgeting for Practice Managers . . . . .	269
Type of Budgets . . . . .	270
The Budget Process . . . . .	272
Creating the Statistics Budget . . . . .	273
Creating the Provider Compensation Forecast . . . . .	274
Creating the Expense Budget . . . . .	275
Creating the Revenue Budget . . . . .	275
Creating the Operating Budget . . . . .	276
Creating the Cash Budget . . . . .	276
Creating the Capital Budget . . . . .	277
Zero-Based Budgeting . . . . .	277
Fixed Versus Flexible Budgeting . . . . .	277
Using the Comprehensive Budget as a Management Tool . . . . .	278
<b>Chapter 10 Financial Management and Reporting</b> . . . . .	<b>281</b>
<i>Lee Ann H. Webster, MA, CPA, FACMPE</i>	
Audits . . . . .	281
Reviews . . . . .	283
Compilations . . . . .	283
In-House Statements . . . . .	284

The Accountant's Report . . . . . 284

Bases of Accounting . . . . . 285

Financial Statements. . . . . 288

Statement of Changes in Equity . . . . . 307

Statement of Cash Flows. . . . . 307

Notes to Financial Statements . . . . . 309

Conclusion . . . . . 309

**Chapter 11 Practice Benchmarking . . . . . 311**  
*Elizabeth W. Woodcock, MBA, FACMPE, CPC*

Financial Benchmarks . . . . . 312

Operational Benchmarks . . . . . 328

Conclusion . . . . . 333

Acknowledgments . . . . . 333

**Chapter 12 Health Information Technology for Medical Group Practices . . . . . 335**  
*Margret Amatayakul, MBA, RHIA, CHPS, CPHIT, CPEHR, CPHIE, FHIMSS*

Scope. . . . . 335

Planning for Health Information Technology. . . . . 339

Workflow and Process Mapping . . . . . 343

EHR Considerations . . . . . 346

HIT Selection . . . . . 348

HIT Implementation. . . . . 354

HIT Optimization . . . . . 360

Future Directions in HIT . . . . . 363

**Chapter 13 Office Practice Risk Management . . . . . 367**  
*Geraldine Amori, PhD, ARM, CPHRM, DFASHRM*

The Risk Management Process . . . . . 368

Office Practice Exposures . . . . . 372

Personnel Exposures. . . . . 387

Property and Facilities Exposure . . . . . 389

Financial and Business Operations. . . . . 391

Summary. . . . . 394

**Section III Essential Knowledge for Contemporary Management . . . . . 397**

**Chapter 14 Legal Issues Associated with Medical Practices  
 and Business Arrangements in the Healthcare Industry . . . . . 399**  
*Bruce A. Johnson, JD, MPA; Jennifer L. Weinfeld, JD*

Legal Issues Related to Medical Practice Organization and Operation . . . . . 400

Legal Issues Impacting Medical Practice External Relationships . . . . . 405

Illustration of Application of Legal Issues to  
 Accountable Care Organizations . . . . . 422

Conclusion . . . . . 425

<b>Chapter 15 Labor and Employment Laws Applicable to Physicians' Practices</b> . . . . .	427
<i>Peter D. Stergios, JD; John M. McKelway, JD; Jennifer Itzkoff, JD</i>	
Federal and State Civil Rights Laws . . . . .	428
Affirmative Action: Federal Contractor Requirements . . . . .	431
Individual Employment Rights . . . . .	432
Wage and Hour Laws . . . . .	435
Employee Benefits in the Healthcare Industry . . . . .	439
Privacy Issues in the Workplace . . . . .	440
Safety in the Workplace . . . . .	442
Collective Bargaining and Protected Concerted Activities . . . . .	443
Employment Eligibility Verification . . . . .	449
Conducting an Effective Internal Investigation . . . . .	452
Employment Records and Record Keeping . . . . .	456
<b>Chapter 16 Medical Practice Physician Compensation Plans</b> . . . . .	461
<i>Bruce A. Johnson, JD, MPA</i>	
Purpose and Rule of Compensation Plans . . . . .	461
Interplay of Reimbursement and Compensation Structures . . . . .	462
Changing Context for Medical Practices . . . . .	462
Features of Effective Compensation Plans . . . . .	463
Understanding the Context for Compensation Arrangements . . . . .	464
Basic Plan Types . . . . .	466
Measuring Work and Allocating Costs . . . . .	469
Noncompensation Issues with Compensation Plan Implications . . . . .	474
Legal Considerations . . . . .	477
Developing and Changing Compensation Plans . . . . .	485
Conclusion . . . . .	487
<b>Chapter 17 Regulatory and Design Issues for an Effective Physician Practice Compliance Program</b> . . . . .	489
<i>Michael R. Costa, JD, MPH; John M. McKelway, JD; Jennifer Itzkoff, JD</i>	
Summary of Fraud and Abuse Laws . . . . .	490
Identified Physician Compliance Risk Areas . . . . .	496
The Physician Practice Compliance Program . . . . .	497
Formal Integration of the Compliance Program . . . . .	501
Conclusion . . . . .	506
<b>Chapter 18 Implementing and Operating a Physician Practice Compliance Program</b> . . . . .	507
<i>Lawrence F. Wolper, MBA, FACMPE</i>	
The Compliance Plan Within the Context of a Physician Practice . . . . .	508
The Elements of Compliance Plans and Programs . . . . .	515
Managerial Implications of Implementing the Compliance Plan . . . . .	517
A Planning and Implementation Work Plan . . . . .	525

**Chapter 19 Tax-Qualified Retirement Plans and Fringe Benefits . . . . . 535**  
*Richard A. Naegele, BA, MA, JD; Kelly Ann VanDenHaute, BS, JD*  
 Tax-Qualified Retirement Plans . . . . . 535  
 Cafeteria Plans, Employee Fringe Benefits, and COBRA . . . . . 544  
 Appendices . . . . . 554

**Chapter 20 Medical Malpractice: An Explanation and Analysis . . . . . 567**  
*Chris Morrison, Esq.; Julie M. Brightwell, BSN, JD, CPHRM*  
*Dan Bucsko, MBA, MHA, FACHE, CMPE, CPHRM; Susan Shephard, MSN, CPHRM*  
*Darrell Ranum, JD, CPHRM*  
 The Cause of Action for Medical Malpractices . . . . . 567  
 The Physician–Patient Relationship . . . . . 568  
 The Standard of Care . . . . . 570  
 Breaching the Standard of Care . . . . . 572  
 Causation . . . . . 573  
 Liability for the Actions of Others . . . . . 573  
 Damages . . . . . 574  
 Frivolous Lawsuits . . . . . 575  
 The Role of Insurance . . . . . 576  
 The Litigation and Trial Process . . . . . 578  
 Trial . . . . . 580  
 Appeal . . . . . 582  
 Consequences of a Medical Malpractice Action . . . . . 582  
 Legislative Attempts to Address Medical Liability . . . . . 584  
 Conclusion . . . . . 585

**Chapter 21 Facility Design and Planning for Physician-Based Group Practices . . . . . 587**  
*Richard Sprow, AIA; Sonya Dufner, FASID*  
*Christian F. Bormann, AIA, NCARB, LEED AP; Jason Harper, AIA, LEED AP*  
*John Rodenbeck, AIA, NCARB, LEED AP BD+C*  
 The Basics of Architectural Design Services . . . . . 588  
 Beginning the Project . . . . . 589  
 Getting the Project Started . . . . . 593  
 Sustainable Building and LEED . . . . . 599  
 Construction Services . . . . . 599  
 Construction Delivery Methods . . . . . 600  
 The Quality of the Interior Environment . . . . . 600  
 Physical Settings for Group Practices . . . . . 602  
 The Programmatic Needs of a Physician-Based Group Practice . . . . . 602  
 Operational Considerations . . . . . 604  
 Planning Typologies and the Clinical Environment . . . . . 609  
 Patient Registration: Centralized Versus Decentralized . . . . . 610

Arranging Clinical Spaces . . . . . 610

Shared Support Functions . . . . . 611

The Clinical Neighborhood Model . . . . . 611

Planning for Growth and Change . . . . . 612

Codes and Guidelines for Healthcare Facilities . . . . . 612

Time, Cost, and Quality . . . . . 613

Financing Group Practice Facilities . . . . . 615

Planning Your New Facility . . . . . 616

**Index** . . . . . **617**

## Foreword

The U.S. healthcare system is in the process of its most significant change since the creation of Medicare and Medicaid in 1965. The passage of the Patient Protection and Affordable Care Act in 2010 initiated a series of changes in government programs that will change who has health insurance, how doctors and hospitals are paid, and how physicians relate to patients, hospitals, and insurance companies. Simultaneously with the federal health reform initiatives, commercial health insurance companies are on a parallel path to create care delivery programs that are designed to improve quality and reduce the total cost of care.

Whether change is due to federal legislation or a response to market forces, the healthcare system of the future will have a very different structure than what is observed today. In order to prepare for a transformed healthcare environment, medical practices and their leaders need a firm foundation. The second edition of *Physician Practice Management: Essential Operational and Financial Knowledge* was designed to provide the information that practice leaders will need now and in the future. Every critical aspect of practice is addressed in the text by authors who have attained national recognition for their expertise and knowledge.

In the midst of the changes underway in the healthcare system, the Medical Group Management Association (MGMA) and the American College of Medical Practice Executives (ACMPE) are in their own transformation. In October 2011, the respective memberships of the two organizations approved their merger into a new association effective January 1, 2012. The new association, MGMA-ACMPE, will be better positioned to serve our members and the industry in the rapidly changing healthcare marketplace. The MGMA-ACMPE vision to “be the foremost resource for members and their organizations in creating and improving systems that complement the delivery of affordable, quality patient care” shows our commitment to the needs of medical practices and their leaders.

The 21 chapters of the second edition of *Physician Practice Management: Essential Operational and Financial Knowledge* address the spectrum of management issues facing medical practices. The text is divided into three sections to concentrate similar topics for the reader's convenience. Each of these sections, Practice Operations and Functions, Monitoring and Controlling Physician Organizations, and Essential Knowledge for Contemporary Management, could stand alone as a definitive text; in

combination, they make this text the most comprehensive source of practice management information available in a single document.

Section I, Practice Operations and Functions, provides a broad overview of health issues including the evolution of medicine and how healthcare is delivered in other countries. The section continues with chapters that address general practice operations, the organization of medical groups, physician leadership, nursing leadership, human resources management, and marketing. Six of the chapters in this section were in the *First Edition* and have received extensive updates, including the differences in the manner in which malpractice lawsuits are handled and the impact of these lawsuits in the United States. A new Chapter 7, Public Health and Private Physician Medical Practice Preparedness: Can We Be Medically Prepared for the Next Disaster?, replaces the chapter on bioterrorism in the first edition with information that discusses how a medical practice can prepare for and minimize the impact of natural or human-caused disasters.

Section II, Monitoring and Controlling Physician Organizations, addresses the controlling and management systems within the practice. This section has chapters that address governance, accounting, finance, benchmarking techniques, electronic health records, management information systems, and risk management that update the content of the first edition. It begins with a new chapter, Physician Practice: Organization, Management, and Operation, which introduces the section and provides a summary of information on practice governance and organizational structure.

The last section, Essential Knowledge for Contemporary Management, has six chapters that update the content of the *First Edition*. These chapters cover the laws and federal regulations that affect internal operations and external relationships. They also address how compensation plans can incentivize provider productivity and how facility design affects patient care and throughput. Two new chapters focus on the information that healthcare leaders need to structure physician employment contracts that comply with federal regulations.

Just as this text is the definitive reference for a medical practice or senior hospital executive, it also is the

ideal reference for administrators seeking ACMPE certification or Fellowship. The certification test process is designed to verify and validate expertise and experience in medical practice management; administrators who pass the ACMPE certification examinations are recognized as having the unique knowledge and skill set for medical practice management. The extensive depth of content in the second edition of *Physician Practice Management: Essential Operational and Financial Knowledge* makes this text the ideal study guide for the ACMPE examinations because the chapters in this book cover the entire scope of the body of knowledge for medical practice management.

The chapter authors represent a cross-section of the most knowledgeable authorities in their fields. The authors come from academia, healthcare organizations, law firms, associations, architectural firms, and consulting organizations and bring a level of expertise that is unmatched in any other health management publication. The authors' academic and professional credentials are exemplary, with many holding dual professional degrees. Additionally, most of the authors have attained the highest level of certification and recognition in their respective fields. Among the medical practice executives who contributed to this text, nine are either Certified Medical Practice Executives or Fellows in the American College of Medical Practice Executives (ACMPE). Attaining Fellowship in the ACMPE is the highest credential in medical practice management.

The first edition of *Physician Practice Management: Essential Operational and Financial Knowledge* was published in 2005 and was quickly recognized as the authoritative text describing medical practice management. This second edition adds new information that keeps the publication current so it can continue to meet the demanding information needs of medical practice leaders. This text should be included on the bookshelf of every medical practice executive.

Susan Turney, MD, MS, FACP, FACMPE  
President and Chief Executive Officer  
MGMA-ACMPE  
Englewood, Colorado

## Acknowledgments

When the outlining of this book began, all authors, coauthors, and editors realized that we were entering a time of significant change in the healthcare industry. As stated in the foreword, it did not matter whether the change was being influenced by legislation or by other exogenous factors. Rapid and, at times, contentious change was occurring. The challenge was how to write and produce a text that would both be able to address these possible changes and be accurate and educational. The writing of the manuscripts was paced in such a way that the authors would have enough time to research and absorb possible changes, and to determine the degree to which they could or would affect their specific topical areas. Some authors' topics were likely to be dramatically affected, and others to a lesser degree. In retrospect it appears that the longer process time for the book has paid off.

There are 21 chapters in the second edition of this text, all written by authors with outstanding reputations in each of their respective areas of expertise. Most have terminal degrees in their fields, and nine are Fellows in the American College of Medical Practice Executives. There are new authors as well, such as Sheila Richmeier who wrote an outstanding chapter on nursing management and the changes that are, and will be, occurring in that area, and Neill Piland who coordinated, with his

coauthors, a very robust chapter on disaster preparedness. The lead author of that chapter, Denise O'Farrell, has achieved excellence in threading many subtopics together into a critical chapter, and doing so in such a highly professional manner, while at the same time personally facing other life challenges. Other new authors are Richard Naegele and Kelly Ann VanDenHaute, who took a topic of quite some detail, tax-qualified retirement plans and fringe benefits, and made it easily understood and very much on point. Perhaps the most likely area to absorb major change now and in the future is information systems, and Margret Amatayakul wrote an exemplary chapter on this topic. Changes affecting this area can be encompassed in entire texts, but Margret has covered the subject well, and logically, in just one chapter. Dan Buscko and his coauthors also wrote an excellent chapter on medical malpractice, an area that may change in the future.

Special thanks to Bruce Johnson, who, with an extremely busy schedule, was able to complete two chapters, one with colleague Jennifer Weinfeld and one by himself. Peter Stergios and colleagues wrote a chapter on labor and employment law that is very interesting, and is one of those areas that is likely to sustain substantial change in the future.

Thanks to each of the authors who have published in previous editions of this book for their unhesitating willingness to, once again, go through the process. The accounting and budgeting chapter written by Steven Andes and Dave Gans, the chapter on financial management and reporting by Lee Ann Webster, and the one on practice benchmarking written by Elizabeth Woodcock, all updated, integrate with each other as if they were meant to be a small book on these interlocking topics. Continued thanks to Geraldine Amori for her chapter on risk management, and Mike Kelley and colleagues for their chapter exploring practice organization and finance.

Another area that is likely to continue to experience significant change, as MDs coalesce into large and super-large groups and hospitals continue to acquire practices, is facility design for large practices. The chapter on facility design, written by Richard Sprow and colleagues, is exemplary in exploring the architectural and design implications of the medical office of the future. As Medicare, Medicaid, and commercial insurers increase the intensity of fraud and abuse auditing, and Medicare in particular continues to recoup large sums of money for noncompliance, the chapter composed by Michael Costa and his colleagues is a must-read.

The remaining authors who are to be acknowledged are Grant Savage and his colleagues, who, once again, have raised the bar on their comparative analysis of, now, 12 countries. They also have expanded the analysis of these countries to include the manner in which malpractice lawsuits are adjudicated, whether there are limitations on malpractice monetary awards, and, in the case of the United States, how much is spent on malpractice awards. Stephen Wagner has written an excellent chapter on the organization and operations of medical groups. As the number of large medical groups continues to increase, whether they are independent or part of a system, physician leadership and “team” physician and lay leadership become more important.

In the 1990s, when large-scale physician acquisition by hospitals occurred, some believed that not enough time was expended in on-boarding physicians who had long practiced in small groups, and little time and attention were given by many organizations to accommodate the abrupt change from private practice to employed physician. They were now legally employees of hospitals, but the result, in retrospect, did not appear to be satisfactory or productive. Dr. Gary Kaplan, the chairman and CEO of Virginia Mason Health System, a very respected integrated system, has shared his experience about physician leadership in medical group practice.

The challenges in building a team approach to leadership and management, and the positive alignment of hospitals with physicians, is an addition to this book that is well worth reading. An award-winning book, *Transforming Health Care: Virginia Mason Medical Center's Pursuit of the Perfect Patient Experience*, by Charles Kenney, also is worth reading. It takes the reader through the ups and downs of creating an aligned system that works, the end product of which is a positive patient experience and keen attention to clinical outcomes.

Many hospitals currently may be making “oversights” similar to those in the 1990s, and in addition to the previously mentioned topic of physician leadership, the area of marketing also continues to be overlooked. Roberta Clarke, a professor, author, and leader in marketing healthcare, writes a comprehensive chapter that addresses good marketing in general, but how marketing is even more important in a changing industry. Branding an enlarging health system as a “system” is important, but creating a public identity for a large physician network or group also is important.

In 1910 Abraham Flexner wrote a book on medical education in the United States and Canada (*The Flexner Report*); to this day, many of the suggestions he made continue to influence hospitals and physicians. Many aspects of the book, sponsored by the Carnegie Foundation, also remain controversial. It stated, among many things, that the hospital was the doctor's workshop (much less so now with the emergence of very large independent groups with satellite offices that provide a wide range of services). Flexner's statement is likely to be the case in the future, regardless of the size and geographic reach of a system. Therefore, subordinating the identity of a large physician group or network that is owned by a health system may be underutilizing the marketing and public relations “capital” of the physicians. Dr. Clark provides a compelling argument for the importance of marketing in today's changing environment. It is perhaps even more important now than historically, because as systems expand in size, the consumer has greater difficulty in differentiating the centers of excellence among these organizations because without astute marketing they may sound like they all are excellent in all things . . . and logic suggests that this cannot be the case.

The last area that has evolved quickly in response to the speed of change in the industry is human resources management, and Michael O'Connell has produced a chapter that considers the new pressures on this critical function in a rapidly changing setting; as in the first edition, he does so in an easy-reading, yet detailed manner.

In summary, the authors of this text all are highly skilled, trained, and respected in their respective fields. Many have multiple academic degrees. Yet, in spite of the fact that they all are extremely busy, they took the time and effort to research, to speculate on the impact of changes in the industry, and to envision the impact of those changes on their own areas of specialization.

I thank all authors, coauthors, and editors for selflessly taking the time to work on this project. It is my

hope that this text becomes one that is widely read for the knowledge and wisdom that it contains, and the contemporary healthcare issues that it addresses.

Lawrence F. Wolper  
Managing Editor/Author



## About the Managing Editor/Author

Lawrence F. Wolper, MBA, FACMPE, is president of L. Wolper, Inc., in Morristown, New Jersey. The firm is a full-service consulting organization specializing in all aspects of physician group practice, hospital alignment, revenue cycle assessment, and managed care. In addition, L. Wolper, Inc., has extensive experience in managing large physician group practices and ambulatory surgery centers in order to assist them in achieving strategic growth goals and to augment operational and financial efficiencies.

Mr. Wolper has more than 25 years of consulting and senior executive experience, and has been the advisor to, or managed, major group practices, faculty practice plans, ambulatory surgery centers, and integrated networks. Prior to founding his firm in 1987, he was a partner in KPMG, International, LLP, with New York area and national responsibility for physician practice and ambulatory care consulting. At that time, he was involved in the development of large group practices, faculty practice plans, and provider networks. Prior to his partnership in KPMG, he was a consulting partner with Ingram, Weitzman, Mertens & Co., a large regional healthcare accounting and consulting firm.

He has published more than 35 professional journal articles and 8 texts on a variety of subjects that are

germane to physician and faculty practice, and to health-care administration. His book *Health Care Administration: Principles, Practices, Structure, and Delivery, Second Edition*, won a prestigious national award as one of the top 250 texts in the health sciences industry. The text was recently released in its fifth edition, and remains one of the leading texts in the industry.

Mr. Wolper received an MBA in healthcare administration from Bernard M. Baruch College/Ricklin School of Business–Mount Sinai School of Medicine, and a BA in advertising/marketing from Hofstra University. He was a Robert Wood Johnson Foundation Fellow in HMO management at the Wharton School, University of Pennsylvania, and an Association of University Programs in Hospital Administration (AUPHA) Fellow studying the British National Health System at the Kings Fund College of Hospital Management in London, England.

He is a Fellow in the American College of Medical Practice Executives, and was an Associate Adjunct Professor in the Executive MPH Program at Columbia University, teaching a course on managed care and organized delivery systems.



## Contributors

**Margret Amatayakul, MBA, RHIA, CHPS, CPHIT,  
CPEHR, CPHIE, FHIMSS**  
President  
Margret\A Consulting, LLC  
Schaumburg, Illinois

**Geraldine Amori, PhD, ARM, CPHRM, DFASHRM**  
Vice President, Education Center  
Risk Management and Patient Safety Institute  
Shelburne, Vermont

**Stephen M. Andes, PhD, CPA**  
Research Assistant Professor, Division of Health Policy  
and Administration  
University of Illinois School Public Health  
Niles, Illinois

**Keri D. Black, PhD, CFNP**  
Assistant Professor and Clinical Educator  
University of New Mexico College of Nursing  
Albuquerque, New Mexico

**Christian F. Bormann, AIA, NCARB, LEED AP**  
Architect  
Perkins & Will  
New York, New York

**Mohamed Bouras, MS**  
University of Missouri-Columbia  
Columbia, Missouri

**Julie M. Brightwell, BSN, JD, CPHRM**  
Director, Patient Safety Programs  
The Doctors Company  
Powell, Ohio

**Dan Bucsko, MBA, MHA, FACHE, CMPE, CPHRM**  
Vice President  
The Doctors Company  
Vacaville, California

**Roberta N. Clarke, MBA, DBA**  
Associate Professor, Health Care  
Management Program  
Boston University  
Weston, Massachusetts

**Michael R. Costa, JD, MPH**  
Attorney, Greenberg Traug, LLP  
Boston, Massachusetts

**Sonya Dufner, FASID**  
Director of Workplace  
Perkins & Will  
New York, New York

**Steven Falcone, MD, MBA**  
Chief Operating Officer, UHealth Faculty Practice  
University of Miami Miller School of Medicine  
Miami, Florida

**David N. Gans, MSHA, FACMPE**  
Vice President, Innovation and Research  
Medical Group Management Association  
Englewood, Colorado

**Jason Harper, AIA, LEED AP**  
Associate Principal  
Perkins & Will  
New York, New York

**Jennifer Itzkoff, JD**  
Associate  
McCarter & English  
Boston, Massachusetts

**Bruce A. Johnson, JD, MPA**  
Shareholder  
Polsinelli Shughart, PC  
Denver, Colorado

**Gary S. Kaplan, MD, FACMPE, FACP**  
Chairman and CEO  
Virginia Mason Health System  
Seattle, Washington

**Michael J. Kelley, MBA, CMPE**  
Vice Chairman, University of Miami Medical Group  
University of Miami Miller School of Medicine  
Miami, Florida

**John M. McKelway, JD**  
Partner  
McCarter & English  
Boston, Massachusetts

**Chris Morrison, Esq**  
Attorney  
Adventist Health System  
Winter Park, Florida

**Richard A. Naegele, BA, MA, JD**  
Wickens, Herzer, Panza, Cook & Batista Co.  
Avon, Ohio

**Richard D. Norwood, CPA, FHMA, MBA**  
Finance Director, Faculty Practice  
University of Miami Miller School of Medicine  
Miami, Florida

**Michael A. O'Connell, MHA, FACHE, FACMPE**  
Vice President of Clinical Services  
Marymount and Southpoint Hospitals  
Solon, Ohio

**Denise O'Farrell, MPH**  
Healthcare Liaison  
Southeastern District Health Department  
Pocatello, Idaho

**Annette Phillipp, PhD, MPH**  
Research Assistant Professor, Institute of Rural Health  
Idaho State University  
Meridian, Idaho

**Neill F. Piland, PhD**  
Research Professor, Director, Institute of Rural Health  
Idaho State University  
Pocatello, Idaho

**Darrell Ranum, JD, CPHRM**  
Regional Vice President, Patient Safety  
The Doctors Company  
Columbus, Ohio

**Leo van der Reis, MD**  
Director  
Quincy Foundation for Medical Research  
University of Alabama at Birmingham  
San Francisco, California

**Sheila Richmeier, MS, RN, FACMPE**  
Owner and Consultant  
Remedy Healthcare Consulting, LLC  
Kansas City, Montana

**John Rodenbeck, AIA, NCARB, LEED AP BD+C**  
Architect  
Perkins & Will  
New York, New York

**Grant T. Savage, PhD, MBA, BA**  
Professor of Management  
University of Alabama at Birmingham  
Birmingham, Alabama

**Stephen G. Schwartz, MD, MBA**  
Associate Professor of Clinical Ophthalmology  
University of Miami Miller School of Medicine  
Miami, Florida

**Susan Shephard, MSN, CPHRM**  
Director, Patient Safety Education  
The Doctors Company  
Niceville, Florida

**Howard L. Smith, PhD**  
Professor, Department of Management  
College of Business and Economics,  
Boise State University  
Boise, Idaho

**Richard Sprow, AIA**  
Architect  
Perkins & Will  
New York, New York

**Peter D. Stergios, JD**  
Partner  
McCarter & English  
New York, New York

**Kelly Ann VanDenHaute, BS, JD**  
Attorney  
Wickens, Herzer, Panza, Cook & Batista Co.  
Avon, Ohio

**Stephen L. Wagner, PhD, FACMPE**  
Vice President Medical Education and Research  
Carolinas Healthcare System  
Charlotte, North Carolina

**Lee Ann H. Webster, MA, CPA, FACMPE**  
Pathology Associates of Alabama, PC  
Birmingham, Alabama

**Jennifer L. Weinfeld, JD**  
Counsel  
Polsinelli Shughart, PC  
Denver, Colorado

**Elizabeth W. Woodcock, MBA, FACMPE, CPC**  
Principal  
Woodcock & Associates  
Atlanta, Georgia



# Contributor Biographies

## Chapter 1

*Mohamed Bouras, MS*, is a graduate student in health administration at the University of Missouri-Columbia. Mr. Bouras holds a Master of Science degree in agriculture and resource economics from the University of Connecticut. His research interests focus on medical groups' productivity, health information technology, and management of healthcare systems.

*Leo van der Reis, MD*, graduated with honors from the University of Chicago in 1954. His postgraduate training was in internal medicine and gastroenterology. In addition to the clinical practice of medicine, Dr. van der Reis has done extensive research and written on issues of healthcare policy. Dr. van der Reis is director of the Quincy Foundation for Medical Research—Charitable Trust and an adjunct professor in healthcare management and clinical professor of community and rural medicine at The University of Alabama.

*Grant T. Savage, PhD, MBA, BA*, is professor of management in the School of Business at the University of Alabama at Birmingham and holds joint appointments in the School of Medicine and School of Public Health. He codirects the Healthcare Leadership Academy for the UAB academic medical center, and is a founding series editor for *Advances in Health Care Management*, published by Emerald Group

Publishing. Dr. Savage has written extensively on healthcare management, communication, and negotiation issues, focusing primarily on stakeholder analysis and collaboration. He has coauthored six award-winning papers, and currently is engaged in healthcare research on employee and patient safety and on comparative international health management, as well as multisector research on stakeholder collaboration and economic development.

## Chapter 2

*Stephen L. Wagner, PhD, FACMPE*, lives in Charlotte, North Carolina, and serves as the Vice President of Business Curriculum and Resident Development for the Carolinas Healthcare System, the third largest public healthcare system in the United States. He has been active in the field of healthcare as an executive, teacher, and researcher for more than 35 years.

Dr. Wagner currently teaches healthcare management in the Seton Hall University in the Master's of Health Administration program and serves as the Executive in Residence. He also teaches at University of North Carolina at Charlotte. Dr. Wagner holds a master's degree in healthcare fiscal management from The University of Wisconsin-Madison School of Business and a PhD from the University of Louisville College of Business in healthcare

public policy analysis. Dr. Wagner's principal areas of emphasis are in medical practice administration, medical economics, community health, international medicine, new healthcare and educational technologies, and healthcare policy. His research has focused on outcome measurement for cardiovascular services, cardiovascular health, the use of Internet-based tools for patient self-management, and the development of healthcare systems in underserved communities, both domestic and international. Dr. Wagner has been involved in establishing medical practices and community services in St. Petersburg, Russia, and continues to work on healthcare service and cardiovascular issues in Charlotte.

Other publications include a book titled *Organizational Governance and Group Dynamics*, published by the MGMA as part of its American College of Medical Practice Executive Body of Knowledge Series (2006, revised 2008). More recently, Dr. Wagner served as the coinvestigator of a study, "Effect of a Web-Based Self-Management Intervention on Patient Activation: A Randomized Controlled Trial." The study was presented at the HIMSS11 Annual Conference and an article of the same name is in press at the *Journal of Medical Internet Research*.

Dr. Wagner is a Fellow in the American College of Medical Practice Executives and has served as its examination committee chair.

### Chapter 3

*Gary S. Kaplan, MD, FACMPE, FACP*, has served as chairman and CEO of the Virginia Mason Health System since 2000. He is a practicing internal medicine physician at Virginia Mason.

During Dr. Kaplan's tenure as chairman and CEO, Virginia Mason has received significant national and international recognition for its efforts to transform healthcare. Recent recognitions include:

- Virginia Mason was named the "Top Hospital of the Decade" for patient safety and quality by The Leapfrog Group, a distinction shared with only one other hospital.
  - Virginia Mason received the highest overall score of any reporting hospital in the Pacific Northwest in the 2010 and 2011 surveys by The Leapfrog Group. In 2010, Virginia Mason also had the best safety ratings in Washington state for high-risk procedures, as well as the best overall patient safety ratings among all reporting hospitals.
  - Virginia Mason is one of only 238 hospitals out of 6,000 nationwide to receive the 2011 HealthGrades Patient Safety Excellence Award.
  - Virginia Mason was one of five hospitals honored with the 2011 American Hospital Association-McKesson Quest for Quality Prize, presented annually to honor leadership and innovation in quality improvement and safety.
  - Virginia Mason was named a 2011 Distinguished Hospital for Clinical Excellence by HealthGrades, placing Virginia Mason among the top 5% of hospitals nationwide—the fourth time Virginia Mason had earned this honor.
- Virginia Mason is considered to be the national leader in deploying the Toyota Production System to healthcare management—reducing the high costs of healthcare while improving quality, safety, and efficiency to deliver better, faster, and more affordable care.
- In addition to caring for patients and serving as chairman and CEO, Dr. Kaplan is a clinical professor at the University of Washington and has been recognized for his service and contribution to many regional and national boards, including the Institute for Healthcare Improvement, the Medical Group Management Association, the National Patient Safety Foundation, the Greater Seattle Chamber of Commerce, the Washington Healthcare Forum, the Seattle Foundation, and Special Olympics of Washington.
- Dr. Kaplan is a founding member of Health CEOs for Health Reform and has been recognized nationally for his healthcare leadership.
- *Modern Healthcare* ranked Dr. Kaplan thirty-third in its 2011 listing of the 100 Most Influential People in Healthcare.
  - *Modern Physician* and *Modern Healthcare* ranked Dr. Kaplan twelfth in the 2011 listing of the 50 Most Influential Physician Executives.
  - In 2011, *Becker's Hospital Review* listed Dr. Kaplan as one of the 13 Most Influential Patient Safety Advocates in the United States, and named him as one of 291 U.S. Health and Hospital Leaders to Know.
- Some of Dr. Kaplan's other awards and distinctions include:
- The 2009 John M. Eisenberg Award from the National Quality Forum and The Joint Commission for Individual Achievement at the national level for his outstanding work and commitment to patient safety and quality.
  - The Harry J. Harwick Lifetime Achievement Award for outstanding contributions to healthcare from the Medical Group Management Association and the American College of Medical Practice Executives.

Dr. Kaplan received his medical degree from the University of Michigan and is board certified in internal medicine. He is a Fellow of the American College of Physicians (FACP), the American College of Medical Practice Executives (FACMPE), and the American College of Physician Executives (FACPE).

#### Chapter 4

*Sheila Richmeier, MS, RN, FACMPE*, has established significant expertise in medical practice redesign with over 20 years of experience in healthcare. Key to her qualifications and success is her ability to objectively analyze situations and determine potential opportunities. Throughout her career, Sheila has managed clinical staff; provided oversight for business, financial, and clinical aspects of a medical office; and provided key insights in various consulting projects. Drawing upon diverse hospital, home health, and primary and specialty care experiences, Sheila provides practical efficiency solutions to medical offices. As a facilitator, Sheila has worked with primary care practices throughout the country to assist with the transformation to patient-centered medical homes. This work was a culmination of all her experiences and expertise in medical practice management and clinical operations. Successes include improvement in quality and clinical outcome analysis, and physician, staff, and patient satisfaction, along with improved efficiencies in financial and operational areas. Recently Sheila opened her own business, Remedy Healthcare Consulting, and provides services to both primary and specialist practices throughout the country.

Sheila is a registered nurse and a fellow in the American College of Medical Practice Executives with a master's degree in nursing administration from the University of Kansas. Sheila speaks on the national stage and has published numerous books, including *Leading Your Clinical Team: A Comprehensive Guide to Optimizing Productivity and Quality*, published by MGMA in July 2009, and *The New Healthcare Supervisor's Guide: The Secrets to Success*, published by MGMA in March 2010. She also authored *Fast Facts: Medical Office Nursing*, published by Springer Publishing in June 2010.

#### Chapter 5

*Michael A. O'Connell, MHA, FACHE, FACMPE*, is an experienced senior healthcare leader working at two of Cleveland Clinic's regional hospitals and medical groups in Cleveland, Ohio. He has been responsible for operations of medical practices, hospitals, and physician services including recruitment, retention, and development of employees and

physicians. He has worked extensively to engage teams to accomplish great results in the areas of patient experience, employee engagement, operations, and process improvements. He has served on the local boards of the American College of Healthcare Executives (ACHE) and Medical Group Management Association (MGMA) and is a fellow in the ACHE and American College of Medical Practice Executives (ACMPE). He has made numerous national presentations and spoken on diverse topics such as human resources, healthcare operations, sustainability, and corporate compliance. He has authored a book for the MGMA on the body of knowledge review titled *Human Resource Management*. He also has worked extensively to mentor medical practice leaders to pursue their board certification in the ACMPE and presently serves as the ACMPE's Advancement Chair. He has a Bachelor of Science from University of Illinois, Urbana, and a Master of Health Administration from Saint Louis University, Saint Louis, Missouri.

#### Chapter 6

*Roberta N. Clarke, MBA, DBA*, is associate professor in Boston University's Health Care Management Program. She is vice chairman of the Board of the Academy for Educational Development, one of the largest human development agencies, and also a member of the Board of Trustees of the New England Organ Bank. Professor Clarke is the 1995 recipient of the American Marketing Association's prestigious Philip Kotler Award for Excellence in Health Care Marketing. She is former president of the Society for Health Care Planning and Marketing, at that time a national professional society of 3,500 members affiliated with the American Hospital Association. Dr. Clarke won the Health Care Marketer of the Year Award from the American College of Health Care Marketing in 1985, the first year it was awarded. She has been teaching healthcare marketing courses at Boston University's Health Care Management Program since January 1974. Professor Clarke has served on the editorial review board of the *Journal of Health Care Marketing* as well as other healthcare publications. With Philip Kotler, she coauthored *Marketing for Health Care Organizations*, considered to be the first and leading text in the field of healthcare marketing. She was the cofounder of Great Moves!, a pediatric weight management program affiliated with The Physicians of Children's Hospital Boston. She currently is the president and cofounder of Advance Medical, an expert second medical opinion service serving over 1.4 million people in the United States. Professor Clarke received her master's and doctorate from the Harvard Graduate School of Business Administration.

## Chapter 7

*Keri D. Black, PhD, CFNP*, is an associate professor at the University of New Mexico College of Nursing and a family nurse practitioner in urgent care.

*David N. Gans, MSHA, FACMPE*, is the vice president of Innovation and Research at the Medical Group Management Association (MGMA). Mr. Gans administers research and development at the MGMA and its research affiliate, the MGMA Center for Research. In addition to his management responsibilities, he is an educational speaker, authors a monthly column in MGMA's journal, and serves as the association's staff resource on all areas of medical group practice management. The current research focus addresses the four issues of importance to medical practice executives: patient safety and quality; administrative simplification, cost efficiency, and the dissemination of best practices; information technology; and preparing for healthcare reform and a transformed health delivery system.

Mr. Gans received his Bachelor of Arts degree in government from the University of Notre Dame, a Master of Science degree in education from the University of Southern California, and a Master of Science degree in health administration from the University of Colorado. Mr. Gans is retired from the U.S. Army Medical Service Corps in the grade of Colonel, U.S. Army Reserve. He is a Certified Medical Practice Executive and a Fellow in the American College of Medical Practice Executives.

*Denise O'Farrell, MPH*, has a master's degree in public health from Idaho State University. Ms. O'Farrell is employed with the Southeastern District Health Department in the Public Health Preparedness Program. She is the emergency preparedness healthcare liaison, working with eight hospitals, community health centers, and emergency medical services agencies developing emergency preparedness and response plans in southeastern Idaho for the Assistant Secretary for Preparedness and Response's Hospital Preparedness Program. Ms. O'Farrell is also the coordinator for the Southeast Idaho Medical Reserve Corps unit.

*Annette Phillipp, PhD, MPH*, is a research assistant professor for the Institute of Rural Health at Idaho State University. Her professional and educational background is in health services research, health promotion, disease prevention, community health education, consumer health information, and outcomes research. Dr. Phillipp has significant research experience in emergency preparedness, specifically in the areas of health services and simulation-based training. Additional areas of research include the economics of injuries, human patient simulation integration within clinical education, and adolescent

and childhood obesity. Dr. Phillipp is a member of several professional organizations and currently serves on the board of the Idaho Rural Health Association. Dr. Phillipp has presented research findings at national, state, and local meetings regarding emergency preparedness and curriculum development, community-based hospital discharge planning for persons with disabilities, and various health and wellness topics. Her publications have focused on emergency preparedness for office practices as well as wellness, health promotion and disease prevention interventions, services, and outcomes.

*Neill F. Piland, PhD*, is research professor and director at the Idaho State University (ISU) Institute of Rural Health. Prior to coming to ISU in 2002 he was director of the Medical Group Management Association (MGMA) Center for Research for 6 years, founding director of New Mexico's Lovelace Institute for Health and Population Research for 13 years, and assistant director of the Health Services Research Program at the Stanford Research Institute (now SRI International). A health economist and health services researcher, he received his doctorate in health services administration from UCLA and also holds master's degrees in public health and economics from UCLA and UC Davis, respectively. He has been principal investigator for more than 40 major research and demonstration projects. These include evaluation of the quality of care in Arizona's Medicaid managed care experiment (AHCCCS), the New Mexico project for the Community Intervention Trial for Smoking Cessation (COMMIT) community trial, and a national study of physician profiling. He recently completed a large Assistant Secretary of Preparedness and Response (ASPR)/Health Resources and Services Administration (HRSA) funded program to prepare Idaho's healthcare workforce for bioterrorism and disaster events through the application of innovative distance learning delivery systems. He has authored or coauthored more than 90 journal articles, four books, and numerous book chapters on healthcare delivery, health promotion, and healthcare financing.

*Howard L. Smith, PhD*, is professor in the Department of Management, former vice president (2007–2011) for University Advancement, and past dean (2006–2007) of the College of Business and Economics at Boise State University. He formerly served as dean (1994–2004) at the Anderson School of Management and School of Public Administration, University of New Mexico, Director of the Program for Creative Enterprise and the Creative Enterprise Endowed Chair (2004–2006). From 1990 to 1994 Dr. Smith served as associate dean at the Anderson Schools. He has published over 230 articles on

health services, organization theory/behavior, and strategic management topics in journals such as the *Academy of Management Journal*, *Health Services Research*, *Health Care Management Review*, and *New England Journal of Medicine*. He has published six books on prospective payment, staff development, hospital competition, financial management, strategic nursing management, and reinventing medical practice, and published three books on nature literature: *In the Company of Wild Bears: A Celebration of Backcountry Grizzlies and Black Bears* (Lyons Press, 2006), *Mountain Harmonies: Walking the Western Wildernesses* (UNM Press, 2004), and *The Last Best Adventure* (CreateSpace, 2011). He also published *Taking Back the Tower: Simple Solutions for Saving Higher Education* with Greenwood Press/Praeger Publishers (2009).

### Chapter 8

*Steven Falcone, MD, MBA*, is the chief operating officer, UHealth Faculty Practice, and associate vice president for medical affairs and associate executive dean for practice development, University of Miami Miller School of Medicine. He is also professor of radiology, neurological surgery, and ophthalmology, University of Miami Miller School of Medicine. Previously he served as the medical director of radiology services in the Department of Radiology and vice chair of the University of Miami Medical Group. Dr. Falcone is a delegate for the American Society of Neuroradiology to the House of Delegates of the American Medical Association. He obtained his MD and MBA degrees from the University of Miami and is board certified by the American Board of Radiology with added qualification in neuroradiology.

*Michael J. Kelley, MBA, CMPE*, is the vice chairman of the University of Miami Medical Group, the faculty practice plan of the University of Miami Miller School of Medicine, having previously acted as the director of satellite operations and ambulatory surgery for the Bascom Palmer Eye Institute. Mr. Kelley began his healthcare career in 1980 and has participated as a lecturer in numerous professional educational programs, with a focus on financial management. He has served on the executive committee as president of the Ophthalmology Assembly, Medical Group Management Association, and has chaired the American Academy of Ophthalmology's committee guiding the development of administrator skill levels. He received a BS in biology as a Faculty Scholar and an MBA with an emphasis in marketing and management at Florida Atlantic University. Mr. Kelley is active as a member of the Medical Reserve Corps, and has led first response teams for Hurricanes Katrina and Rita, as well

as acting as one of the chief administrative officers at the University of Miami Field Hospital in Haiti, following the earthquake of 2010.

*Richard D. Norwood, CPA, FHMA, MBA*, is the finance director of the Faculty Practice for the University of Miami Miller School of Medicine, where he developed and implemented several financial improvements such as incentive plans and revenue cycle improvement initiatives. Previously, he served as chief financial officer of clinics and hospitals at the University of Texas Medical Branch in Galveston, Texas, where he worked closely to align hospital and faculty interests in an academic setting. Mr. Norwood has acted as a consultant providing management and financial oversight at the Schools of Nursing, Allied Health Sciences, and Graduate School. His 35-year career in health began as a Medicare auditor and has included Catholic Health Care as the controller, as well as various financial leadership positions and consulting engagements in hospitals and HMOs providing interim management, implementation of hospital productivity management, and implementation of financial reporting for providers assuming risk.

*Stephen G. Schwartz, MD, MBA*, is associate professor of clinical ophthalmology at University of Miami Miller School of Medicine, and medical director of Bascom Palmer Eye Institute at Naples. He is the president of the Florida Society of Ophthalmology. Dr. Schwartz is board certified by the American Board of Ophthalmology and is a practicing vitreoretinal surgeon. He received a BS with honors in biological sciences at Cornell University, an MD at New York University School of Medicine, and an MBA at Northwestern University's Kellogg School of Management.

### Chapter 9

*Steven M. Andes, PhD, CPA*, is a research assistant professor in the Division of Health Policy and Administration at the University of Illinois School of Public Health. He also teaches accounting, auditing, and healthcare policy analysis in the School of Continuing Studies at Northwestern University. He has also taught organizational design and behavior. Dr. Andes was the manager of the Policy Evaluation Group of the American Hospital Association and the manager of applied research of the American Osteopathic Association, in addition to his academic positions. He is a fellow of the Institute of Medicine of Chicago and is a member of the Illinois CPA Society, where he is a member of the Nonprofit Committee and chaired the Health Care Committee. His research, teaching, and consulting interests include practice efficiency, cost-benefit analysis, and the use of accounting

information. He received his PhD from the University of Illinois at Urbana-Champaign.

### Chapter 10

*Lee Ann H. Webster, MA, CPA, FACMPE*, has extensive experience with medical practices both as a practice administrator and as an independent accountant. Since 1997 she has served as practice administrator for Pathology Associates of Alabama, PC in Birmingham. She previously worked in national and local CPA firms, where she performed accounting, auditing, and tax services for clients in a variety of industries, including a significant amount of work for physicians and physician practices.

Lee Ann is a Fellow in the American College of Medical Practice Executives (ACMPE) and a certified public accountant in the State of Alabama. She is a past president of the Pathology Management Assembly of the Medical Group Management Association (MGMA) and a past chair of the ACMPE Professional Papers Committee. Lee Ann is a summa cum laude graduate of William Jewell College in Liberty, Missouri, and earned her Master of Arts in accounting from the University of Alabama.

### Chapter 11

*Elizabeth W. Woodcock, MBA, FACMPE, CPC*, is a professional speaker, trainer, and author specializing in medical practice management. Elizabeth has focused on medical practice operations and revenue cycle management for 20 years. Combining innovation and analysis to teach practice operations, she has delivered presentations at regional and national conferences to more than 150,000 physicians and managers. In addition to her popular e-mail newsletters, she has authored seven best-selling practice management books and published dozens of articles in national healthcare management journals. Elizabeth is a Fellow in the American College of Medical Practice Executives and a Certified Professional Coder. In addition to a Bachelor of Arts degree from Duke University, Elizabeth completed a Master of Business Administration in healthcare management from The Wharton School of Business of the University of Pennsylvania.

### Chapter 12

*Margret Amatayakul, MBA, RHIA, CHPS, CPHIT, CPEHR, CPHIE, FHIMSS*, is president, MargretA Consulting, LLC, an independent consulting firm focusing on electronic health record (EHR) readiness, selection, implementation, adoption, and optimization strategies, as well as

HIPAA/HITECH privacy, security, and transactions and code sets assessment and compliance.

Margret's previous experience includes directing health information management services at the Illinois Eye and Ear Infirmary; associate professor, University of Illinois at the Medical Center; associate executive director, American Health Information Management Association; and executive director of the Computer-Based Patient Record Institute. In 1999, she formed her own consulting firm, providing health information technology (HIT) consulting services to hospitals, clinics, other providers, health plans, vendors, and federal policy advisory committees. She has helped hundreds of integrated delivery networks, hospitals, and clinics of all sizes select, implement, and optimize use of EHRs. She currently is also adjunct professor in health informatics at the College of St. Scholastica and a principal in Health IT Certification, LLC. She has written several books on EHR and HIPAA.

### Chapter 13

*Geraldine Amori, PhD, ARM, CPHRM, DFASHRM*, is the vice president, Education Center for the Risk Management and Patient Safety Institute. In this role, she cultivates and coordinates professional development and education programs for insurers, brokers, and healthcare and consumer organizations nationally. In addition, she presents, teaches, coaches, and facilitates programs about risk management and patient safety issues.

Previously, Dr. Amori served as principal of Communicating HealthCare, which promoted the development of risk management skills and focused on communication issues in healthcare. She also served as risk manager for Fletcher Allen Health Care in Burlington, Vermont. Prior to that, she worked for nearly 10 years in mental health direct service and administration.

Dr. Amori is a nationally known speaker, facilitator, and consultant. She is a past president of ASHRM, as well as past president of the Northern New England Society for Healthcare Risk Management. In 2004, she received ASHRM's coveted Distinguished Service Award. She has a Master of Science degree in counseling and human systems from Florida State University and a PhD in counselor education from the University of Florida.

Dr. Amori is an advisor to Partnership for Patient Safety, a board member for the Northern New England Society for Health Care Risk Management, a member of the Council for the Madison-Deane Initiative for Palliative Care, and a lifetime member of the American Society for Healthcare Risk Management.

## Chapter 14

*Bruce A. Johnson, JD, MPA*, brings both legal and management perspectives to healthcare-related legal issues. His more than 20 years of experience as a healthcare attorney and consultant with the Medical Group Management Association (MGMA) Health Care Consulting Group includes providing representation and services to medical groups, hospitals, academic practice plans, and other healthcare enterprises in a variety of operational, regulatory, and transactional matters.

Mr. Johnson has extensive experience in the application of the Stark self-referral prohibition, Medicare and Medicaid fraud and abuse, tax-exempt organizations, antitrust, and other legal issues to healthcare business transactions. He specializes in assisting clients in crafting effective relationships that promote business objectives in today's rapidly changing healthcare payment, delivery system, and compliance environments. He is a shareholder in the healthcare practice group of Polsinelli Shughart PC law firm, based in the firm's Denver office.

Mr. Johnson is a frequent speaker on various topics, including the application of the Stark law, physician compensation and compliance strategies, physician-hospital integration and alignment, and others. He is the author of numerous books and articles on healthcare-related topics, including serving as lead author of MGMA's *Physician Compensation Plans—State of the Art Strategies*, and was the originator of MGMA's StarkCompliance solutions web-based product.

*Jennifer L. Weinfeld, JD*, is counsel at Polsinelli Shughart PC. Her practice focuses on healthcare law and encompasses a variety of contract-related issues, regulatory counseling, and corporate transactions. Ms. Weinfeld's clients have included physicians, physician practices, physical therapists, hospitals, health systems, and professional corporations. She frequently assists clients in drafting and negotiating contracts including management services agreements, leased employee agreements, professional services and medical director agreements, and employment agreements for a variety of providers. She also advises healthcare providers on federal and state regulatory compliance issues including Stark, antikickback, and HIPAA.

## Chapter 15

*Peter D. Stergios, JD*, focuses on labor and employment law. Mr. Stergios has authored articles, lectured, and appeared in print and television media on a variety of

labor and employment subjects, including the effect of bankruptcy on labor relations, the scope of the federal laws against disability in professional sports, high-level executives as discrimination defendants, jury awards in discrimination cases, labor law developments, ethics for in-house counsel, alternative dispute resolution, and mandatory arbitration of discrimination claims.

His representation on behalf of employers includes labor contract negotiation; project labor agreements; interest and grievance arbitration; mediation; defending against strikes, boycotts, leafleting, and picketing; injunctions; advising employers in union organizing and corporate campaigns; whistleblower actions; defending against statutory discrimination claims before federal and local courts and agencies; designing of agreements mandating arbitration of statutory employment disputes and related advice; noncompete and confidentiality agreement litigation; counseling as to claims avoidance and statutory compliance; providing labor strategies in connection with mergers and acquisitions, and the conduct of related labor due diligence audits; and defending against court- and agency-based employment discrimination claims.

Mr. Stergios received his JD from Harvard Law School in 1972. He is rated a.v. (preeminent) by Martindale-Hubbell.

*Jennifer Itzkoff, JD*, is an associate at McCarter & English, LLP. She focuses her practice on labor and employment disputes. She has represented and advised a number of healthcare facilities on their employment practices, including internal policies in manuals and handbooks, hiring and firing decisions, wage and hour issues, employment discrimination claims, and whistleblower retaliation claims.

*John M. McKelway, JD*, is a partner in the McCarter & English LLP Labor and Employment Group. His primary area of practice is labor and employment law, including preventive counseling, employee relations, arbitration, litigation, and appeals before administrative agencies and state and federal courts.

Mr. McKelway counsels businesses and high-level executives on a variety of topics, including defense of sexual harassment, wrongful discharge, and whistleblowing claims; electronic monitoring and employee privacy issues; HIPAA and other concerns in the healthcare industry; sophisticated employment contracts and matters involving executive compensation; labor and employment issues in mergers and acquisitions; shareholder disputes in closely held corporations; state and federal wage/hour matters, including class and collection actions; union election campaigns and collective

bargaining issues; pre-employment screening of job applicants; drug and alcohol testing; concerns involving AIDS and other disabilities in the workplace; and ERISA litigation. He has authored numerous articles and book chapters and speaks frequently on employment law subjects, including emerging privacy, security, and liability risks associated with the use of social media in the workplace.

### Chapter 17

*Michael R. Costa, JD, MPH*, is a senior associate in the Health Business Practice Group of the 1,200-member international law firm of Greenberg Traurig, LLP, and focuses his practice on healthcare and nonprofit corporate matters. As part of his health law practice, Mr. Costa counsels various healthcare providers regarding contractual, business, and regulatory matters. He is a frequent lecturer before hospitals, medical practice groups, and legal associations on both regulatory and transactional healthcare issues and has published extensively in these areas.

Mr. Costa is a 1997 cum laude graduate of Suffolk University Law School where he served as technical editor on the *Transnational Law Review*. He is also a 2000 magna cum laude graduate of Boston University School of Public Health, where he was a dual concentrator in health law and health services management and administration. Mr. Costa serves as chair of the Massachusetts Bar Association Health Law Section Council and as a member of the communications subcommittee of the Boston Bar Association Health Law Section. He is also a member of the American Health Lawyers Association and American College of Healthcare Executives and is certified in Health Information Privacy and Security by the American Health Information Management Association.

### Chapter 19

*Richard A. Naegele, BA, MA, JD*, has practiced law with the firm of Wickens, Herzer, Panza, Cook & Batista Co. in Avon, Ohio, for more than 30 years and oversees the firm's employee benefits practice area. He is a frequent lecturer on pension and employee benefits topics and has published numerous articles in tax and pension journals. He is a Fellow of the American College of Employee Benefits Counsel and member of the Board of Editorial Advisors of the *Journal of Pension Planning and Compliance*. Mr. Naegele received his BA and MA from Ohio University and his JD from Case Western Reserve University.

*Kelly Ann VanDenHaute, BS, JD*, is an attorney with the firm of Wickens, Herzer, Panza, Cook & Batista Co. in

Avon, Ohio, in the firm's employee benefits practice area. Ms. VanDenHaute received her BS from Miami University and her JD from Cleveland-Marshall College of Law.

### Chapter 20

*Julie M. Brightwell, BSN, JD, CPHRM*, earned her law degree from The Ohio State University College of Law. She also completed a Bachelor of Science degree in nursing and a certificate of nurse anesthesia.

Ms. Brightwell's experience includes surgical intensive care nursing, nurse anesthesia, and the practice of healthcare law. She has served as an adjunct faculty member on healthcare law issues for a college of nursing and a legal nurse consultant program. For the past 10 years she has been a faculty member of The Doctors Company Risk Management Certification Program, a 6-month distance learning program for healthcare risk managers. She has earned the Certified Professional in Healthcare Risk Management (CPHRM) designation. Her focus as director of patient safety programs is on developing patient safety educational programs for physicians, physician office staff, nurses, and risk managers.

*Dan Bucsko, MBA, MHA, FACHE, CMPE, CPHRM*, earned his MHA and MBA from the University of Pittsburgh and is certified as an Associate in Risk Management (ARM) and Associate in Claims (AIC). Additionally, he is board certified as both a Fellow of the American College of Healthcare Executives (ACHE), and as a Certified Medical Practice Executive (CMPE) with the American College of Medical Practice Executives (ACMPE), and is also a Certified Professional in Healthcare Risk Management (CPHRM).

Mr. Bucsko served in the U.S. Navy and Reserve and retired from the Air Force Reserve at the rank of Major after nearly 27 years of military service. He has over 10 years of underwriting and claims experience in addition to more than 14 years of healthcare administration experience, with many years in clinical settings.

*Chris Morrison, Esq.*, is a health law attorney in Winter Park, Florida. He received his juris doctorate from the University of Florida College of Law in 1999. His legal experience includes medical malpractice and hospital liability defense, as well as a broad range of healthcare matters. He currently practices in-house for Adventist Health System/Sunbelt, Inc.

*Darrell Ranum, JD, CPHRM*, regional vice president of The Doctors Company, earned his juris doctor degree from Capital University in Columbus, Ohio, and graduated from Mid-America Nazarene University with a BS in biology. Mr. Ranum has served on many committees

and boards, including the task force that created the Ohio Patient Safety Institute, the Ohio University Insurance Institute's Board of Advisors, and the Ohio Hospital Association's Risk and Insurance Management Committee. He also chaired the Hospital Insurance Forum's Education Committee, the board of an inner city charity health center, and the American Association for Accreditation of Ambulatory Surgery Facilities.

Mr. Ranum supervises a group of healthcare professionals who provide risk consulting services and education to hospitals, ambulatory care facilities, physician groups, and other organizations insured by The Doctors Company. He co-founded The Doctors Company/OHIC Insurance Risk Management Certification Program, a 6-month distance learning program cosponsored with Ohio University Without Boundaries. Mr. Ranum was recently named Risk Manager of the Year by the Ohio Society for Healthcare Risk Managers (OSHRM).

*Susan Shephard, MSN, CPHRM*, director, patient safety education, The Doctors Company, earned her master's degree in Nursing Administration from Medical Colleges of Virginia–Virginia Commonwealth University. She also received a Master of Arts in Management from Webster University and a Bachelor of Science in Nursing from St. Louis University. She holds the rank of Colonel (retired) in the U.S. Air Force, Nurse Corps. Ms. Shephard spent 7 years as a nurse and administrator surveyor for the Joint Commission on Accreditation for Healthcare Organizations (JCAHO) and was a highly acclaimed speaker for Shared Visions New Pathways, Ambulatory Care, and the AHA Continuous Readiness Program in Tennessee, Alabama, Mississippi, and Arkansas.

Ms. Shephard has over 30 years of leadership experience in acute care hospitals, ambulatory care systems, and health maintenance organizations, and in conducting comprehensive healthcare evaluations. She has expertise in change leadership, utilization management, complex organizations, managed care and wellness, staff development, strategic vision development and implementation, and multidisciplinary collaboration.

## Chapter 21

*Christian F. Bormann, AIA, NCARB, LEED AP*, is an architect who has focused on the planning and design of healthcare facilities of all scales and complexities. He studied architecture at Princeton University, and afterwards was introduced to healthcare facility planning and design while an officer with the U.S. Army Health Facility Planning Agency. Chris managed the design of some of the Army's largest state-of-the-art teaching medical centers.

After the military, Chris obtained a master's degree in architecture from the Architecture and Health graduate program at Clemson University, which focuses specifically on healthcare facilities. At Clemson, Chris received an American Institute of Architects/American Hospital Association fellowship grant for graduate work. Since then, Chris has been planning, managing, and leading the development of complex healthcare facilities and was a Principal at Perkins+Will in New York City, where he managed the healthcare practice. Chris resides in Hunterdon County, New Jersey, with his wife, Holly, and their three children.

*Sonya Dufner, FASID*, has for the past 20 years focused on promoting fully integrated environments for the workplaces of both healthcare and corporate clients. As director of workplace in the New York office, Sonya works with global and national clients in rethinking processes and standards, bringing research, and benchmarking practical solutions into modern goals of improving productivity, collaboration, and attracting the best talent. Her background in interior design combined with her planning experience leads to an approach that synthesizes strategy and design. Her experience includes projects for clients such as ColumbiaDoctors, Massachusetts General Hospital, Mayo Clinic, United Nations, Thomson Reuters, Bank of America, and L'Oréal USA. Sonya holds a bachelor of arts degree in interior design from Michigan State University and is NCIDQ certified, a Fellow and national board member of the American Society of Interior Designers, on the advisory board of Design Ignites Change, a professional member of AREW and CoreNet Global, as well as a LEED Accredited Professional.

*Jason Harper, AIA, LEED AP*, is an associate principal and healthcare architect with Perkins+Will architects in New York City. Jason's expertise is as a designer and planner of healthcare facilities, where he has focused his career for over 20 years. Jason's experience includes project management, design, and planning efforts for many of the largest academic medical centers in New York and the Northeast region, including Maimonides Medical Center, Mount Sinai Medical Center, New York–Presbyterian, and Johns Hopkins Hospital. He has also served his clients by leading many healthcare design and construction projects, from large-scale new construction to small-scale renovations, at both inpatient and outpatient facilities. Jason attended Rensselaer Polytechnic Institute in Troy, New York, receiving both Bachelor of Science and Bachelor of Architecture degrees. Prior to joining Perkins+Will in 2007, Jason was a principal with Guenther 5 Architects in New York City.

*John Rodenbeck, AIA, NCARB, LEED AP BD+C*, is an architect who has focused on the programming, planning, and design of hospitals, clinics, and other healthcare facilities for over 20 years. He has written articles and spoken at healthcare events on various healthcare planning subjects. He has a Bachelor of Architecture from the University of Cincinnati and was a senior associate and medical planner at Perkins+Will in New York City.

*Richard Sprow, AIA*, is an architect who has specialized in the planning and design of healthcare and hospital facilities for 30 years. His experience includes more than

200 projects, ranging from small clinics and rural hospitals to major university teaching hospitals and medical schools. Mr. Sprow has written papers on healthcare planning topics and has led postgraduate seminars on planning issues at New York University and at Peking Union Medical College. He holds a Bachelor of Architecture degree from Pennsylvania State University and was a senior health planner with the New York office of Perkins+Will, where he directed programming, planning, and design projects for work in New York and China.