

# Prescriptions Medical Alert

*Spring 2004*

*Broad in scope, this hotly debated Medicare legislation delivers immediate reform, as well as changes scheduled for the future.*

## New Medicare Act Sets Change in Motion

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Medicare Act), signed into law last December, makes some changes that will affect Medicare providers and institutes reform to Medicare benefits. It also created a new employer health care savings vehicle called the health savings account (HSA), which is similar to the Archer medical savings account (Archer MSA) minus some key limitations. Here's a brief look at some of the key provisions of the latest Medicare reform.



### *Key Provisions Affecting Providers*

Some of the most significant changes for providers by this particular legislation are provisions worth an estimated \$25 billion that affect rural hospitals and health care providers. In general, reimbursement will increase for hospitals not in urban areas with populations of more than one million. Physicians will also receive a payment increase. The conversion factor for the physician fee schedule will rise by 1.5% for 2004 and 2005. Further reform also amends the Critical Access Hospital (CAH) program, certain home health care reimbursements, and more.

### *Expanded Preventive Benefits*

A measure affecting both physicians and patients allows certain preventative services to now be covered. The Medicare Act encourages wellness with expanded prevention benefits that include screening blood tests for the early detection of cardiovascular disease and diabetes screening tests for at-risk patients. Also, Medicare beneficiaries enrolling in

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## Marketing Your Way to Success

Doing a great job isn't always enough. Growing your practice may take more than great care and your number in the phone book. With an effective marketing plan, you may be able to expand your patient base, increase revenue, enhance your practice's image, and maintain your competitive advantage.

A strategic, focused approach will help you concentrate your efforts and maximize your return. Let's take a look at some steps to success.

**1. Define your objectives.** To develop the best strategies, chart your short- and long-term marketing goals. For example, if you want to expand your patient base, establish a target for a percentage increase and a reasonable time frame. Who would you like to influence? Patients with certain conditions? Professionals in a certain field? As you look

toward the future, it will help to outline your current marketing activities and measure their effectiveness.

**2. Research your market.** In order to plan for growth, you must thoroughly understand your practice's starting point — take a very close look at the services you offer and the people you serve. From here, evaluate your practice's performance, noting particular strengths and weaknesses, and gathering input from your staff and patients.



Next, evaluate your competition. Are your competitors large or small? Do they serve the same population? Are they well known and well liked? How do they market themselves? A competitor's success can provide valuable insight into strategies that work.

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Medicare Part B will have six months to take advantage of an initial wellness physical exam.

#### *Prescription Drug Coverage*

Beginning in May of 2004, Medicare beneficiaries will have the opportunity to purchase discount drug cards, which may help holders save a projected 10% – 25% on their prescriptions. Medicare will join efforts with private companies to offer these cards, which will cost approximately \$30. Low-income beneficiaries may qualify for a credit of \$600 on their discount cards. This amount will be indexed for inflation in the coming years, but in order to qualify, recipients cannot have pre-existing Medicaid drug coverage, employer coverage, or TRICARE for Life.

In 2006, Medicare will offer a new prescription drug benefit, which will have an average estimated monthly premium of \$35, an annual deductible of \$250, and a co-payment for the annual cost of drugs up to \$2,250. For drug costs between \$2,250 and \$3,600, recipients will be responsible for the full amount. Once costs exceed \$3,600, Medicare will cover 95% of prescription costs, and the recipient will cover the greater of 5% of these expenses or a co-pay of \$2 to \$5.

#### *Health Savings Accounts*

One provision of the Medicare Act that affects employers and employees is the creation of HSAs, which offer qualified individuals covered by high deductible health plans (HDHPs) the opportunity to save for medical expenses on a tax-favored basis. Health savings accounts (HSAs) are similar to Archer medical savings accounts (Archer MSAs), except that employers of any size may establish an HSA and pre-tax contributions can be made through a cafeteria plan. An employee's contributions may be tax deductible within certain limits. Distributions from an HSA for qualified medical expenses are tax free, and unused funds may be carried forward from year to year. Nonqualified distributions may be subject to income tax and a 10% penalty. Should a participant change jobs or health insurance coverage, the HSA remains with him or her.

Broad in scope, this hotly debated Medicare legislation delivers immediate reform, as well as changes scheduled for the future. This brief overview touches on some of the key provisions. Contact us for more information on how this legislation may affect your practice. *P*

## Time for Technology?

As the average consumer becomes increasingly computer- and Internet-savvy, more and more medical advice and research is being sought online. In response, a growing number of doctors are creating websites for their practices, and are letting patients know they are available through e-mail. Deciding to establish virtual communication methods is a decision that carries some risk, but one that can be very effective and successful if carried out with prudence. Below are just some of the reasons that websites and e-mail can be valuable, cost-effective tools for today's physician and patient, alike.

**1. Your Doors Are Always Open.** A patient can visit your website at any time of day, including after normal office hours have ended. Depending on what you choose to include on your site, your patient may be able to get directions to your office, learn about your staff, find out which types of insurance your practice accepts, read your online newsletter, learn about the philosophy of your practice, or even fill out a satisfaction/feedback survey.

**2. Skip the Muzak and the Hold Button.** Most people dislike being put on hold for lengthy amounts of time or navigating their way through automated service menus. Since office visits are often time-limited, many patients may later remember questions they had meant to ask or have new ones. Phone calls can be difficult to schedule, and patients may prefer the ease of e-mail. Let your patients know that you check your e-mail frequently and that they can use it to ask follow-up questions, request prescription refills, receive certain test results, or even to submit any required monitored results, such as blood pressure or blood glucose levels.

**3. Stay Ahead of the Curve.** The web is full of medical advice and solutions. A lot of the information offered is educational and reliable, but there are many other questionable material sources that may do a patient more harm than good. How does the layperson know the difference? You can use your website to post information that you deem to be

accurate and helpful on a variety of medical conditions. Your patients can go to your site to research, have the assurance of knowing that you personally approve the content, and learn about treatment and/or management options.

Establishing a website or maintaining communication through e-mail is relatively inexpensive. You can create and maintain the site yourself or out-source this work. One thing to bear in mind is that today's web surfer expects the best. Your site must look professional, provide accurate information, and be easy to read and navigate.

Also bear in mind that taking your practice online will require some caution. Correspondence must be through a secure network; you must have measures in place to ensure that you are not risking the confidentiality of your patient, and that you are corresponding with the correct person. Encrypted passwords can pose a solution to such issues.



One way to avoid potential liability issues with patients is to inform them of your policies and procedures for online communications. Constructing guidelines and obtaining informed consent is an important step to avoid any possible misuse. For example, instructing patients that e-mail is not to be used in emergency situations is an important measure to take. For more information, see the e-publication

“Guidelines for the Clinical Use of Electronic Mail with Patients” on the American Medical Informatics Association’s website at: [www.amia.org](http://www.amia.org).

E-mail and the Internet are being used by more and more people every day. Making your practice or yourself available through online communications will facilitate your patients’ access to the information they need. It can help patients prepare for their next visit, or let them know that the symptoms they have asked about will require an exam. Perhaps most importantly, e-mail is a tool that can keep the lines of communication open and can help the doctor-patient relationship flourish. *P*

Continued from Page 2 **Marketing Your Way to Success**

Finally, know the community you serve. Do they know you? What is the population in your area and what are the characteristics of potential patients? A thorough demographic profile can help you paint a portrait of your target market.

**3. Create a plan.** The strategies you choose should fit your budget. Remember, smart marketing can be inexpensive. Your current patients can provide wonderful marketing, and it's free. The happier they are with your practice, the more likely they are to spread the word and offer referrals. Make sure they are aware of all your services — advertise in your practice! Post signs in waiting and exam rooms, provide free handouts, and keep business cards readily available.

Stay in touch with appointment reminders, newsletters, practice updates, and a strong Internet presence. In today's web-savvy world, e-mail can be an easy, cost-effective tool for communicating on a regular basis. Using the Internet effectively is less

expensive than other traditional media such as billboards or radio or television ads, which can be cost prohibitive. The newspaper can be helpful beyond just print ads — consider contacting the editor to contribute an article or make yourself available for interviews about the latest health news.

As you publicize your practice, also promote yourself in the professional community. Networking with physicians, nurses, and other health professionals will increase your exposure and may open doors for referrals. Consider joining professional and community organizations that will help you build key relationships and heighten your visibility.

As you implement new strategies, take the time to measure the effectiveness of your efforts in light of your goals and time frame, and make the necessary adjustments. There is no winning formula that will work for every practice, but there are simple, economical steps you can take to develop a successful marketing plan. *P*

## Identity Theft: Is Your Practice Protected?

In California, the theft of physicians' identities defrauded the state Medical program of millions and millions of dollars. Meanwhile, the Federal Trade Commission (FTC, 2004) reports that identity theft increased 40% last year and that consumers lost over \$400 million to fraud. It is an increasing threat and a nationwide problem.

Scams range from using another person's identity to obtain medical care to using physicians' medical licenses to commit fraud. Information security breaches can hurt your reputation and may be costly, so it is important to protect the physicians in your practice, as well as your patients.

To keep sensitive information safe, consider taking the following steps: make sure your office has appropriate security, including door locks, secured windows, alarms, and proper lighting; lock filing cabinets; and limit access to areas with patient records. Also safeguard your computer system with passwords, virus protection, and firewalls, and educate your staff about essential security procedures. A strong offense may be the best defense. *P*