



MedicalGPS, LLC.

Positioning your practice for success.

July/August/September 2005

Holston Medical Group Signs Multi-year BI Contract

June 2005—

Kingsport, Tennessee

Holston Medical Group (HMG), a progressive multi-specialty group practice comprised of 100-plus providers with facilities throughout east Tennessee and southwest Virginia, entered into a multi-year contract with MedicalGPS, LLC (MGPS), to obtain certain business intelligence services and solutions, including GPSMapping™.

GPSMapping, MGPS' business intelligence solution designed specifically for physician group practices, integrates "raw" data from

already existing disparate data sources and delivers near real-time actionable information to the fingertips of decision makers.

Mr. Craig Kilgore, Executive Director, Holston Medical Group, offered the following statement, "After evaluating our options to either build our own internal modeling software or using the expertise of MedicalGPS, the decision was very clear to us. MedicalGPS in combination with our internal information systems, will allow us to better manage our staff resources in a more timely manner

and know where adjustments need to be implemented. We look forward to many significant achievements as a result of our partnership with MedicalGPS".

"MedicalGPS found an innovative strategic partner in Holston Medical Group. HMG's talented staff and willingness to embrace state-of-the-art technology provides a perfect fit for GPSMapping. We look forward to a long-term relationship, and being a part of the continued success of HMG." — Marty Hudson, principal and co-founder MGPS.

MedicalGPS Product Offerings:

GPSMapping™

The Business Intelligence Solution for Physician Group Practices

M3-Patient Satisfaction™

*Monitoring,
Measuring,
Managing
Patient Satisfaction,
Real-time...*

The Patient Flow Solution™

A hands-on collaborative approach to improving process efficiency and effectiveness; Includes:

- support-staff utilization
- patient satisfaction
- service quality
- financial performance
- telephone processing
- capacity and scheduling

Revenue Capture & Revenue Cycle Improvement

Business Office Operations

Interim Executive Management

MedicalGPS Delivers...

*Experience
Integrity
Results*

South Carolina Heart Center Dedicated to Patient Satisfaction

June 2005—

Columbia, South Carolina

South Carolina Heart Center (SCHC), a premier cardiology group of 27 cardiologist and 17 non-physician practitioners, supporting six full time offices and four satellite office locations in and throughout the Columbia, SC metropolitan area, entered into a multi-year agreement with MedicalGPS, LLC (MGPS) to utilize MGPS' M3-Patient Satisfaction™ survey system, and GPSMapping™.

"MedicalGPS' system of continuously monitoring patient feedback is both innovative and efficient.

MGPS' system will help us deliver the highest level of service possible for our patients." - **Myron Bell, M.D., F.A.C.C., President, South Carolina Heart Center.**

M3-Patient Satisfaction, captures patient feedback electronically, eliminating manual survey tabulation. Utilizing GPSMapping™, leadership has at their fingertips real-time patient satisfaction statistics utilizing GPSMapping's dynamic, interactive reporting functionality.



M3-Patient Satisfaction™
Touch-screen kiosk

M3-Patient Satisfaction continuously monitors, measures, and facilitates optimized managing of clinic operations by providing clinic leadership with real-time patient feedback.

"South Carolina Heart Center's rich history and commitment to caring for, and satisfying, each and every patient is exactly why MedicalGPS is so honored to be working with SCHC. We look forward to serving the providers, support staff and most of all, the patients of SCHC" — Jerry Stone, Principal and co-founder MGPS.

Duane Murray joins MedicalGPS

Duane P. Murray, MHA, CMPE, has worked in



Duane P. Murray

healthcare since 1990. Most recently he was the CEO of an 11 physician orthopaedic group in Franklin, TN, The Bone & Joint Clinic. During his tenure, Mr. Murray was instrumental in evaluating and developing an Ambulatory Surgery Center and implementing digital radiography. Mr.

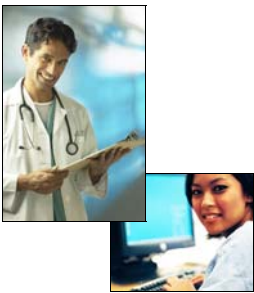
Murray is adept at information technology analysis and implementation management. In addition to his orthopaedic experience, he was President of Quantum Physician Services, a management services organization that serviced various physician specialty practices in Kentucky. Specific specialty experience includes Pediatrics, Internal Medicine, Family Practice and

Cardiology.

“Marty and I have worked with Duane for a couple of years now — first and foremost, we have grown to respect Duane’s high level of personal and professional integrity. In addition, we have a great appreciation for his healthcare knowledge and skills.” — Jerry Stone, MGPS Principal and co-founder.

“Knowledge has to be improved, challenged, and increased constantly, or it vanishes.”

-Peter F. Drucker



M3-Patient Satisfaction™

*Equipping providers and support staff with the tools they need for **monitoring, measuring and managing** patient satisfaction — real-time.*

Measuring Financial Success

Accounts Receivable Valuation and Management

By: Marty Hudson

(part 4 of a 5 part series)

Previously we have discussed your organization’s need for a strategic plan, the importance of budgeting and forecasting, and the preparation of a financial reporting package to clearly and concisely measure and communicate the financial success of your organization. Understanding, valuing, managing and monitoring accounts receivable should be a major portion of the financial reporting package.

Accounts receivable (A/R) is often times the largest single asset of an organization, yet many fail to manage and communicate its performance. One reason is that many organizations report financials on a cash basis; thereby, leaving its largest asset out of the financial reporting package altogether. Regardless of your method of accounting, understanding A/R trends and value will give you a better ability to forecast financial performance, ex-

pected cash flow and improve your ability to manage.

Valuing and managing A/R requires educating yourself with financial trends and analysis, understanding non-financial issues such as, changes in payor contracts or Medicare reimbursement, and judgment. Judgment as defined by Webster’s; the cognitive process of reaching a decision or drawing conclusions; the capacity to assess situations or circumstances shrewdly and to draw sound conclusions; ability to make good judgments. The key to sound cognitive processes, successful assessment of situations, and making good judgments, is best accomplished by educating oneself through analysis.

Understanding Accounts Receivable. Before you can begin to determine the value or manage A/R, you have to understand it. Every organization’s A/R is different.

There are variations in payor mix, policies and procedures, processes, expectations, etc, etc, etc. An historical trend analysis will help you understand the behavior of A/R. Understanding behavior is the key to forecasting expectations. Forecasting expectations is the driving factor in determining the value of A/R.

One method of trending is to layout month by month on an excel spreadsheet the key components of A/R and Revenue; i.e., gross charges, adjustments, bad debts, net revenue, collections, A/R balance. You need to gather at least 12 months worth of data, preferably 24 to 36 months. This allows a determination of trends specific to your organization, such as, seasonal trends for charges and collections. Further analysis of this same information per worked day, per provider or per provider worked day will put all months on an equal basis.

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GPSMapping: Delivering Actionable Information to the Fingertips of Decision Makers

By: Jerry Stone

GPSMapping™ is a state-of-the-art business intelligence solution designed specifically for physician group practices. GPSMapping integrates “raw” data from already existing data sources, transforms the data, and delivers actionable information to the fingertips of decision makers. Using OLAP technology (On-line Analytical Processing), power-users are equipped

with near real-time information which substantially reduces the labor intensive process of downloading and manually managing data from disparate systems.

Delivered utilizing an ASP model (Application Service Provider), GPSMapping allows physician group practices the ability to “share” in MedicalGPS’ investment of IT hardware and software. As a result,

GPSMapping clients focus their resources on their primary mission — providing the best care possible, at the best value possible.

Dashboard end-users sign-on to their private, password protected dashboards containing information uniquely designed for their specific role in the organization.

Administrator Dashboards

deliver near real-time information to front-line managers, allowing actual departmental performance comparisons to budget, forecast and other benchmarks as needed.

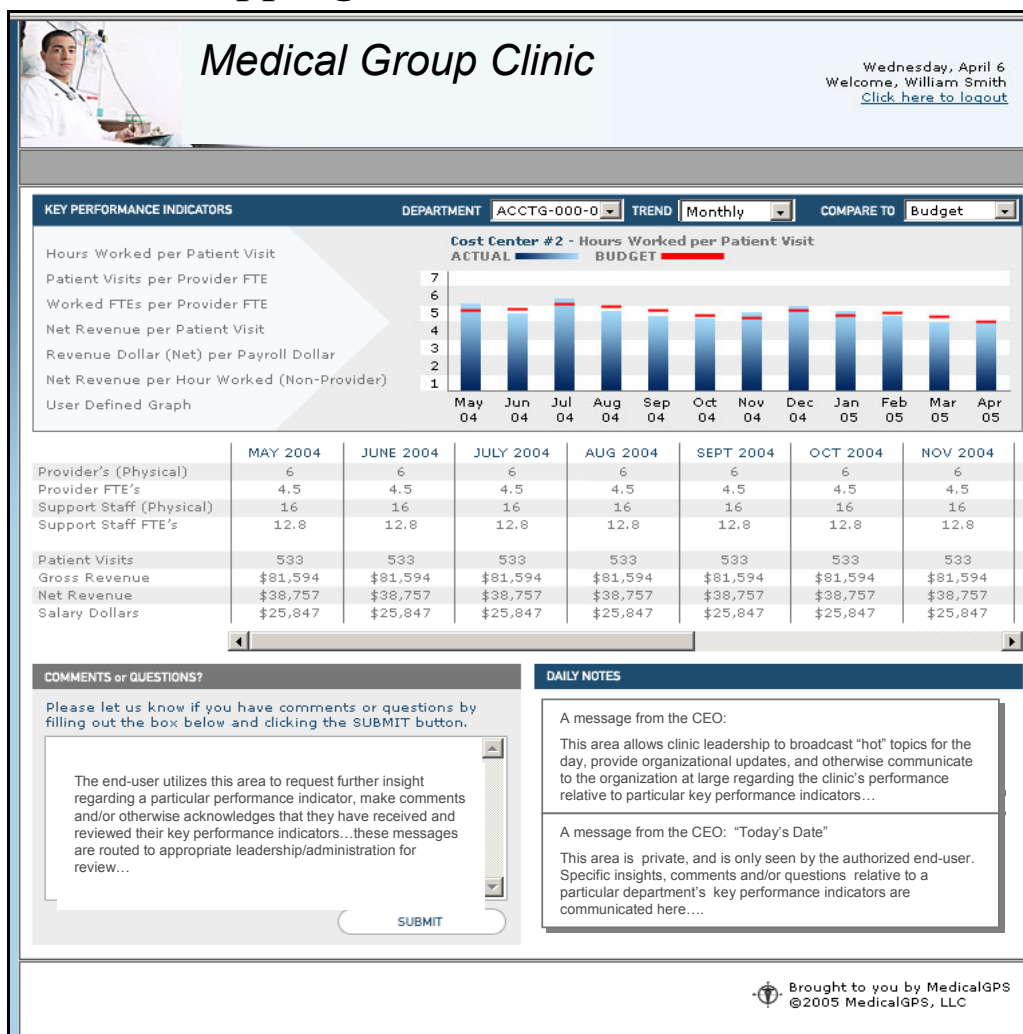
To learn more and view an interactive demo of GPSMapping, go to:

MedicalGPS.com

*click, “GPSMapping”

*click, “View Our Demo”

GPSMapping — Administrator Dashboard



Coming in the Next MedicalGPS Newsletter:

Provider Dashboards:

Learn how MedicalGPS’ Provider Dashboards deliver practice unique information, in a “heads-up” display, allowing each and every provider, at the click-of-a-button, to trend daily, monthly, quarterly or yearly...

- Patient Visit Activity
- Major Surgeries
- Patient Satisfaction
- Collection Trends
- Payor Mix Analysis
- Coding Profiles
- Payments vs. WorkedRVU scattergram comparisons...

...and other information providers need to stay informed about their practice.



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A Message About MedicalGPS, LLC

*MedicalGPS, LLC was founded on certain
uncompromising guiding principles.*

*We are committed to servicing our
clients and their affiliates with
the highest degree of —*

*Integrity, Honesty, Fairness,
Faithfulness, Reliability,
and Dependability.*

Marty Hudson & Jerry Stone

Niagara Falls Photographed by Marty Hudson—April 2002

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Calculate various percentages: adjustments and bad debts to gross charges, collections to gross charges, collections to net revenue, days of revenue in A/R. There are numerous assumptions that must be made in these calculations, such as, computing percentage of collections to charges or net revenue on a 30-day or 60-day lag. Such assumption is based on collecting current month charges one or two months down the road, maybe more depending on business office performance. Most important, be consistent. Consistency in calculating trends and analysis will allow for accurate assumptions and forecasts.

Valuing Accounts Receivable. Once you understand the behavior of A/R, you can now determine its value. The value of A/R is what you expect to collect on the A/R of the organization at a particular point in time. As A/R changes from day to

day, so does its value. There are four basic components of A/R: 1) Gross Charges, 2) Contractual Adjustments, 3) Bad Debts, and 4) Cash Collections, net of refunds (value).

To determine the value you must first calculate the amount you do not expect to collect; contractual adjustments and bad debts. This requires a detailed analysis by major payors or financial classes. Analysis should consist of adjustment and bad debt amounts over a period of time; three, six and twelve months. This allows a comparison of performance on a percentage basis that may then be applied to the gross A/R for each payor or class.

Managing Accounts Receivable. Once you understand A/R; its behavior, characteristics, and value, you must manage it. Management is accomplished by strategically planning goals and objectives for your A/R and business office perform-

ance. Understanding the trends and expected performance will allow you to establish cash collection goals and track the collections daily. You should establish targets such as days in A/R, bad debt percentages, amounts sent to collections, etc.

Your organization's strategic plan should include a business office plan, developed and presented to the strategic planning committee for approval. The strategic plan will establish the targeted expectations and will establish a directive to report the performance of the business office to the board, executive committee and/or finance committee of the organization.

Monitor Accounts Receivable. Monitoring is essential for your organization to ensure all the hard work stays on track. Continually following up on Understanding, Valuing and Managing your A/R via a series of monthly reports and

dashboards. Review trends and value the organization's A/R monthly. Create a dashboard that tracks key indicators of your business office's performance; working towards established goals. Report trends to your staff and congratulate them on jobs well done. Celebrate success and discuss areas of opportunity. GPSMapping, MedicalGPS' business intelligence information system, can provide all the elements required in understanding, valuing, managing, and monitoring your organization's A/R.

Next time we will discuss how to determine The Key Financial Indicators in your organization.

The best way to ensure financial success in your organization is by staff, management and physicians, working together in a collaborative, communicative approach. This will lay the groundwork for a well-managed A/R and a great business office.