

INCREASE PROFITS . . .



. . . REDUCE COSTS

White Paper

How to Increase Medical Transcription Profits



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Table of Contents

How to Increase Medical Transcription Profits

Executive Summary	3
Profit Components	3
Profit Enablers	3
Conclusion	3
MTSO Revenue Component	4
Providers	4
MTSO Cost Components	4
MTs	4
G&A	4
Technology	4
Your Profit Components	5
Pricing	5
Quality	5
Transcription Platform: Your Profit Generator	6
Transcription Platform Automation	6
Transcription Platform Price Structure	6
Conclusion	7

How to Increase Medical Transcription Profits



Executive Summary

Medical Transcription Service Organizations (MTSO) and their profits are under attack on multiple fronts:

- *Providers are spending less for transcription...*
- *MTs want more/line of transcription...*
- *And your Transcription platform supplier isn't lowering cost/line of transcription...*

SO HOW DO YOU MAKE ANY PROFIT, LET ALONE, INCREASE PROFITS?

Profit Components

Revenue, the income component of your profit equation, for many MTSO Owners is under attack – is yours? While MTSO revenue opportunities include a variety of sources – Health Care Facilities, Clinics and small medical practices – off-shore and on-shore competitive options and advancements in EHR/EMR systems with front-end voice recognition offerings are chipping away at the MTSO's overall revenue volume. A key focus of this white paper is how to mitigate, or better yet, reverse this trend.

Costs, unlike the revenue component, are rising on numerous fronts. MTs are fighting shrinking paychecks and always want a pay increase. Growing technology demands constantly require hardware, software and communication system investments. Hidden costs are frequently more disruptive. Additional time spent manually distributing jobs to MTs distract directly from precious sales time required to grow the business.

Profit Enablers

Technology can enhance profits. Implementing cost-effective, time-saving systems such as automated workflow and voice recognition are two such technologies. MTSO owners that automate their workflow as an integral part of their transcription platform report enhanced consistency and quality in their end product. Voice recognition is another game changer that can dramatically reduce labor costs while accelerating TAT.

Platform cost is another key source to protect profits. Newer medical transcription platforms now offer volume-driven pricing and only charge for the features your need and want. This added flexibility allows MTSO owners to tailor services by unique provider requirements and pay only for the features necessary to meet those requirements. Another key opportunity to enhance profit is the capability of automating MT compensation on a sliding scale – the easier the job, the lower the rate per line transcribe is paid.

Conclusion

The Medical Transcription industry is under attack on numerous fronts creating some significant business challenges. Today's MTSO owners should examine all their business practices and identify which contribute best to profit and growth and which do not. Replacing business practices that no longer drive the necessary profit and grow is critical to ensuring the long-term viability and health of your business.

MTSO Revenue Component

Fees related to “Lines of Transcription” produced are typically a MTSO’s primary revenue source. These fees are often declining at an unprecedented rate. Pricing pressure, from a number of sources, is placing MTSO profitability at risk. Long term independent MTSO viability is an even bigger concern.

Providers

EHR/EMR financial incentives embedded in the HITECH Act foster a whole new competitive sector. Many providers even question the need for traditional transcription services even though the initial results indicate otherwise. Quality, often the hallmark for the MTSO community, is taken for granted, even as trends demonstrate growing challenges.

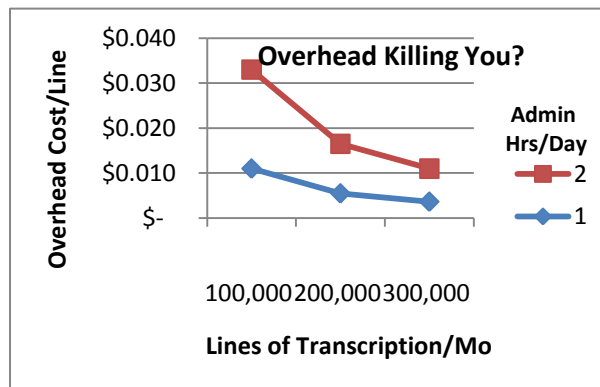
Providers along with their business partners see traditional transcription output as a commodity rather than a value-add service. Shockingly, the lack of more intervention by Risk Management and HIM Management supports this trend line.



MTSO Cost Components

While MTSO revenues are under attack, MTSO costs continue to escalate. Employees want pay rate increases and they have little appreciation for the overall market dynamics confronting the industry. Government regulatory expansion, such

as more rigid HIPAA rules, contributes directly to increasing MTSO operating costs, further stressing MTSO profitability.



MTs

MTs face economic pressures similar to the MTSO owner. Many MTs produce dependable, quality transcription work and are upset that their compensation has stayed flat or in some cases, decreased. Like the MTSO owner, MTs are fighting to keep their heads above water when it comes to meeting their financial obligations.

G&A

Even though many MTSOs are home-based, their core operating costs continue to rise. As transcription complexity continues to increase, administrative time and cost have gone up dramatically in the past few years. Unfortunately, many of the MTSO provider clients exacerbate this rise in cost and demand even more support time. MTSO owners are working longer hours than ever before and making less.

Technology

Technology advances continue at a mind-numbing pace. Over the past 30 years the business impact of computers, networks and software on the medical industry is unprecedented. System complexity has increased dramatically. An MTSO must not only be world-class transcription provider but also, technically proficient.

When Al Gore came along and “invented” the Internet and the whole transcription marketplace changed overnight. Issues that never surfaced before – offshoring, security breaches, and hacking to name a few, introduced a new set of issues that continue to disrupt MTSO owners.



Government intervention also hit its stride in the past 5 years. HIPAA, long a toothless nuisance, on February 17, 2010 grew into a compliance nightmare for MTSO owners. As if HIPAA wasn't enough, the Government threw in the HITECH Act AND provided significant incentives for providers to implement EHR/EMR systems. This additional one-two punch added even more pressure to an already struggling MTSO owner community.

Your Profit Components

With change comes opportunity. The business dynamics surrounding the Medical Transcription market is in flux and escalating. Growing profits - even maintaining profits - is a never ending challenge that requires constant attention. Aligning with the right business partners can make this process more manageable.

Pricing

Pricing reflects what providers are willing to pay, what rate of pay employees will accept and how much you pay for the underlying cost of the Medical Transcription platform. Historically, these Medical Transcription pricing components

have been at a flat, fixed rate. However, the underlying costs of these components can vary significantly.

A stat transcription often costs more to deliver than a less time-sensitive transcription job. Transcription jobs requiring less MT effort and time should pay the MT less than jobs that are more demanding. For instance, transcription jobs that incorporate significant amounts of stored text should pay the MT less than jobs that do not. Automating variable pay should be a system feature.

Today's competitive environment demands that these pricing and cost variances are reflected in the MTSO owner's business strategy. Most MTSO owners have found that manually adjusting customer bills and MT pay rates by job type these is nearly impossible given all the other tasks on their list. So how can a MTSO owner automate this process?

Employing a medical transcription platform that supports multiple billing and payment capabilities is essential. Some medical transcription platforms allow MTSO owners to create a wide range of transcription templates that segregate transcription jobs by their cost to produce. Then connecting this cost information with the billing and payment system, the MTSO owner can automate the transcription platform to implement a variable pricing and pay rate schedule that aligns tightly with the actual cost of production.

Quality

EHR/EMR platforms continue their high-profile campaign to the provider community. Initial feedback from the provider community is mixed with accuracy, completeness and timeliness among the most frequent shortcomings. Since providers focus on delivering patient care and not on documentation duties, patient encounter information quality is bound to suffer when the provider performs the work.

Some early EHR/EMR adopters report that EHR/EMR quality is a concern. Lack of quality, as MTSO owners understand quite well, can have a negative impact. Public relations, cost overruns even litigation are potential consequences associated with patient information that does not conform to current industry standards.

MTSO owners who emphasize quality as a core competency – especially at a reasonable price – will find a growing prospect base. MTSO owners who can automate oversight of quality procedures will also have a significant cost savings that contributes directly to their bottom line. Again, implementing a medical transcription platform that can facilitate automation and enforcement of the MTSO's quality standard will produce a more consistent, high-quality product at a profitable level.

Transcription Platform: Your Profit Generator

The Medical Transcription platform should be a significant MTSO owner profit generator. A Medical Transcription platform that accommodates the MTSO's business practices and then automates enforcement of these practices, will streamline cost, enhance quality and provide time to grow the business.



Transcription Platform Automation

Automating labor-intensive transcription and administrative tasks can generate substantial

savings. Providing custom transcription templates that align with provider characteristics, specialty, even TAT can quickly drive meaningful operational efficiencies. Variable billing and pay rates are other benefits associated with custom templates. Each template can be priced and paid relative to its actual value and cost.

Automating transcription workflow reduces repetitive daily tasks that steal time away from more profitable activities like sales and marketing. The MTSO administrator that automates these mundane tasks can now focus on the exceptions that are highlighted by the platform. Again, the resultant time savings can be reapplied to more profit-related activities.

A Medical Transcription platform that better enables all users, whether they are a provider, a MT, an administrator or the owner produces a better, more cost-effective experience. And this platform is often the centerpiece of the MTSO owner's profit picture.

Transcription Platform Price Structure

Internet-based Medical Transcription platforms are among the most feature rich, easiest to access and regulatory compliant solutions in the market. They can also be among the most cost-efficient systems available to MTSO owners. Advances in processing power, communication capabilities, extensive security and configuration flexibility enable Internet-based Medical Transcription platform to effect unparalleled pricing options.

While Internet-based Medical Transcription platform providers have incorporated a number of valuable functional features, most have chosen to adopt the more rigid fixed price model used by older transcription platforms. This older pricing model is ill-equipped to reflect the granular benefits produced with an Internet-based solution. The resultant pricing associated with this model often relegates MTSO owner savings to unacceptable levels.

To accurately and fairly reflect the unique financial value associated with an Internet-based Medical Transcription platform requires a totally new pricing model. This model ideally would be volume-based to incentivize MTSO growth that

produces a cost saving economy of scale. Also allow the MTSO owner to select which services are required enables configuration optimization by provider, further reducing platform cost.

Conclusion

The pace of change across the Medical Transcription market is unprecedented. The resultant opportunities and threats to MTSO owners are significant. Good business decisions are critical to ensure continued operational viability and profitability.

The process begins with a thorough analysis of the MTSO's revenue and cost structure. This data will likely pinpoint areas for improvement including:

- variable pricing by provider, by job type and by TAT
- variable MT compensation by job type
- administrative overhead reduction

Each of the above components can have a meaningful impact on MTSO operations that produce thousands in increased monthly profits. Internet-based Medical Transcription platforms are best positioned to provide the necessary functional requirements plus the granularity essential to optimizing pricing model.

