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John Rumpakis, OD, MBA
PRMI Management - Consulting - Practice Appraisal
Medical Audit Representation - Education Programs &
SaaS Based Software Services

Dr. Rumpakis is currently President & CEO of Practice Resource Management, Inc., a firm that specializes in providing a full array of consulting, appraisal, and management services for healthcare professionals and industry partners. He has developed some of the leading Internet-based software applications for the medical/eye care field such as CodeSAFEPLUS.com® (www.CodeSAFEPLUS.com), the industry leading cloud-based CPT & ICD Code Data and Information Service, and offers personal medical coding consultation through JustAskJohn (www.JustAskJohn.net). He is also the founder of Opt-ED® Professional Continuing Education (www.Opt-ED.com) which creates and delivers top tier continuing education around the country as well as Opt-IN® which provides optometric marketing and promotional services.

Named the Chief Medical Coding Editor for Review of Optometry, Primary Care Optometry News, Optometry Today, and past Editor for Optometric Management, he has been extensively published on the topics of third-party coding & billing, strategy development and execution, practice management, team building, maximizing effectiveness and profitability, including the textbook "Business Aspects of Optometry". Dr. Rumpakis is a popular lecturer both nationally and internationally. In addition to having had a successful solo practice, Dr. Rumpakis developed the practice management curriculum at Pacific University College of Optometry and taught optometric & medical economics there for over a decade. He was also named a Benedict Professor for the University of Houston College Of Optometry. A 1984 graduate of Pacific University College of Optometry, he served as a volunteer for the AOA for near 17 years and currently sits on numerous advisory boards, and board of directors for companies both in and out of the ophthalmic industry.

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I Am A Project Based Consultant & Have Received Honoraria From:
(Partial Listing)

Alcon Laboratories	Allergan	RevolutionEHR	ArcticDX	Eye-Tel Imaging
Carl Zeiss Meditec	Beaver-Visitec	VisionWeb	Modernizing Medicine	Bausch & Lomb
Optos	OfficeMate	Opticare - Envolve	Annidis	Essilor of America
Vistakon	Maximeyes	United Health Care	Kowa Optimed	Wal-Mart
CooperVision	Luxottica	Vision Source	HeartSmart	Macuscope
Maculogix	MacuRisk	Bio-Tissue	Diopsys	Topcon
EMRLogic	Davis Vision	ECRVault	Nicox	CyclopsEMR
TearLab	Paragon	OptoVue	TearScience	GuidePoint
Freedom-Meditech	Synergeyes	Harbinger Health LLC	Uprise	Lineage Capital
SightScience	Quidel	Oculo	IDOC	
OysterPoint Pharma	Medical Optometry America		Acuity Eyecare Group	
Osmotica			Notal Vision	
Heru				

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Chief Medical Clinical Coding Editor – Primary Care Optometric News, Ocular Surface
News - Optometry Times - Review Of Cornea &
Contact Lens

Prior Engagements – Review of Optometry – 18 years, Optometric Management – 11 Years

Ownership Interests

JustAskJohn – Personalized Medical Coding Consultation (www.JustAskJohn.net)

CodeSAFEPLUS® (www.CodeSAFEPLUS.com)


Founder – Opt-ED®, Professional Optometric Continuing Education

Founder – Opt-IN®, Optometric Marketing & Promotions

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Disclosures

- Any fees represented within this presentation are the 2023 National Average Medicare Maximum Allowable Reimbursements for each procedure listed as of June 9, 2023.
- All information regarding policies, procedures, guidelines and definitions is current as of June 9, 2023.

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Questions
About This
Lecture?

John@PRMI.com

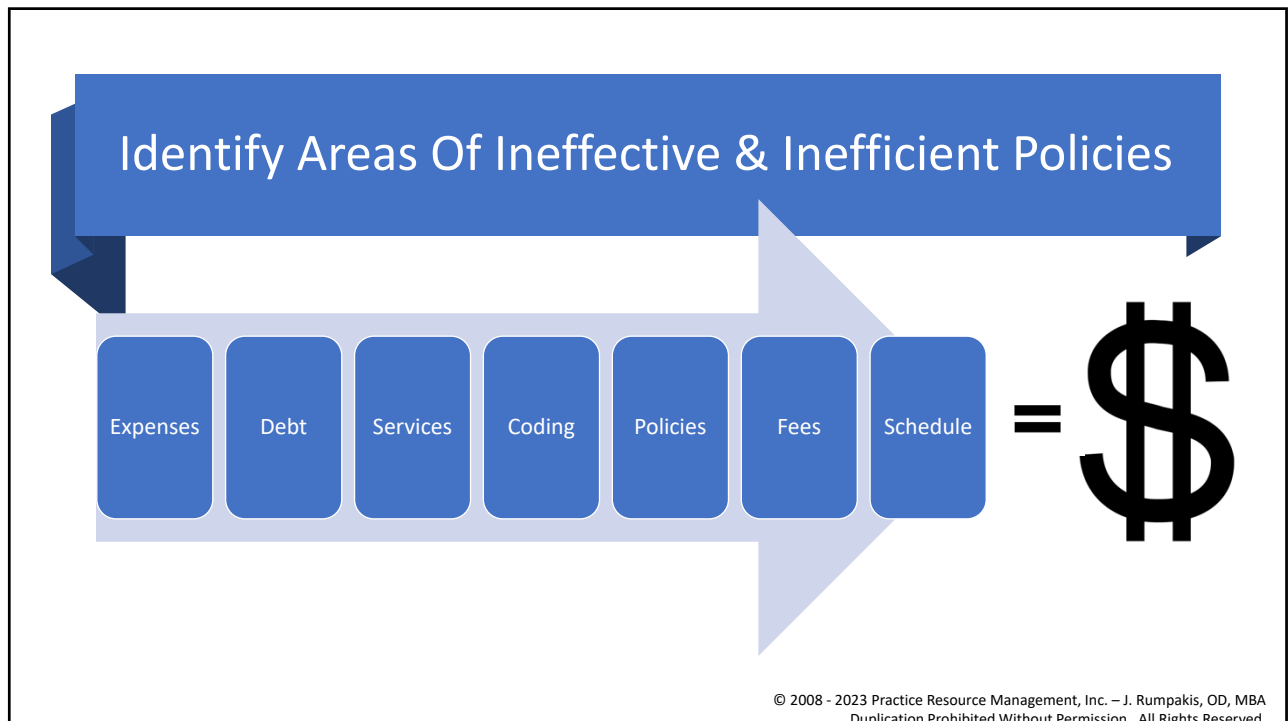
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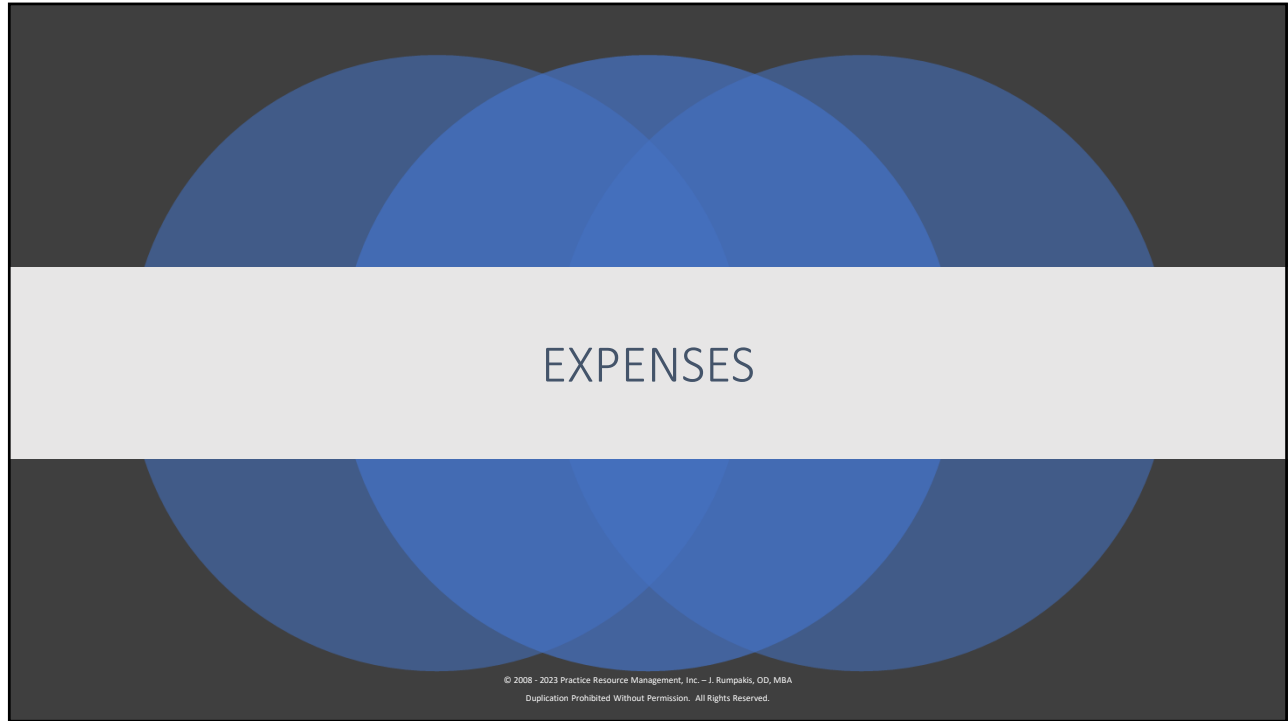
The Seven Secrets To Higher Profits

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The Impact Of Expense Control

	2020	2019	2018	2017
Revenue				
Income	\$ 1,007,878	\$ 1,005,159	\$ 958,961	\$ 978,310
Less Patient Refunds & Adjustments	\$ 2,817	\$ 3,435	\$ 5,519	\$ 7,291
Total Revenues	\$ 1,005,061	\$ 1,001,724	\$ 953,442	\$ 971,019
Annualization	1.00	1.00	1.00	1.00
Total Annualized Revenues	\$ 1,005,061	\$ 1,001,724	\$ 953,442	\$ 971,019
Average Annualized Revenues	\$ 982,812			
Operating Expenses				
Cost of Goods Sold	\$ 223,747	\$ 249,661	\$ 256,061	\$ 248,897
Wages	\$ 339,153	\$ 306,441	\$ 292,681	\$ 257,740
Retirement (Pension)	\$ 7,370	\$ 7,322	\$ 7,539	\$ 6,016
Professional Services	\$ 16,778	\$ 10,341	\$ 9,581	\$ 9,703
Advertising/Franchise Fees	\$ 7,409	\$ 6,696	\$ 12,000	\$ 21,796
Donations/Contributions	\$ 115	\$ 215	\$ 79	\$ 465
Dues & Subscriptions	\$ 506	\$ 521	\$ 484	\$ 467
Continuing Education	\$ 3,376	\$ 5,753	\$ 3,766	\$ 4,965
Depreciation	\$ 25,461	\$ 50,588	\$ 42,783	\$ 41,749
Bank Service Charges	\$ 14,145	\$ 12,501	\$ 11,775	\$ 11,154
Amortization	\$ 313	\$ 311	\$ 630	\$ 1,853
Health Insurance	\$ 33,846	\$ 26,834	\$ 30,177	\$ 25,077
Interest	\$ 16,392	\$ 13,358	\$ 19,198	\$ 13,847
Taxes	\$ -	\$ -	\$ -	\$ -
License and Fees	\$ 2,935	\$ 1,778	\$ 1,474	\$ 1,728
Lease Expense	\$ -	\$ -	\$ -	\$ -
Office Expense	\$ 20,483	\$ 19,949	\$ 20,186	\$ 21,111
Instruments	\$ -	\$ -	\$ -	\$ -
Rent	\$ 67,687	\$ 68,370	\$ 58,300	\$ 63,600
Payroll Taxes	\$ 21,964	\$ 21,402	\$ 21,320	\$ 18,853
Computer Software Support	\$ 14,875	\$ 10,463	\$ 7,653	\$ 9,706
Supplies	\$ -	\$ -	\$ -	\$ -
Medical Supplies	\$ 6,059	\$ 3,051	\$ 4,150	\$ 5,925
Insurance	\$ 13,153	\$ 16,046	\$ 26,924	\$ 21,090
Training	\$ -	\$ -	\$ -	\$ -
Travel	\$ 1,687	\$ 2,458	\$ 1,929	\$ 3,003
Auto Expense	\$ 2,293	\$ 3,534	\$ 20	\$ 20
Repairs & Maintenance	\$ 2,316	\$ 4,798	\$ 7,696	\$ 21,234
Meals and Entertainment	\$ 1,373	\$ 1,420	\$ 1,110	\$ 922
Utilities	\$ 4,710	\$ 5,127	\$ 6,001	\$ 6,128
Telephone	\$ 4,254	\$ 10,014	\$ 12,738	\$ 11,793
Miscellaneous Expense	\$ 139	\$ 303	\$ 473	\$ 316
Total Operating Expenses	\$ 852,541	\$ 859,356	\$ 856,727	\$ 829,156
Total Annualized Operating Expenses	\$ 852,541	\$ 859,356	\$ 856,727	\$ 829,156
Net Income (Loss)	\$ 152,520	\$ 142,368	\$ 96,715	\$ 141,863
Annualized Net Income (Loss)	\$ 152,520	\$ 142,368	\$ 96,715	\$ 141,863

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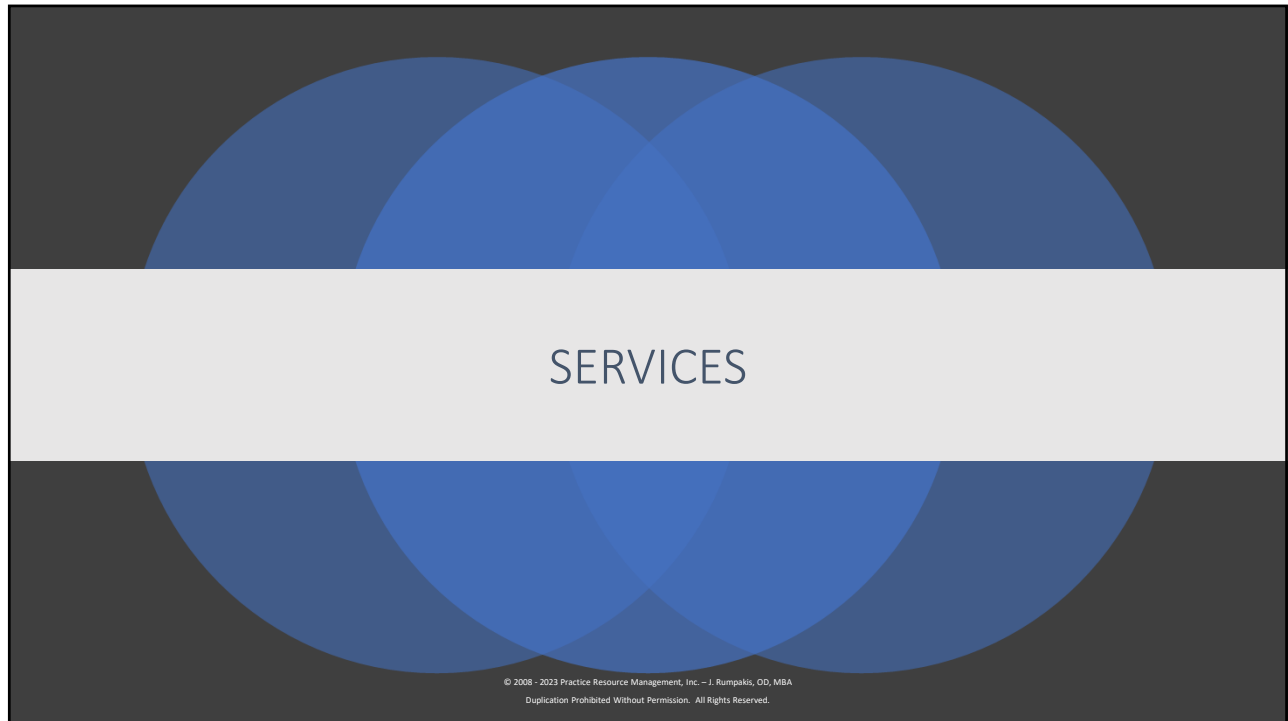
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Debt Reduction

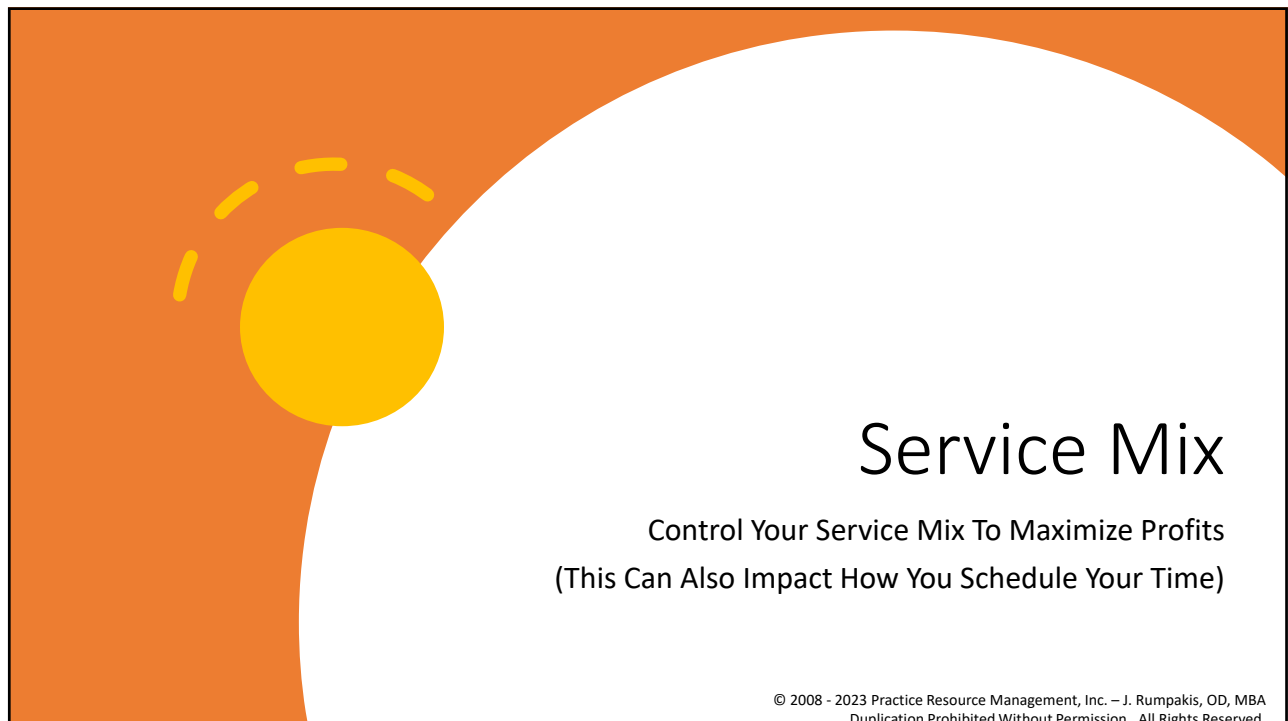
Debt	Debt #1	Debt #2	Debt #3	Debt #4
Starting Balance	\$5,427	\$13,487	\$26,837	\$75,263
Jun	\$4,477	\$12,487	\$24,837	\$71,263
Jul	\$3,527	\$11,487	\$22,837	\$67,263
Aug	\$2,577	\$10,487	\$20,837	\$63,263
Sep	\$1,627	\$9,487	\$18,837	\$59,263
Oct	\$677	\$8,487	\$16,837	\$55,263
Nov	-\$273	\$7,487	\$14,837	\$51,263
Dec		\$5,537	\$12,837	\$47,263
Jan 2020		\$3,587	\$10,837	\$43,263
Feb		\$1,637	\$8,837	\$39,263
Mar		-\$313	\$6,837	\$35,263
Apr			\$2,887	\$31,263
May			\$887	\$27,263
Jun			-\$1,113	\$23,263
Jul				\$17,263
Aug				\$11,263
Sep				\$5,263
Oct				-\$737

Spreadsheet & Debt Snowball Example Courtesy Of Dr. Mick Kling, San Diego, CA
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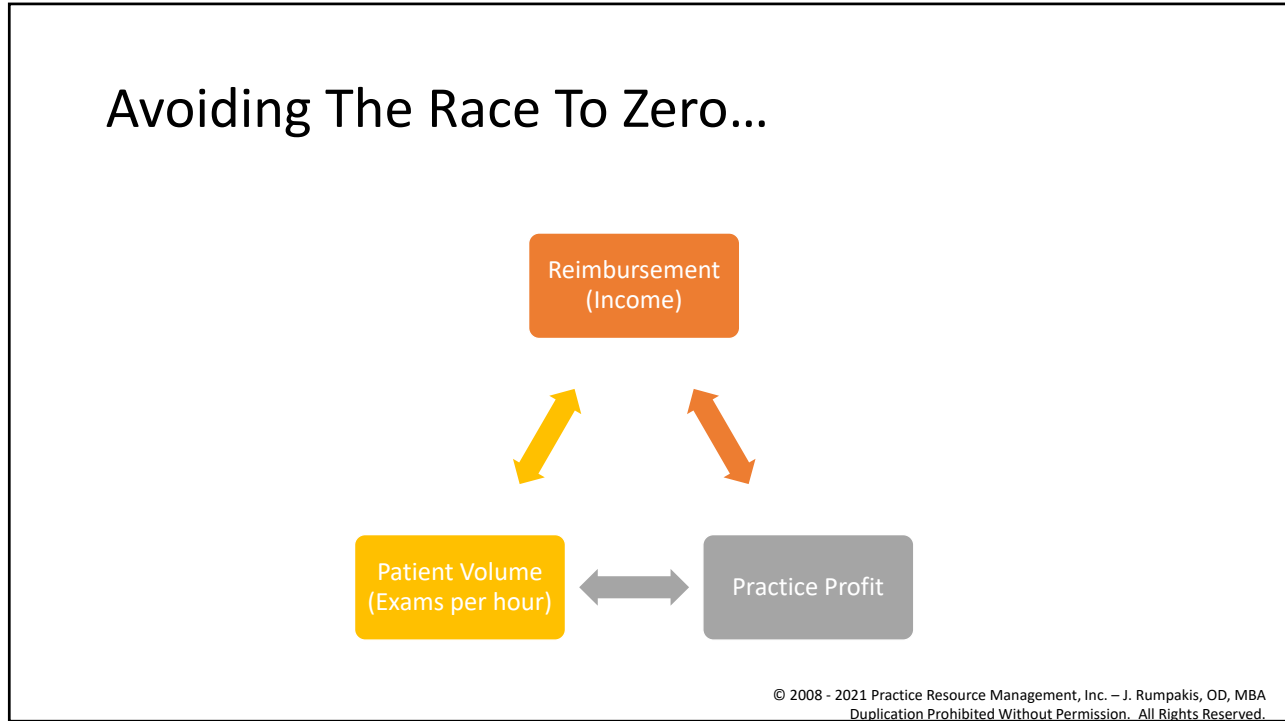
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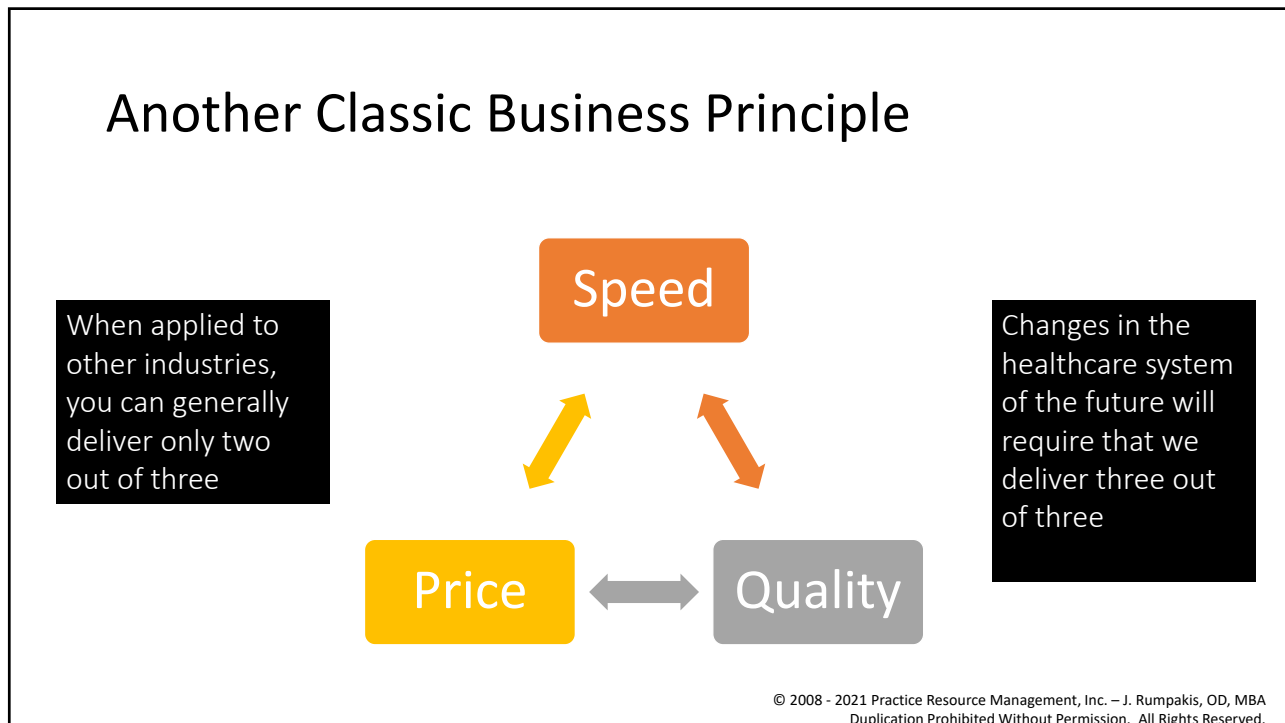
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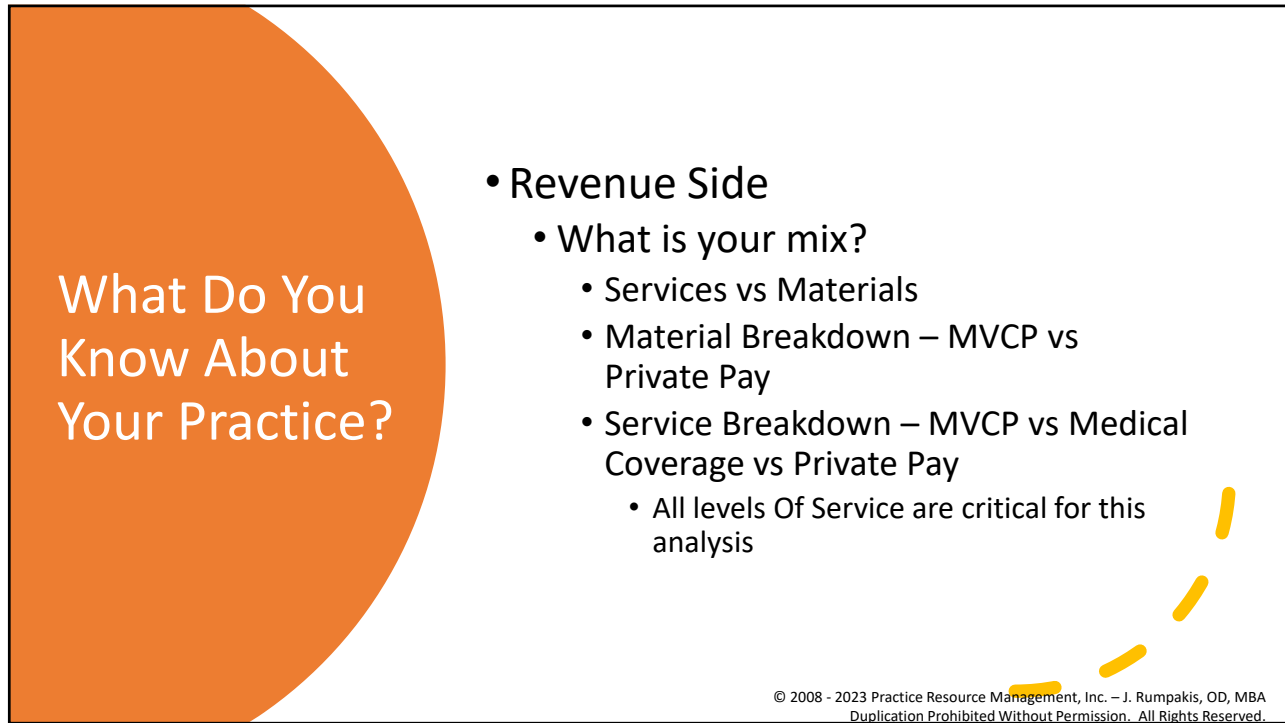
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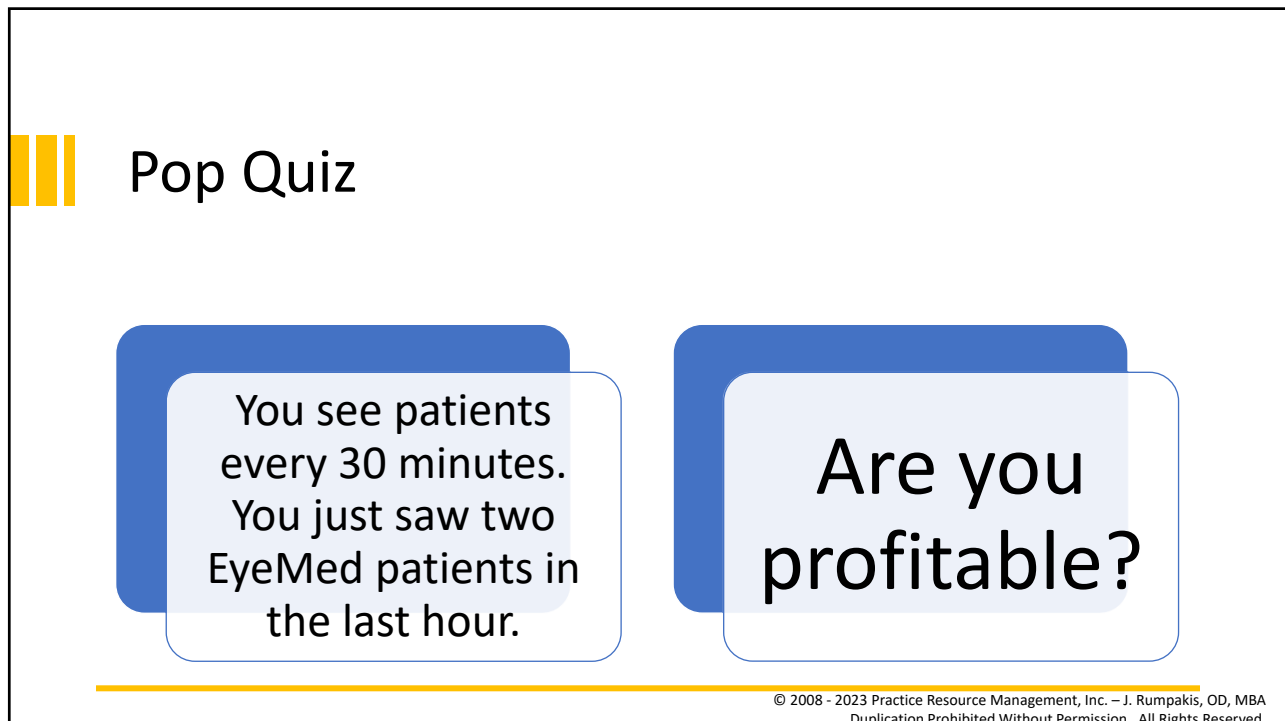


What Do You Know About Your Practice?

- Revenue Side
 - What is your mix?
 - Services vs Materials
 - Material Breakdown – MVCP vs Private Pay
 - Service Breakdown – MVCP vs Medical Coverage vs Private Pay
 - All levels Of Service are critical for this analysis

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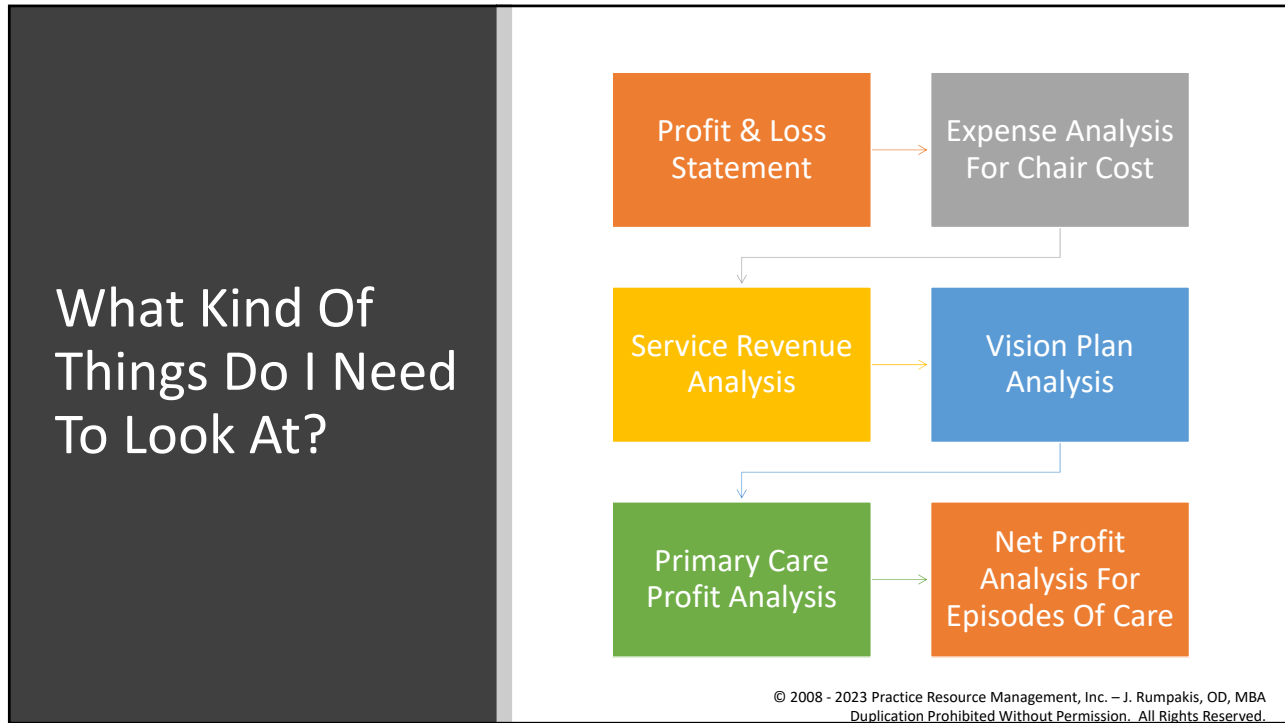
Pop Quiz

You see patients every 30 minutes. You just saw two EyeMed patients in the last hour.

Are you profitable?

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It All Begins
(& Ends With) With
Chair Cost

Chair Cost Is The Result of All Combined
Financial Impact To A Practice And Is The Single
Metric That Drives Efficiency And Effectiveness
In Policy Decisions

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Why Is Chair Cost So Important?

- It Derives Your Profitability Per Minute
 - Allows You To Accurately Calculate Profitability Per Visit
 - Allows You To Accurately Calculate Costs Related To Episodes Of Care
- Assists In Making True Business Decisions Rather Than By "Impulse"
- Avoids Creating An Environment Of Complacency And Inaccuracy
- Creates A Positive Environment For Both EFFICIENCY and EFFECTIVENESS

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Cost Per Minute Calculation


National Average = \$1.65 per minute

- It's Easy To Calculate!
- Calculate Chair Cost Per Hour
- Divide Chair Cost Per Hour By 60
- That Equals Your Chair Cost By Minute
- Think I'm Too Detailed?
Every minute you are in your practice is either a drain on cash flow or a builder of cash flow

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Just What Is An “Episode Of Care”?



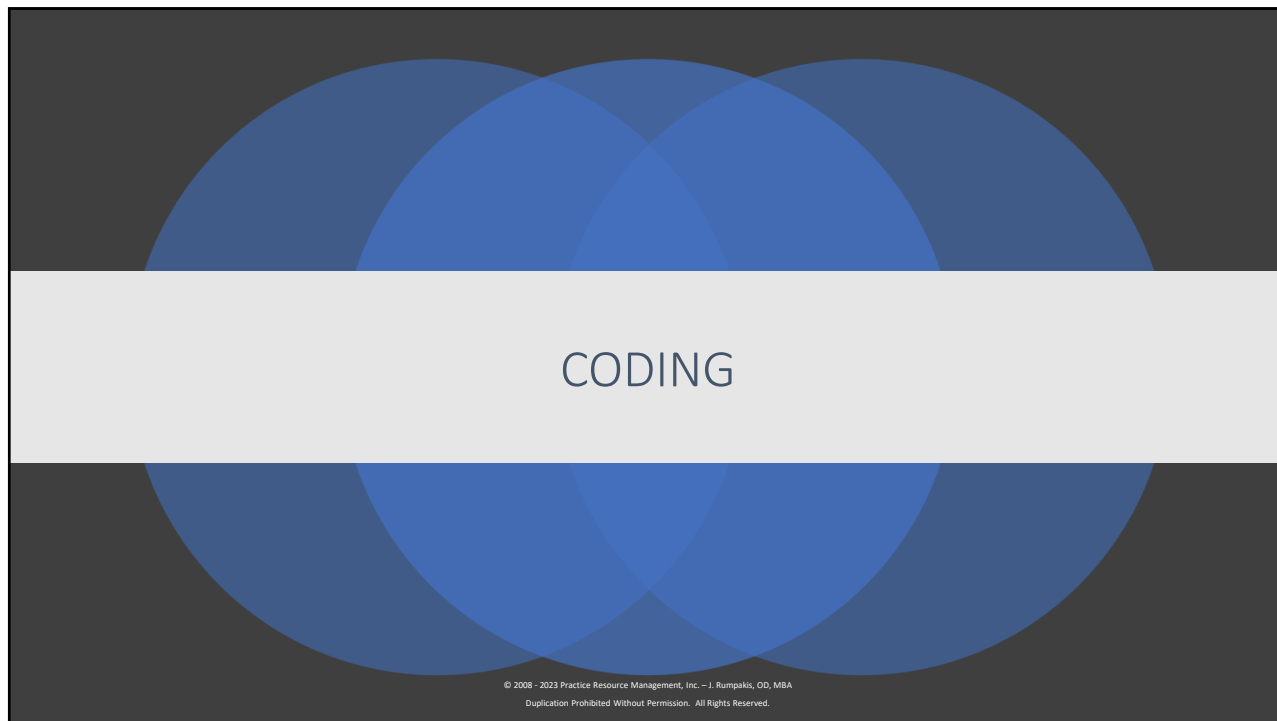
An Episode Of Care is calculated by:

1. Determining number of office visits throughout an annual period of time
2. Determining how many ancillary procedures are going to be done throughout an annual period of time
3. Determining number of minutes per office visit
4. Totaling number of minutes and multiplying by Chair Cost Per Minute
5. Adding Cost of Procedures

Final Result – Understanding exactly what it costs you to provide care for a single annual episode of care

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CODING

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The Big Three Things – The ONLY Three Things

How We Legally Describe What We Do

How Carriers Set Policies For Utilization & Payment

Reimbursement

How Much You Get Paid If Covered

LEGALLY REQUIRED COMPLIANCE

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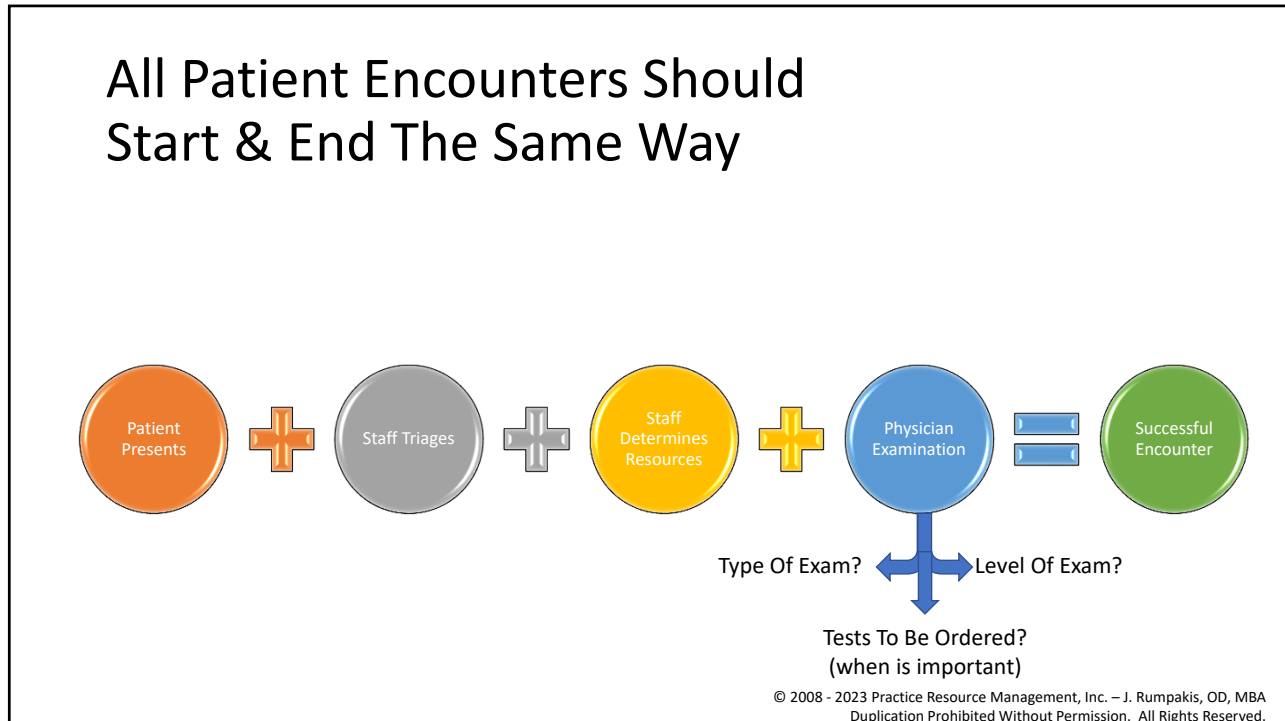
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What We Have To Do Is STOP Making Clinical Decisions Based Upon Patient Coverage

Doing Things In The WRONG Order Complicates Your Life By Creating Bad Decision Making & Puts You At RISK

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Evaluation & Management Code Differences

CPT Code	Reimbursement	Fee Relationship	% Delta
99205	\$220.94	100%	
99204	\$167.40	76%	24%
99203	\$112.84	51%	25%
99202	\$72.86	33%	18%
99201	No Longer Valid		
99215	\$179.94	100%	
99214	\$128.43	71%	29%
99213	\$90.82	50%	21%
99212	\$56.93	32%	19%

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Ophthalmic Code Differences

CPT Code	Reimbursement	Fee Relationship	% Delta
92004	\$150.46	100%	
92014	\$127.08	84%	16%
92002	\$86.07	57%	27%
92012	\$90.48	60%	-3%

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Reduce Coding Errors



Procedure To Diagnosis Relationships



CCI Edits



Improper Use Of ABN Form



Stop Making Clinical Decisions Based Upon
A Patient's Insurance Coverage

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Policies



PREVENT ACCOUNTS
RECEIVABLE



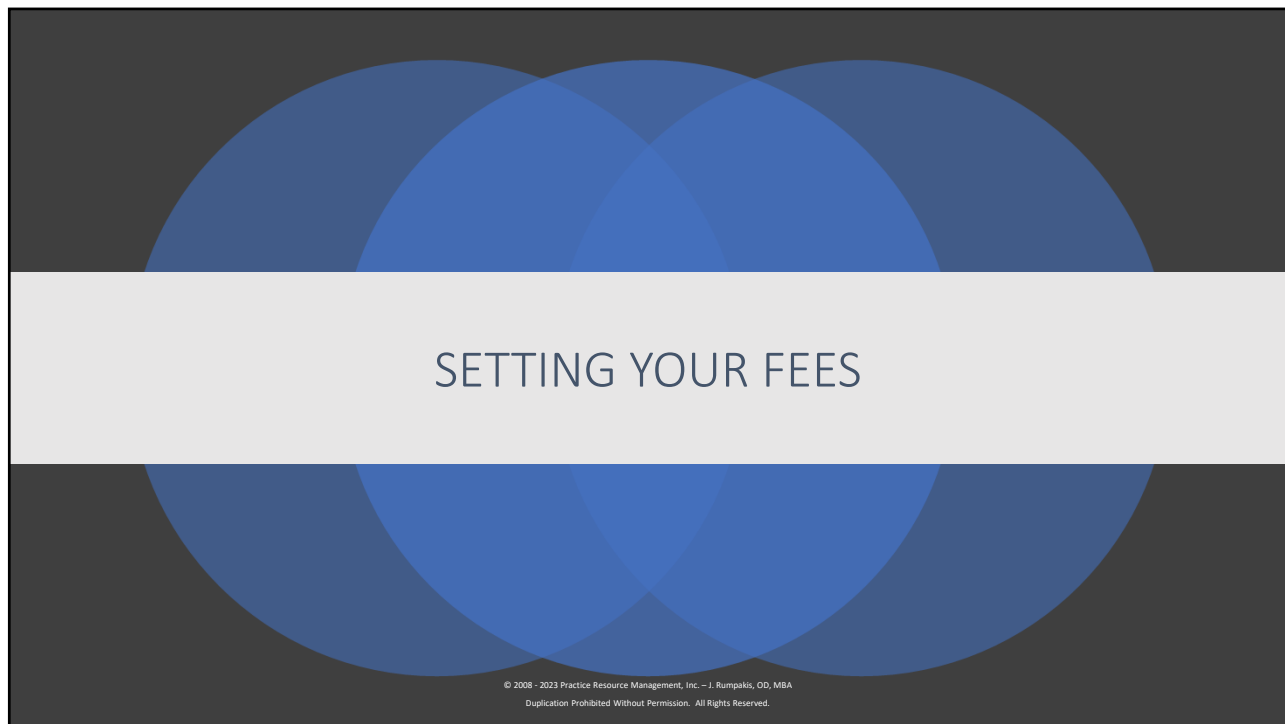
TIMELY CLAIM
PROCESSING



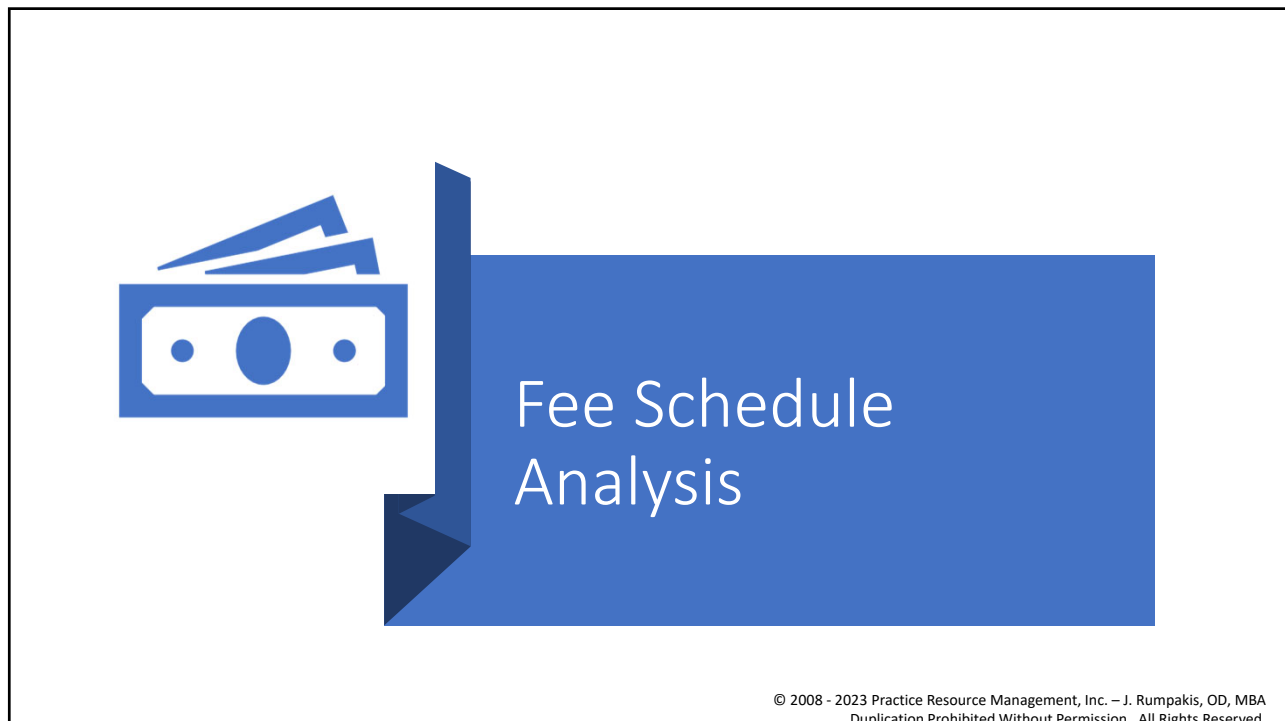
PROPER CLAIM
RECONCILIATION

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Key Concepts To Reimbursement

Term	Definition	Resource
RBRVS	Resource Based Relative Value System	CMS*
RVU	Relative Value Unit	CMS*
GPCI	Geographic Practice Cost Index	CMS*
Conversion Factor	A “Dollar” Multiplier In The Reimbursement Calculation	CMS*
Maximum Allowable Reimbursement	Geographically Adjusted RVU’s X The Conversion Factor	CMS*

* www.cms.hhs.gov

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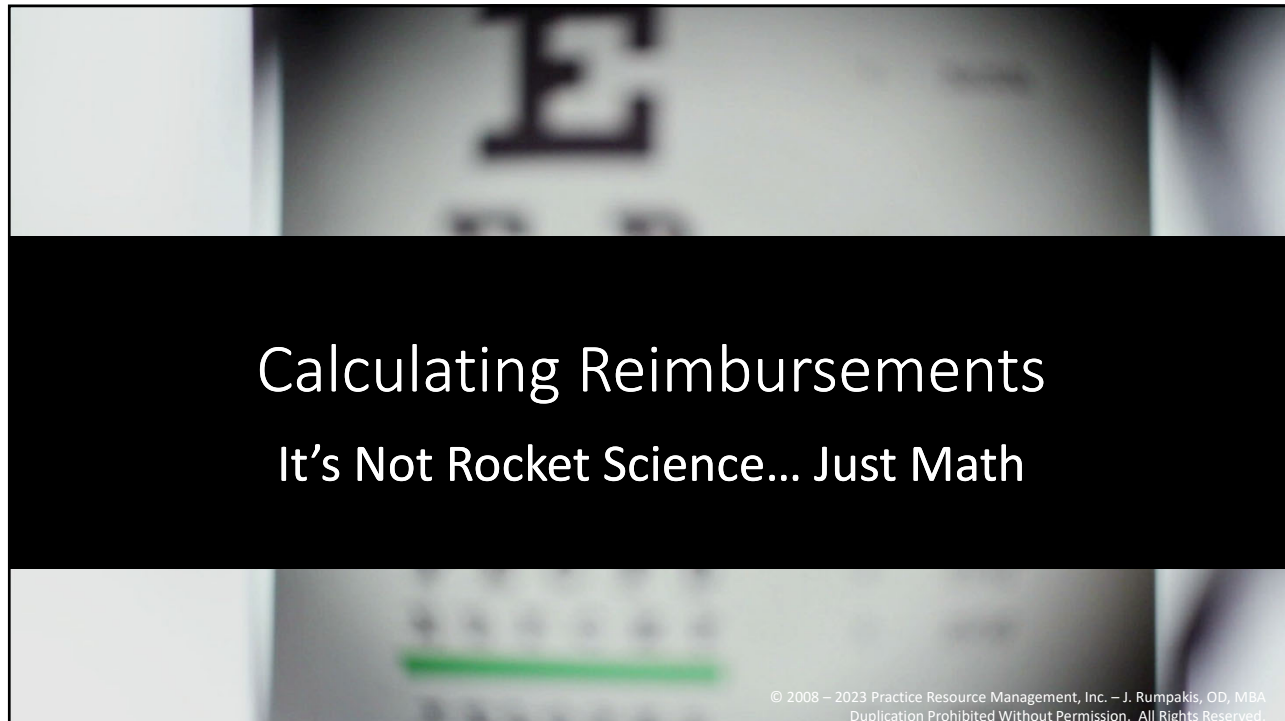
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Reimbursement Fundamentals

- RBRVS
- Determines the Maximum Allowable Fee
 - For Every Procedure
 - For Every Carrier
- Relative Value Units Are Based On:
 - Amount Of Work Associated With Procedure
 - Practice Overhead Expenses Associated With Procedure
 - Malpractice & Professional Liability Costs Associated With Procedure
 - Geographic Location Adjustments
 - GPCI – Geographic Practice Cost Indices

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Procedure
Relative
Value Units

CPT	Code Descriptions	Work	Practice Expense	Malpractice
92014	Eye exam & treatment	1.1	1.41	0.03
92015	Refraction	0.38	1.49	0.01
92020	Special eye evaluation	0.37	0.34	0.01
92070	Fitting of contact lens	0.7	1.07	0.02
92083	Visual field examination (s)	0.5	1.43	0.02

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Geographic Practice Cost Index (GPCI's)

Locality Name	Work GPCI	PE GPCI	MP GPCI
Alabama	1	0.846	0.752
Alaska	1.017	1.103	1.029
Arizona	1	0.992	1.069
Arkansas	1	0.831	0.438
San Francisco, CA	1.06	1.543	0.651
Oakland/Berkley, CA	1.054	1.371	0.651
Santa Clara, CA	1.083	1.54	0.604
Los Angeles, CA	1.041	1.156	0.954
Anaheim/Santa Ana, CA	1.034	1.236	0.954

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The Conversion Factor

A Conversion Factor is nothing more than a “Dollar Multiplier” in determining the Maximum Allowable Reimbursement for each CPT code

Total Geographically Adjusted RVU's
X The Conversion Factor

= The Maximum Allowable Reimbursement

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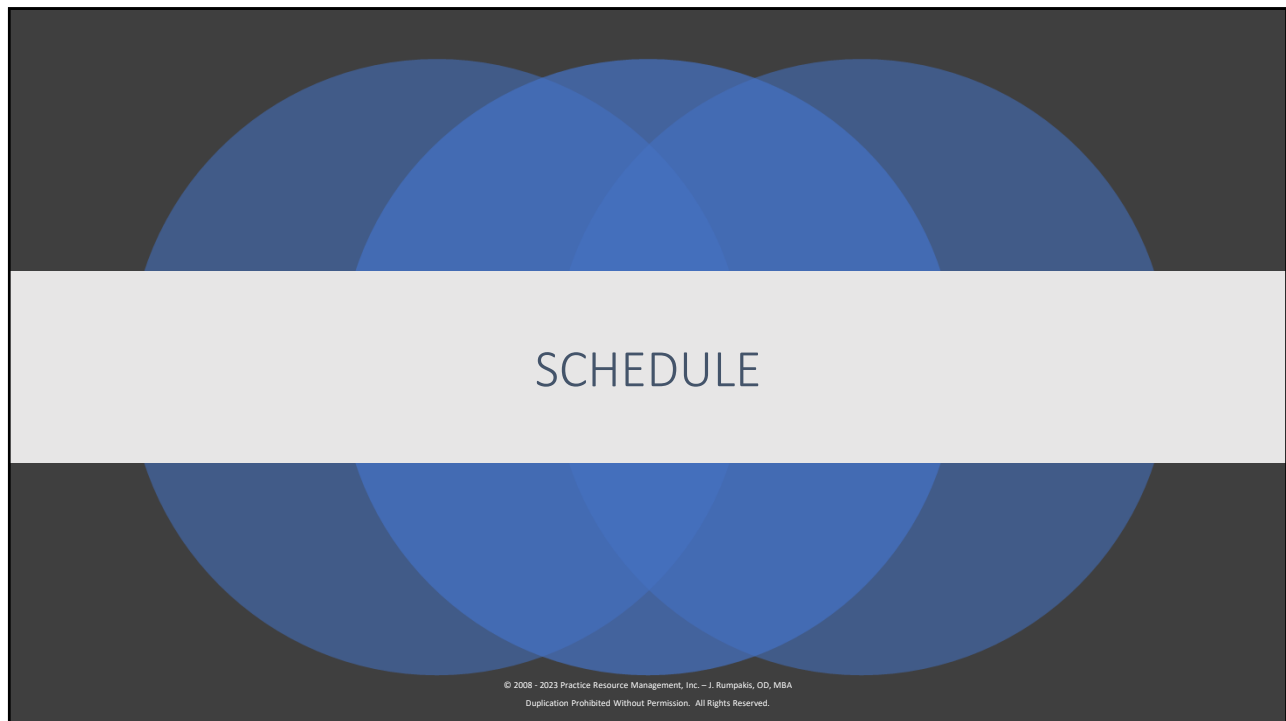
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Changes From 2021 To 2022 To 2023


- Conversion Factor In 2021 was \$34.89
- Conversion Factor In 2022 was \$33.59, then moved to \$34.6062, 2023 is now \$33.8872
- Was decrease of 3.7%, then decrease of just 1%, now 2.1%
- This is due in part to the expiration of the 3.75% payment increase provided for in CY 2022 by the Consolidated Appropriations Act of 2022

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Optimizing Your Schedule

Or Maybe I Should Say “Optimizing Your Income”
Since We All Know That “Time Is Money”



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How To Optimize Your Time

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Count Total Patients Per Week	Group Patients By Like Kind Of Service <ul style="list-style-type: none">• i.e. Comprehensive Exams, Contact Lens Fits, Post-Ops, Medical Follow-ups	Evaluate How Much Dr. Time Is Needed For Each Type Of Encounter	Evaluate Staff Resources Available	Create Blank Schedule With New Time Requirements	Group All Like Kinds Of Appointments Together To Maximize Efficiency And Effectiveness

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OLD SCHEDULE		NEW SCHEDULE	
JULY 7, 2017		JULY 7, 2017	
8:00 AM	Mrs. Smith CE - NP	8:00 AM	Mary Smith CE - NP
8:10 AM		8:10 AM	
8:20 AM		8:20 AM	Joe Jones CE - NP
8:30 AM		8:30 AM	
8:40 AM	Joe Jones - CE NP	8:40 AM	George Jones CE NP
8:50 AM		8:50 AM	
9:00 AM	John White - Red Eye	9:00 AM	John White - Conjunctivitis
9:10 AM	John White - Red Eye	9:10 AM	Molly Brown - Burning OU
9:20 AM	Julie Black - CL Fit	9:20 AM	Walter Simeon - FB
9:30 AM	Julie Black - CL F/B	9:30 AM	Steve Studley - IOP/ON Eval
9:40 AM	Julie Black - CL FR	9:40 AM	James Thompson - Coni. F/Up
9:50 AM		9:50 AM	Doris Hudson - Floaters
10:00 AM	George Jones - CE NP	10:00 AM	Remington Taylor - Dry Eye F/Up
10:10 AM		10:10 AM	Suzanne Melrose - Discharge OD
10:20 AM		10:20 AM	Sammy Sausalito - Sudden Blur OS
10:30 AM	Adam Slide - CL Check	10:30 AM	Janice Manson - Allergy Med F/Up
10:40 AM	Adam Slide - CL Check	10:40 AM	Susie Gwan - Dry Eye F/Up
10:50 AM		10:50 AM	Jimmy Jones - AM Removal & F/Up
11:00 AM	Maxine Wilson - CE EP	11:00 AM	LeBron Williams - IOP/ON Eval
11:10 AM		11:10 AM	Peter Wilkinbush - Iritis F/Up
11:20 AM		11:20 AM	Adam Slide - CL F/Up Irritation
11:30 AM	Sam Morris - CE EP	11:30 AM	Alan Despisido - CL F/Up Dryness
11:40 AM		11:40 AM	Rudy Sanchez - CL F/Up Blur on BK
11:50 AM		11:50 AM	John Adams - CL F/Up Discomfort
12:00 PM	Lunch	12:00 PM	Lunch
12:10 PM	Lunch	12:10 PM	Lunch
12:20 PM	Lunch	12:20 PM	Lunch
12:30 PM	Lunch	12:30 PM	Lunch
12:40 PM	Lunch	12:40 PM	Lunch
12:50 PM	Lunch	12:50 PM	Lunch
1:00 PM	Sarah Smile - CE NP	1:00 PM	Maxine Wilson CE EP
1:10 PM		1:10 PM	
1:20 PM		1:20 PM	Sam Morris CE EP
1:30 PM	Molly Brown - Red Eye	1:30 PM	
1:40 PM	Molly Brown - Red Eye	1:40 PM	Sarah Smile CE NP
1:50 PM		1:50 PM	
2:00 PM	Alan Despisido - CL Check	2:00 PM	Chris Winter CE EP
2:10 PM	Alan Despisido - CL Check	2:10 PM	
2:20 PM	LeBron Williams - Glaucoma Check	2:20 PM	Janice Bing CE NP
2:30 PM	LeBron Williams - Glaucoma Check	2:30 PM	
2:40 PM	LeBron Williams - Glaucoma Check	2:40 PM	Joey Fraterno CE EP
2:50 PM		2:50 PM	
3:00 PM	Chris Winter - CE EP	3:00 PM	Mary Fraterno CE EP
3:10 PM		3:10 PM	
3:20 PM		3:20 PM	Monroe Johnson CE NP
3:30 PM	Janice Bing - CE NP	3:30 PM	
3:40 PM		3:40 PM	Carol King - CE EP
3:50 PM		3:50 PM	
4:00 PM	Rudy Sanchez - CL Check	4:00 PM	Sandra Block - CL FR EP Multi
4:10 PM	Rudy Sanchez - CL Check	4:10 PM	
4:20 PM	Walter Simeon - Red Eye	4:20 PM	Joshua Neverlast - CL Fit EP
4:30 PM	Walter Simeon - Red Eye	4:30 PM	
4:40 PM	John Adams - CL Check	4:40 PM	Julie Black - CL Fit
4:50 PM	John Adams - CL Check	4:50 PM	
5:00 PM	CLOSED	5:00 PM	CLOSED

Schedule Summary - OLD	Service Number	Service Revenue
Comprehensive Exams	8	\$1,906
Red Eye Exams	3	\$228
CL Fit	1	\$75
CL Check	3	\$0
Glaucoma Check	1	\$125
Total Services & Revenues	16	\$2,334

Schedule Summary - NEW	Service Number	Service Revenue
Comprehensive Exams	12	\$2,859
Red Eye Exams	18	\$1,368
CL Fit	3	\$225
CL Check	0	\$0
Glaucoma Check	0	\$0
Total Services & Revenues	33	\$4,452

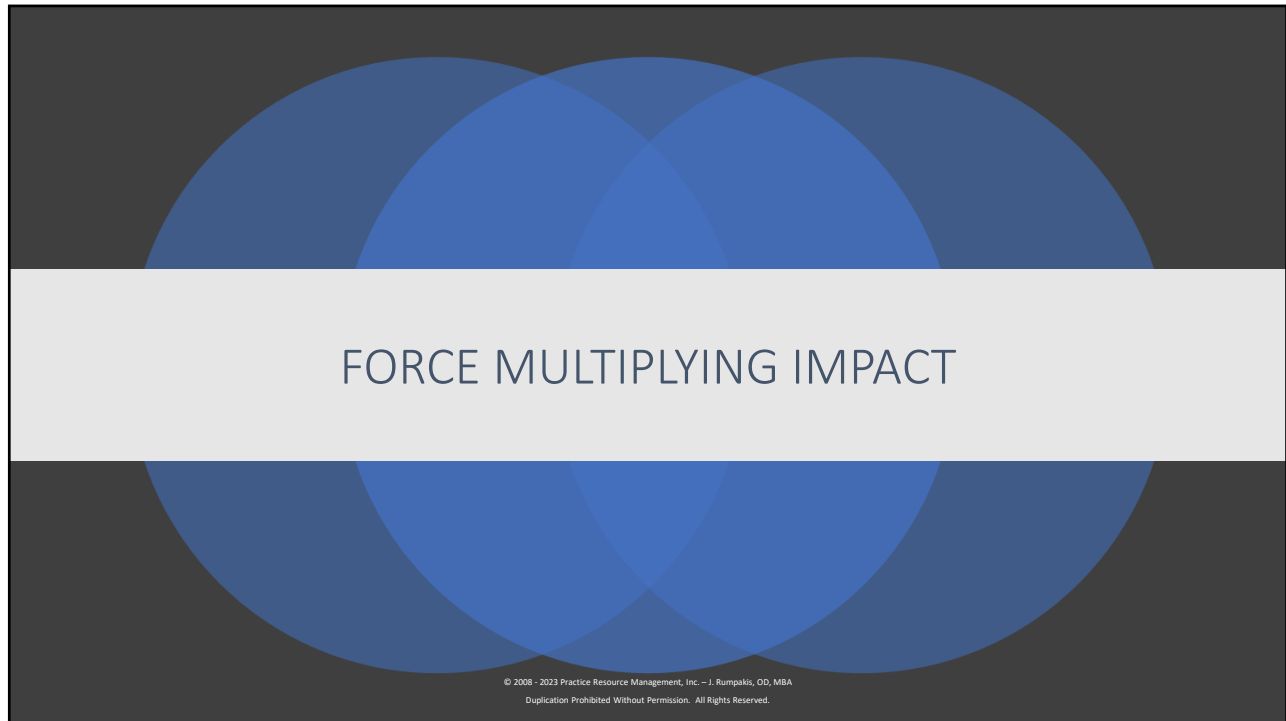
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The Power Of I to the 4th Power

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Short Term vs Long Term Impact On Practice Value

Practice Value Summary					
		Years			
	Total	2019	2018	2017	2016
Cumulative Net Income (4 Years)	\$660,000	\$165,000	\$165,000	\$165,000	\$165,000
Number of Years	4				
Average Net Income Per Year		\$165,000			
Normalization Of Cash Flow		\$85,000			
Excess Annual Cash Flow After Owner Compensation		\$80,000			
Average Monthly Excess Cash Flow After Compensation	\$6,667				
Pre-Disease Total Practice Value	\$561,632				

Practice Value based upon Debt Service Method of free cash flow, 120 months, 7.5% APR
in accordance with standard appraisal methodologies

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Small Changes In Behavior Have Significant Impact On Net Income

	Increase	New Total Net
Incremental Increase In Net Income From Dry Eye	\$260,976	\$425,976
	Increase	New Total Net
Incremental Increase In Net Income From Glaucoma	\$248,113	\$413,113
	Increase	New Total Net
Incremental Increase In Net Income From Ocular Allergy	\$217,933	\$382,933

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Increase In Net – Force Multiplying on Value

	Annual Change In Net Of At (100%)	Results In An Increase In Practice Value Of
Increase In Net Per Year From Dry Eye	\$260,976	\$1,832,158
	Annual Change In Net Of At (100%)	Results In An Increase In Practice Value Of
Increase In Net Per Year From Glaucoma	\$248,113	\$1,741,850
	Annual Change In Net Of At (100%)	Results In An Increase In Practice Value Of
Increase In Net Per Year From Ocular Allergy	\$217,933	\$1,529,976

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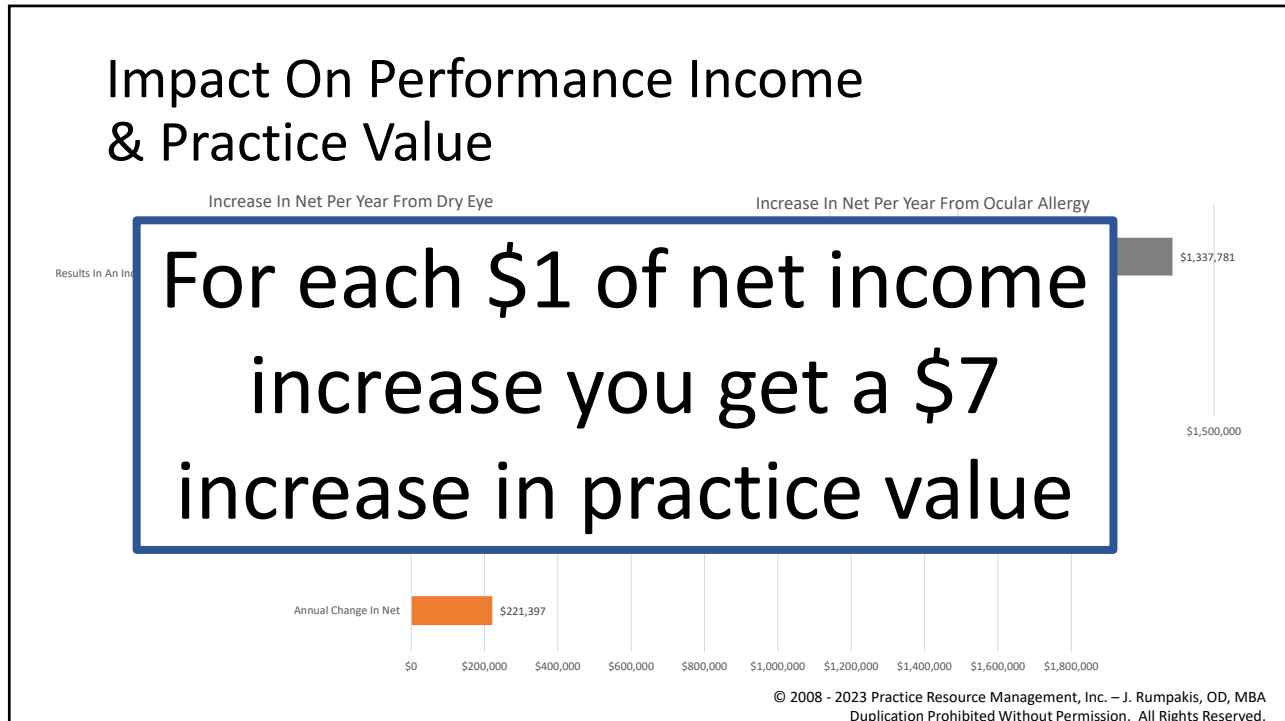
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Increases In Net At Every Level

	Annual Change In Net Of At (100%)	Results In An Increase In Practice Value Of	Annual Change In Net Of At (50%)	Results In An Increase In Practice Value Of	Annual Change In Net Of At (25%)	Results In An Increase In Practice Value Of	Annual Change In Net Of At (10%)	Results In An Increase In Practice Value Of
Increase In Net Per Year From Dry Eye	\$260,976	\$1,832,158	\$130,488	\$916,079	\$65,244	\$458,039	\$26,098	\$183,216
Increase In Net Per Year From Glaucoma	\$248,113	\$1,741,850	\$124,056	\$870,925	\$62,028	\$435,463	\$24,811	\$174,185
Increase In Net Per Year From Ocular Allergy	\$217,933	\$1,529,976	\$108,967	\$764,988	\$54,483	\$382,494	\$21,793	\$152,998

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Simple PE BreakDown Analysis				
If Practice EBITA Is:	And Multiple Is:	Transaction Price Is:		
\$250,000.00	5	\$1,250,000		
\$250,000.00	6	\$1,500,000		
\$250,000.00	7	\$1,750,000		
\$250,000.00	8	\$2,000,000		
\$250,000.00	9	\$2,250,000		
\$250,000.00	10	\$2,500,000		
If Practice EBITA is:	And Years Left To Practice Is:	Then Earnings Value Is:	PLUS VALUE OF PRACTICE	Total Value RETAINED IS
\$250,000	3	\$750,000	\$1,000,000	\$1,750,000
\$262,500	4	\$1,050,000	\$1,050,000	\$2,100,000
\$275,625	5	\$1,378,125	\$1,102,500	\$2,480,625
\$289,406	6	\$1,736,438	\$1,157,625	\$2,894,063
\$303,877	7	\$2,127,136	\$1,215,506	\$3,342,642
\$319,070	8	\$2,552,563	\$1,276,282	\$3,828,845
\$335,024	9	\$3,015,215	\$1,340,096	\$4,355,311
\$351,775	10	\$3,517,751	\$1,407,100	\$4,924,851

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Economics 101 – Four Conditions

- Increase in individuals selling practices
- Decrease in individuals selling practices
- Increase in individuals willing to buy a practice
- Decrease in individuals willing to buy a practice

- Greater supply
 - Lower demand
 - Lower Supply
 - Higher Demand
- =**  **Lower Price**
- =**  **Higher Price**

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Take Control Of Hidden Profits

Expenses

Debt

Services

Coding

Policies

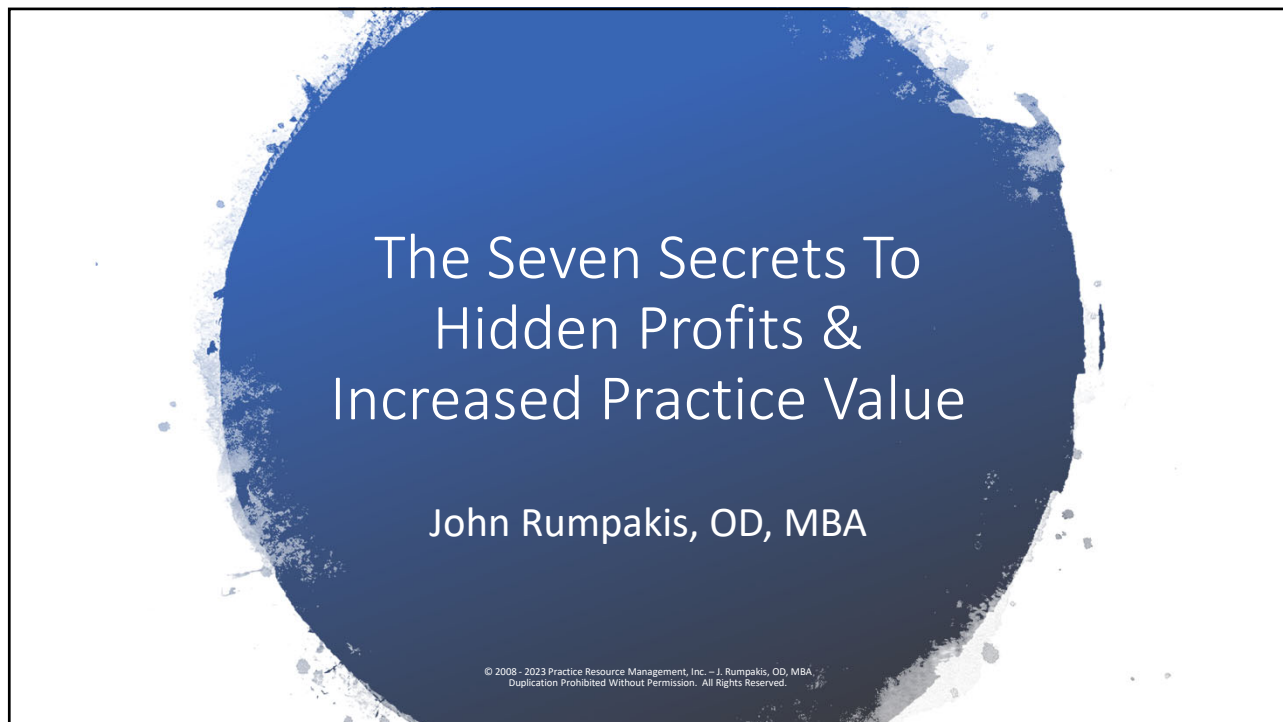
Fees

Schedule

= \$

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