

HEALTH LAW

# Safety First When Consummating Relationships with Vendors

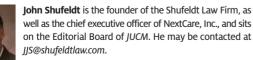
JOHN SHUFELDT, MD, JD, MBA, FACEP

ne of my favorite *Seinfeld* exchanges is this prickly dialogue between George and his fiancée, Susan, regarding his disdain for (and challenge with) condoms:

GEORGE:	Oh, no, nocondoms are for single men. The
	day that we got engaged, I said goodbye to
	the condom forever.
SUSAN:	Just oncefor the make-up sex.
GEORGE:	Make-up sex? You have to have that right af-
	ter the fight, we're way past that.
SUSAN:	Come on, just once?
GEORGE:	No, noI hate the condom.
SUSAN:	Why?
GEORGE:	I can never get the package open in time.
SUSAN:	Well, you just tear it open.
GEORGE:	It's not that easy. It's like "Beat The Clock",
	there's a lot of pressure there.
SUSAN:	Come on, George, just tear it open.
GEORGE:	I'm trying, dammit.
SUSAN:	Tear it.
GEORGE:	I tried to tear it from the side, you can't get a
	good grip here. You gotta do it like a bag of chips.
SUSAN:	Here give it to me.
GEORGE:	Would you wait a second? Just wait?
SUSAN:	Give it to me. Come on. Come on!
GEORGE:	(Tosses the condom aside): It's too late.

Unfortunately, in business, it takes much more than a condom to protect you from the dreaded "FTD." That's right, you read it correctly, "FTD"—a financially transmitted disease.

In addition, sadly, if parts of your supply chain are in distress, particularly in an economic downturn, your business could ex-



perience significant "shrinkage." How, then, do you apply a "business condom" and what signs do you look for to know if your business partners are at risk for having an FTD?

### Signs, Symptoms, and Protection

A business can insulate itself from the travails of its supply chain vendors in a number of different ways.

Before signing an insurance plan contract, read the fine print. For example, many health plan contracts force you to continue seeing their patients for a period of time, even if the insurance company stops paying on a timely basis.

*Signs of an FTD*: A high rate of providers discontinuing their contracts with the insurer. Ask for reasons clinicians have dropped the plan. Most states have a Department of Insurance where a consumer or vendor can inquire about the health plan's financial strength.

*Wearing the condom*: Insist on timely payment for clean claims and understand what the plan defines as a clean claim. In addition, understand the plan's grievance process and ask to speak with providers who have been through it.

Whatever you do, don't allow the plan's poor management to become your headache, or, worse, your downfall. Patient volume is great but only if you are getting recompensed in a timely manner for the care you provide.

Supply vendors are a critical cog in a well-managed urgent care center. Providers and patients expect the supplies you use in the clinic to be top quality, easily accessible and, at worst, "just in time."

*Signs of an FTD*: Poor stability, lack of market presence, and responsiveness. The time to evaluate this is before you become dependant on supply vendors. Run a process whereby you supply a number of potential vendors with your supply list and ask them to bid on your business. Inquire about discounts available once you hit certain volume thresholds, as well as the possibility of joining any group purchasing plans.

Continued on page 44.

### OCCUPATIONAL MEDICINE

Emphasize your program's potential impact to the bottom line.

- High I prospects: With "Influential" prospects, you want to be lively, forward thinking and visionary, and more relationship oriented. Emphasize the value of a true provider-employer relationship between the prospect's company and your program.
- High S prospects: With "Steady" prospects, you should be patient, thorough, and methodical. Ask a lot of questions and gather considerable data. Emphasize the logical value of a comprehensive approach to occupational health and safety.
- **High C prospects:** With "Compliant" prospects, you need to be patient, as they tend to be analytical and cautious. Emphasize a step-by-step approach to health and safety and the availability of outcome data. It is a good idea to get to know the typical High C prospect personally. Determine who else from their company should be involved in reviewing your proposal, as High C individuals prefer a consensus driven review.

## Personality profiling will help you enhance communication with the prospect.

#### **Assess Your Personality Style**

Getting a handle on your prevailing personality type will help you understand the degree to which you fit the profile for that type and how consistent your private image is with your public image. If you are interested in taking the self-administered personality test, please send an email to *info@naohp.com* and we will respond with an electronic copy of the test. Have your friends, coworkers and family take the personality profile assessment, as well. By identifying the personality profile of those you know, you will undoubtedly be better prepared to intuitively gauge the personality type of most prospects shortly after meeting them.

In sum, personality profiling is a fun way to gain a competitive edge. Reading your sales prospects will increase the likelihood of connecting with them early on. You do not have to artificially assume a different persona in order to be effective. Rather, mastery of personality profiling will help you utilize the most appropriate tools to enhance communication with the prospect and increase the likelihood of a successful sales call.

### HEALTH LAW

Wearing the condom: Insist that they maintain an agreedupon inventory of the items critical to your center's success. In addition, use financial penalties for the percentage of your items on back order and for late deliveries of your critical items.

If you are forced to turn a patient with a laceration away because your supplier was out of a suture kit or wound glue, that vendor should be willing to pay for the loss of revenue associated with that patient being sent elsewhere.

Billing companies are another (and perhaps the most important) cog in a center's cash flow cycle. I have witnessed and, sadly, experienced billing companies ruining busy urgent care centers time and again by not processing claims in a timely manner, by not following up on claims, and by only collecting on the "low hanging fruit."

*Signs of an FTD*: Unacceptably high number of days for them to send out a claim. If the number of days increases, your day's sales outstanding (DSOs) will go up and your cash flow will suffer.

Look at the number of denied claims and how long it takes them to reprocess that denied claim. If you start to witness a revolving door of client account reps, it is time to pull out!

*Wearing the Condom*: Before contracting, evaluate the stability of your billing company by insisting that they disclose their financials on a monthly or at least quarterly basis. Ask to see their clearing house contract and inquire about their payment terms with the clearing house and whether or not they are current.

Negotiate certain performance metrics in your contract, with penalties if they are not met and rewards if they are exceeded.

Finally, negotiate an out clause which is automatically triggered in the event of default without cure for failure to hit agreed-upon or promised metrics.

Other vendors to be concerned with are those with whom your ability to offer care to your patients is dependant upon their ability to fulfill their obligations to the center. For example:

- IT vendors
- Internet connectivity providers
- Prepackaged pharmacy vendors
- Staffing agencies
- Provider recruiters
- Radiology over-vendors
- Landlords

These are challenging times to own a business. One small mistake, one contract clause overlooked, can start a business down the slippery slope toward failure. And, as George discovered, once the life blood (cash) stops flowing to your business, it is simply a matter of time before shrinkage ("Like a frightened turtle!") sets in.