Office Efficiencies

Process Innovation, Automation, Outsourcing

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Standards for Integrity and Independence in Accredited Continuing Education

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Afser Shariff MD, faculty for this accredited education activity have the following relevant financial relationships to disclose:

+ Physicians Angels - Founder, CEO
+ S10 Health - Co-Founder, Managing Director

Sharing Experiences

MY BACKGROUND

- Started Physicians Angels in 2007 to solve office problems

- Amazing Team from Day 1

- Worked with 50+ EMRs and over 750 practices

- Built: EMR/Patient Portal/Practice Management System/AI

- Started as a Physician/Dental Co-Op

- Still practicing ENT full-time, private practice in Toledo, Ohio

NO AI WAS DIRECTLY USED

CERTIFIED ORGANIC

US Faces a Deficit of 6 Million Workers in Less Than a Decade

- Population seen growing at much faster pace than workforce
- Mismatch between change in labor force and jobs in high demand

Immigrants will likely be needed to take up some of the slack from US-born prime-age men, according to the study. Already, some industries would struggle to function without them. Lightcast found that 18% of health care workers come from outside the US, including one in four doctors and one in five registered nurses.

Labor Shortages

- MGMA reported in 2019 there was **5.08 support staff per FTE Physician**

- MGMA data for 2022 reported a **drop to 3.0 support staff per FTE Physician,** resulting in a minimum 14% reduction in revenue

- Depending on region, there is a 15-30% shortage of workers in healthcare

- Some of this work cannot be done by AI

- Where are the workers going?
  - New factories from onshoring
  - New industries
  - Expansion of existing companies/industries
  - **Healthcare has amongst the lowest wages with often mediocre benefits**

The Problem with Accounting for Employees as Costs Instead of Assets
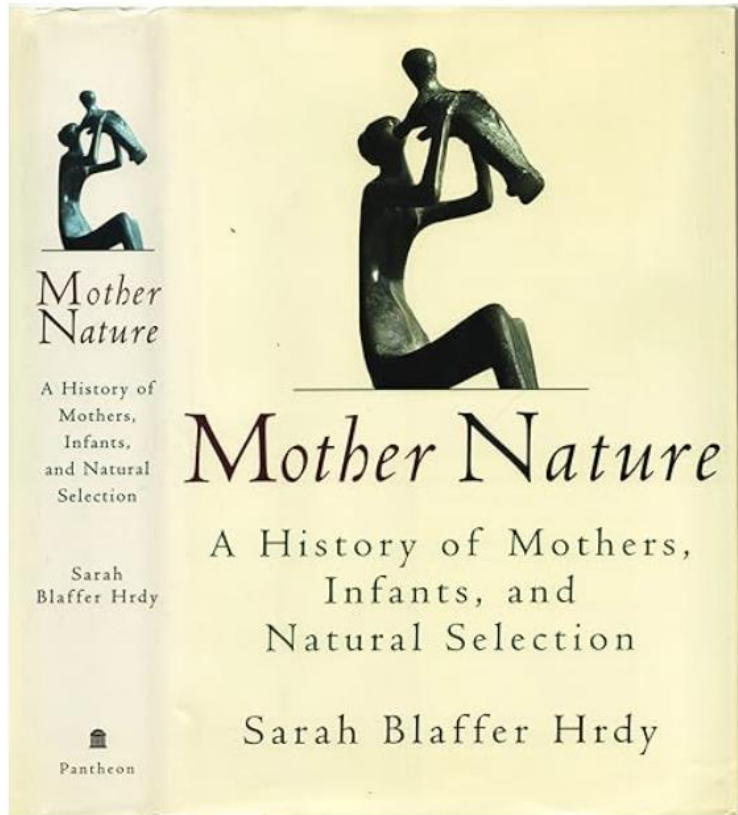
by Ethan Rouen

October 17, 2019

https://hbr.org/2019/10/the-problem-with-accounting-for-employees-as-costs-instead-of-assets?ab=ai-beta

So why is everyone getting bigger?

- Survival of the Fittest is not what you think

- Survival of the Fastest to Adapt

- Nature abhors monopolies... but businesses?

Survival Strategies from Evolutionary Biology

- Ostracized Margins
  - The fish, the prophet, the eccentric
- Large Numbers vs. Large Investment
  - Insects vs Elephants
  - Poor people vs Rich People
- **Failure is expected and normal**
- Success is on a continuum

Maximal Efficiency = Collapse

2011 PRE TSUNAMI/EARTHQUAKE

- Just In Time Manufacturing
- Low Inventory Model
- Single Supplier

2020 COVID IMPACT: GLOBAL CAR INDUSTRY

- Transportation Collapse
- No surplus
- Factories closed

Chasing CHEAP costs a FORTUNE

Harvard Business Review

Competitive Strategy

The High Price of Efficiency

by Roger L. Martin

From the Magazine (January–February 2019)

Resilience

A superefficient dominant model elevates the risk of catastrophic failure.

Wrongly thought to be the opposite of efficient

More costly & often neglected because it is creating redundancies

Creating resilience shortens careers, but saves companies/nations

Capitalism does not favor resilience!!!

William Edwards Deming

FACING FEARS

- Improvement of quality is contingent on INVESTING in process/training.

- Costs go down when quality goes up

- The cheapest source/solution may be the costliest in the future
  - Car/Plane Industry has many examples

- Eliminate quotas, slogans, and management by objective

Medicine: A Formula One Rat Race

What it takes to have a chance to win

Cost / Benefits

- US labor costs (S+B+T)   = $22 - $40
- (IL) International Labor Costs   = $9 - $16

$22 - $16 = $6 hr difference

$6 x 160 x 52 = $49,920

For every 1 doctor:
1.5 IL FTE = $74,840 in savings

T&A 7.54 RVU X $33 RVU = $248.82

Savings per FTE: $49,920

$74,840 / 248.82. = 301 Extra T&A

Almost 19 extra OR days of work if you don't use IL

Insurance company negotiations will not raise your salary

Outsourcing

- Work sent out to third party

- Limited control of work environment

  - Security questionable: software, employee, IT infrastructure, home/office

  - ISO/Benchmarking standards often absent

  - Sweat shops

- "Easy" to change vendors

- Tremendous variability in almost every parameter

- Legal recourse and Insurance concerns

  - Many do not adhere to USA standards because it costs more

Resourcing Pools

- **Shared/Co-Owned structured** pools of employees
  - Local, Regional, and Global
- Higher levels of engagement and control
  - Improved security & Tighter integration
- Deep bench of strength with higher skilled teams with continual training programs
- Follow USA standards and protocols- Legal compliance
- May have ownership stakes available for participating practices/corporate entities
  - Becomes LESS expensive than outsourcing

Resource Pool Structure

- ## <u>Virtual Office Developers</u>
  - Reimagine/Redesign physical office workflows into online formats
  - AI & IT infrastructure and communication platform innovation integrators

- ## <u>Virtual Managers</u>
  - Different skill sets from onsite management
  - Manage best of breed global vendor relationships

- ## <u>Virtual Staff</u>
  - Patient Schedulers, Front desk, Medical Assistants, OR Schedulers, Coders/Billers
  - Marketing Team, Website Management Team, Data Analytics, Accounting, Bookkeeping

Resource Pool & CIN/PE/Organizations

- Resource pools is a workflow option used by CIN/PE and Organizations
  - Not a replacement for your existing CIN/PE or your existing staff
- Practices within a CIN/PE/ORGs go to Resource Pools for specialty skills
- All types of practices benefit
  - Small practices- have access to a large variety of specialty specific tools/skills
  - Rural practices- have more workers to cover remote offices
  - Expensive city locations- less costs by having workers in less expensive areas
  - Large Organizations- LARGE SAVINGS

Resource Pool Failures

- Mental Framework
  - Physician/Management ambivalence or fears
  - Inability to let go of tasks
- Financial Commitment Lacking
  - Not investing in critical components- IT, Insurance
  - Going cheap, resisting pay raises for retention of employees, late payments
- Culture
  - Fear
  - Trust
  - Lack of Patience

Resource Pool Failures

- Virtual Office Developers
  - Lack experience, don't understand needs
  - Shortcuts in IT, No audits, Lack bandwidth,
- Virtual Managers
  - Culture of minimal training
- Virtual Staff
  - Lack of partnership with colleges
  - Staff considered disposable
  - Staff work from home

What to ask?

- Business Continuity Plan
  - Resiliency
  - Work force care/benefits, distribution, environment
- Protections
  - Legal recourse
  - Insurance
- Standards & Compliance
  - ISO / HIPAA
  - **Penetration Testing and Security Auditing***

Cost / Benefits + AI

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$22 - $16 = $6 hr difference

$6 x 160 x 52 = $49,920

Savings per IL FTE: $49,920

WHAT is Physician IP worth and who will get the financial benefit from it?

AI + IL = Future cost savings TBD

AI and Technology

- Almost all current AI was taken from millions of users uploading legally and illegally information into the WWW

- We don't know how much copyrighted, patented, protected, and personal information is being used by the AI.

- Anything that is a connected device can be scrubbed by an AI bot every few minutes and sent out to bidding parties. EVERY SINGLE PHONE is actively listening.

- There is no way to be sure that HIPAA is in effect if it is connected to an AI.

- Doctors using software with recording capabilities may be training an AI Physician Bot without explicit consent.

- AI and Technology companies will sue to keep their products from being used without payment...but the rest of us who are key to making the product get what?

AI Costs and Profitability

- AI currently costs more than a human to generate the same work output

- AI consumes $15-$20 of resources to yield a $1 return

- AI pays no property tax, income tax, school tax..BUT may get Federal, State, and Local subsidies

- DATA since 1920 shows that industries that experience automation the workers (Physicians) become serfs, the owners become Royalty.

Physician Owned AI

- Current licensing costs for all things in an office are $$$,$$$

- AI is being developed by Physician without compensation

- AI Development and ownership is possible for Physicians

  - Requires data sets

  - Requires constant training and monitoring

  - Big Lift requires MANY hands

- AI development will follow Biologic Evolutionary Models

New Profit Centers

- Resource Pools can be profits centers
  - Many practices use them, but few commit to being Co-Owners
  - Long Term Commitments like Real Estate
  - Annual Rate of return averages 9% = historic stock market return
  - With proper tax planning, it can be tax free income
- Physician Owned AI Development/Management
  - Physician owned IP
  - Hardware and E.H.R Software innovations

Audience Experiences, Q & A

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Closing thought: We are at the dawn of a new age of self-selected serfdom.