

To Participate or Not to Participate...

By Adam Locker

To participate or not to participate? That is everyone's question lately when it comes to deciding whether or not to participate in any number of programs that offer "benefits" to their members. In the arena of audiology where insurance coverage for hearing devices is spotty at best, these programs offer a popular solution for patients. These "solutions" may drive new patients through our doors, but this traffic may be at a tremendous cost to our practices. Before we can decide whether or not to participate in these programs, we first have to scrutinize our businesses. In particular, how much revenue must be generated per hour in order to service our clients in the best manner possible and keep business doors open? I'm sure we can all see the importance of this revenue figure; unfortunately, very few of us know this operating number. Without this simple number, none of us can even begin to answer the question, "Do I participate in this program?"

To figure out the cost of keeping our doors open (KODO), we need to start by analyzing the total monthly expenses: employee salaries, rent/leases, taxes, business insurance, utilities, advertising, office supplies, postage, magazine subscriptions, a year-end cash surplus (for unexpected expenses), and so on. Oh, and please don't forget the most important thing, our salaries. Then divide that total number by the number of business

days in that month, then again by the number of hours the business is open and we are seeing patients each work day (9 to 5 with an hour for lunch is 7 patient hours). Remember, each month has a different number of business days, so the number may vary slightly from month to month. I would suggest calculating this number each month for the entire upcoming year early in the fourth quarter of the previous year when planning for the coming year. Sounds fairly simple, yet most of us have not taken the time to calculate this vitally important operational number. That number and that number alone will determine the success or failure of our business. So let's say for the purposes of this article our KODO number is \$195 per hour.

To analyze further the benefits of these "programs," we now need to look at what these programs pay us. Do their fees allow us to make our KODO and still provide quality care for the patient? Let's take a few random, but real, examples and see. Program #1 reimburses \$375 for a monaural fit of which testing fees are included along with unlimited follow-up visits for six months. Let's assume it takes a bare-bones minimum of 30 minutes to test, counsel, and select a device, then another 30 minutes to fit and provide instruction to the patient on use, care, and expectations. After how many additional follow-up visits with this patient have transpired before we've fallen below our KODO?

At the end of our first hour of patient contact, after the initial fit, we have fallen below our \$195 KODO. Can we properly test, fit, counsel, and provide appropriate follow-up care within that time constraint? If we do, are we sacrificing quality of care? Or, are we able to provide services that reflect the professional image of our practice in just under two hours of patient contact? If so, it's good deal. If not, we might want to reconsider.

Program #2 allows for the billing of the patient's primary insurance for the testing to determine if a hearing loss exists and to investigate possible etiologies. This program then allows for the selection of an appropriate product for which we receive a fixed dollar amount (\$800-\$1,000 per aid) for the fitting plus one year of follow-up care and service. At how many hours of patient contact will the KODO be jeopardized? Program #2 allows for approximately 8-10.25 hours of patient post testing contact to fit, counsel, and service during the first year for a binaural fit and 4-5 hours for a monaural fit. Might sound like a better deal, but is it the right one for your practice, and are you able to meet your KODO?

When we begin to look at it this way, we start to realize how important it is to be paid for the testing. When we include complimentary testing as part of the hearing aid selection process and not as a separate entity to determine presence, degree, and possible etiology of a hearing loss, then

we lose almost one hour of KODO time. Without proper testing, we are unable to provide appropriate service to our patients. If we sacrifice this service, then we risk leaving these unsatisfied patients to speak poorly of our practice and the hearing devices they received to all their friends, families, and colleagues. Unfortunately, the cost of doing business does not allow us to offer these tests for free without sacrificing elsewhere in our patient service.

Many audiologists have been playing a borrowing game that is putting their practice at great financial risk—using today’s hearing aid sale to cover for KODO time for earlier hearing aid patients who have exceeded their maximum KODO patient contact time. This will surely lead to a time where one does not have the capacity to see enough new, paying patients to pay

for the previous patients who have exceeded “their” KODO time. With the current trends in the economy, many are cutting back in an attempt to be more frugal. Patients may hold on to their current hearing device longer or put off purchasing a new device to save money, forcing us to make our KODO last longer than before. The borrowing game will become very dangerous. Unfortunately, as a result of ineffective planning, I expect to see many private practices and corporate chains consolidate, close down centers, and layoff staff because they cannot meet their KODO.

We have to examine the image of our practices and ourselves that we want to present to our patients. Which patient is more likely to have an experience that he or she can speak highly of to their friends,

neighbors, and family, giving the potential for incremental opportunities? Will participating in “programs” help or hurt our practices? Will the fear of charging patients for our valuable services dilute revenues, making it difficult for us to consistently meet and exceed our KODO? What image do locked doors portray to our patients because we did not meet our KODO? If we as a group continue to support programs that devalue our services, more programs will continue to evolve to devalue our services. Take a moment, find out what you are worth, and ask this question: Will I “participate or not participate”? 

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KEEPING
 OUR DOORS
 OPEN
 FOR PATIENTS
 YES TO PARTICIPATION