

BEST PRACTICES FOR REDUCING EXPENSES: IT STARTS WITH BEST SAVINGS

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TODAY'S FOCUS:

Credit Cards

Medical Supplies

Vaccines



Question

S:

What card is in your “practice wallet?”

What do you purchase with your “practice wallet” card?

What is on your Merchant Services Statement?

WHAT IS YOUR NET EFFECTIVE COST FOR PROCESSING PATIENT PAYMENTS???

What is the effect on your bottom line?







THE BUSINESS GOLD REWARDS CARD



TODAY'S EXCLUSIVE WEB OFFER:

75,000 BONUS POINTS

WHEN YOU SPEND \$10K IN THE FIRST 4 MONTHS

APPLY NOW

\$0 INTRODUCTORY ANNUAL FEE
FOR YOUR FIRST YEAR, THEN \$175

Designed for businesses to earn points faster.

3X POINTS ON
AIRFARE

2X POINTS ON
ADVERTISING,
GAS, SHIPPING

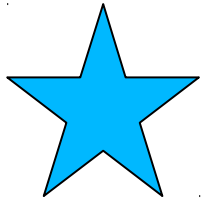
1X POINTS ON
EVERYTHING ELSE

Start
Booming

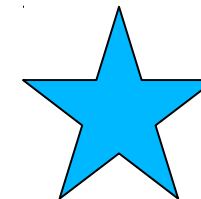


Terms and Conditions Apply





Unlimited 2% cash back on every purchase, every day











Find the best credit cards for you.

Whether you're looking for side-by-side comparisons, info around rewards versus points or you're ready to apply, we've gathered everything you need in one easy place.



Compare over 1200 credit cards, fast.

| | | | |
|---|---|---|---|
|  Rewards |  Cash Back |  Balance Transfer |  Travel |
|  Zero Percent |  Bad Credit |  Business |  Low Interest |

<https://www.nerdwallet.com/the-best-credit-cards>



What do you purchase with your Practice Credit Card?

| | |
|-----------------------------------|--------------|
| Vaccines | \$600,000.00 |
| Medical Supplies | \$150,000.00 |
| Cell phones | \$ 2,000.00 |
| Utilities | \$ 8,000.00 |
| Clerical Supplies | \$ 10,000.00 |
| Janitorial Supplies | \$ 5,000.00 |
| Dues | \$ 3,000.00 |
| Other(Travel, CME, Entertainment) | \$ 5,000.00 |
| Total: | \$783,000.00 |



Total Spending: \$783,000.00

1.0% Cash Back Rate: \$ 7,830.00

1.5% Cash Back Rate: \$11,745.00

2% SPARKS CARD

\$15,660.00



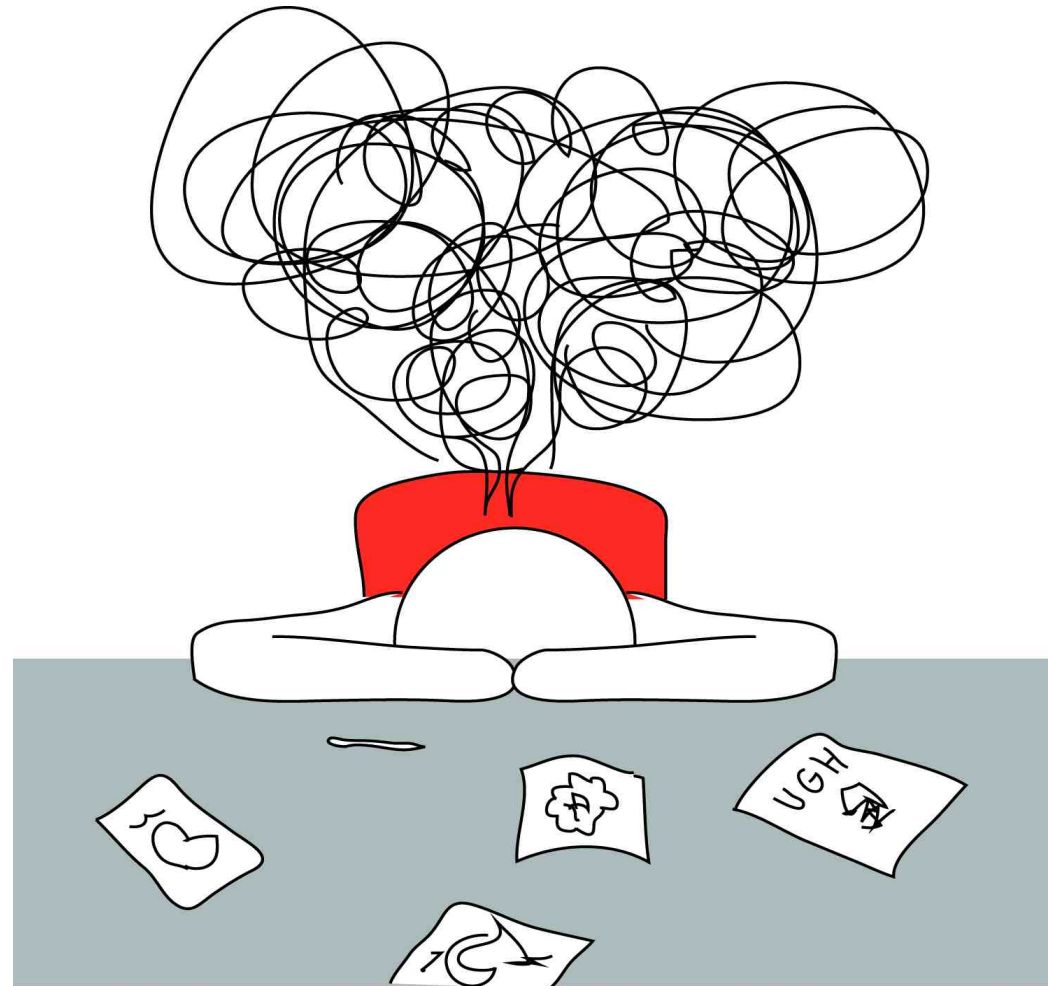
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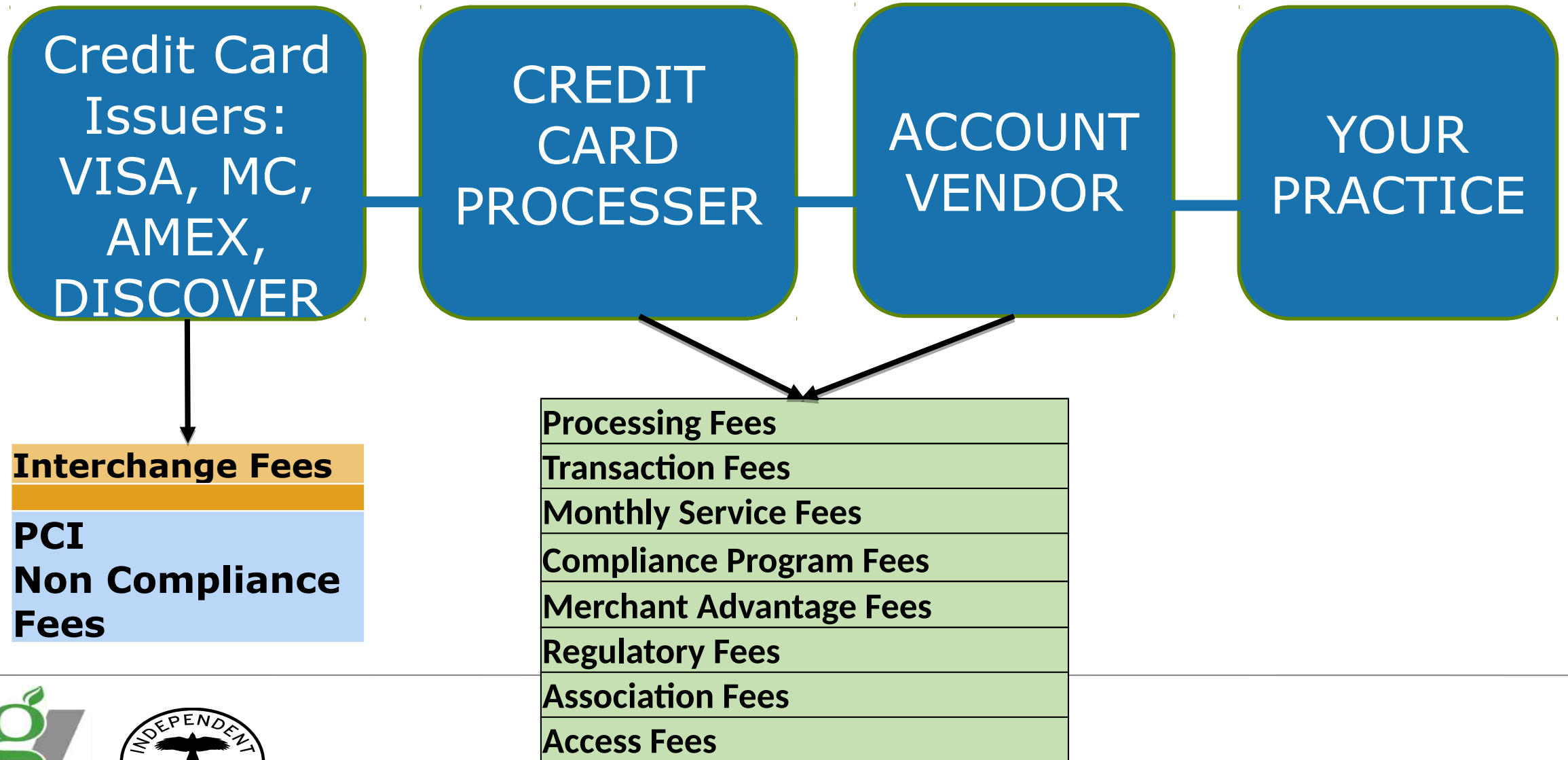


FEES! FEES! FEES!

| |
|-------------------------|
| Interchange Fees |
| |
| PCI Non Compliance Fees |
| |
| Processing Fees |
| Transaction Fees |
| Monthly Service Fees |
| Compliance Program Fees |
| Merchant Advantage Fees |
| Regulatory Fees |
| Association Fees |
| Access Fees |



Where do the Fees come from?



Interchange Fees

Standard fees charged by credit card issuers when card is used:

Card Present: 1.55% - 2% based on card

Card NOT Present: 2.4% - 2.6% based on card

Debit Card: 0.5%



PCI NON-COMPLIANCE FEES

Fees charged for not having your credit card system security checked and verified.



WHAT IS PCI?

Payment Card Industry Data Security Standard (PCI DSS)

A set of security standards designed to ensure that ALL companies that accept, process, store or transmit credit card information maintain a secure environment.



QUESTIONS

- IS MY NETWORK PCI COMPLIANT?
- HOW DO I ELIMINATE PCI NON-COMPLIANCE FEES?



PCI ACTION PLAN

Contact your credit card vendor for information to complete PCI questionnaire / make corrections.



**FEES
ELIMINATED!**

**NETWORK
SECURITY
CONFIRMED!**

ISSUED BY CONTROLSCAN
ASV# 5045-01-06

CERTIFICATE OF COMPLIANCE

THIS CERTIFICATE IS PRESENTED TO

| | |
|----------------------|--------------------------|
| Company Name | Independent Practice MSO |
| MID(s) | 4202988001005449 |
| Compliance Status | Pass |
| Questionnaire Date | 2017-11-30 |
| Questionnaire Status | Pass |
| Scan Date | NA |
| Scan Status | NA |
| Saq Type | C-VT Version 3.2 |

DISCLAIMER Expiration Date 2018-11-30

This certification is based on the above listed merchant's completion and attestation of the PCI Self Assessment Questionnaire and vulnerability scan results if applicable. For merchants that require scanning, compliant vulnerability scans are required quarterly to maintain compliance. This certificate does not mean the merchant's systems are invulnerable to unauthorized access. The certificate reflects the status of the merchant on the date shown above and certifies only that on that certain date, the standards were met. No representation is made as to the security of any systems other than on that date.



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THE REST OF THE FEES !

| Date | Type | Description | Total |
|----------|------|---|--------|
| 08/02/17 | IC | JUL BB169-TRAN CLEARED AS SMALL TICKET DEBIT/PREPAID VI 2 | -0.50 |
| 08/02/17 | IC | JUL BB080-TRANSACTION CLEARED AT SIGNATURE PREFERRED CP VI 55 | -37.69 |
| 08/02/17 | IC | JUL BB216-TRANSACTION CLEARED OTHER THAN PRICED INF VI 1 | -0.42 |
| 08/02/17 | IC | JUL BB163-TRAN CLEARED AT CHECK CARD DEBIT/PREPAID VI 13 | -14.29 |
| 08/02/17 | IC | JUL BB504-TRANSACTION CLEARED AS COMMERCIAL ELECTRONIC DI 1 | -1.65 |
| 08/02/17 | SC | VISA KILOBYTE TRANSACTION FEE 128 KILOBYTES AT .025000 | -3.20 |
| 08/02/17 | SC | MASTERCARD KILOBYTE TRANS FEE 24 KILOBYTES AT .025000 | -0.60 |
| 08/02/17 | SC | VI BASE II SYSTEM FILE FEE 199 TRANSACTIONS AT .001800 | -0.35 |
| 08/02/17 | SC | MASTERCARD SALES TRANS FEE 13 TRANSACTIONS AT .050000 | -0.65 |
| 08/02/17 | SC | VISA SALES TRANS FEE 97 TRANSACTIONS AT .050000 | -4.85 |
| 08/02/17 | SC | DISCOVER SALES TRANS FEE 5 TRANSACTIONS AT .050000 | -0.25 |
| 08/02/17 | SC | MC SALES DEBIT TRANS FEE 29 TRANSACTIONS AT .050000 | -1.45 |
| 08/02/17 | SC | VI SALES DEBIT TRANS FEE 93 TRANSACTIONS AT .050000 | -4.65 |
| 08/02/17 | SC | DISCOVER SALES DISCOUNT .015000 DISC RATE TIMES \$173.83 | -2.61 |
| 08/02/17 | SC | DISCOVER DATA USAGE FEE 5 TRANSACTIONS AT .050000 | -0.25 |
| 08/02/17 | SC | MASTERCARD SALES DISCOUNT .015000 DISC RATE TIMES \$385.00 | -5.78 |
| 08/02/17 | SC | VISA SALES DISCOUNT .015000 DISC RATE TIMES \$2,728.15 | -40.92 |
| 08/02/17 | SC | MC LICENSE VOLUME FEE .000176 DISC RATE TIMES \$1,376.83 | -0.24 |
| 08/02/17 | SC | MASTERCARD DEBIT SALES DISC .009900 DISC RATE TIMES \$991.83 | -9.82 |
| 08/02/17 | SC | VISA DEBIT SALES DISCOUNT .009900 DISC RATE TIMES \$2,907.79 | -28.79 |
| 08/02/17 | FEE | VISA NETWORK FEE CP 1B-04 | -5.40 |
| 08/02/17 | FEE | VISA NETWORK FEE CNP 2-05 | -2.69 |
| 08/02/17 | FEE | MC MERCH MONTHLY LOCATION FEE | -2.25 |
| 08/02/17 | FEE | BATCH SETTLEMENT FEE 20 TRANSACTIONS AT .200000 | -4.00 |
| 08/02/17 | FEE | VI TRANSACTION INTEGRITY FEE 2 TRANSACTIONS AT .100000 | -0.20 |
| 08/02/17 | FEE | MONTHLY STATEMENT FEE | -7.50 |
| 08/02/17 | FEE | NON-RECEIPT OF PCI VALIDATION 1 TRANSACTIONS AT 39.950000 | -39.95 |
| 08/02/17 | FEE | NETWORK AUTHORIZATION FEE 5 TRANSACTIONS AT .007500 | -0.04 |
| 08/02/17 | FEE | MC NETWORK ACCESS AUTH FEE 42 TRANSACTIONS AT .150000 | -6.30 |
| 08/02/17 | FEE | MASTERCARD 950 AUTH FEE 44 TRANSACTIONS AT .050000 | -2.20 |
| 08/02/17 | FEE | ACQUIRER PROCESSOR FEE CREDIT 99 TRANSACTIONS AT .019500 | -1.93 |
| 08/02/17 | FEE | ACQUIRER PROCESSOR FEE DB/PP 108 TRANSACTIONS AT .019500 | -2.11 |
| 08/02/17 | FEE | VISA 950 AUTH FEE 211 TRANSACTIONS AT .050000 | -10.55 |
| 08/02/17 | FEE | DISCOVER 950 AUTH FEE 5 TRANSACTIONS AT .050000 | -0.25 |



WHAT IS YOUR NET EFFECTIVE PERCENTAGE PAID?

FEES CHARGED

| Date | Type | Description | Volume | Rate | Total |
|---|------|--------------------|--------|--------|------------------|
| Total Card Fees | | | | | -922.06 |
| 11/30/17 | MISC | RETURNS | 1 | 0.2000 | -0.20 |
| 11/30/17 | MISC | CARDPOINTE FEE | | | -35.00 |
| 11/30/17 | MISC | REGULATORY PRODUCT | | | -3.50 |
| 11/30/17 | MISC | PCI NON COMP FEE | | | -19.95 |
| 11/30/17 | MISC | DATA BREACH | | | -8.95 |
| 11/30/17 | MISC | ECOMMERCE | | | -10.00 |
| Total Miscellaneous Fees | | | | | -77.60 |
| Total (Miscellaneous Fees and Card Fees) | | | | | -\$999.67 |

Fee Type Legend

MISC = Miscellaneous Fees
CF = Card Fees



TAX GROSS REPORTABLE SALES BY TIN

Total dollar amount of aggregate reportable payment card transactions funded and third party network transactions, for each participating payee, without regard to any adjustments for credits, cash equivalents, discount amount, fees, refunded amounts, or any other amounts per respective tax identification number.

| Month | Description | Total |
|-------|---------------------------------|-------------|
| NOV | Gross Reportable Sales - TIN X) | \$24,270.13 |

PCI Fees

Total Fees

Total Charges For Month

Net Payment Rate 4.1%



INTERCHANGE FEES

ALL OTHER FEES

| | Number of Transactions | Monthly Volume | Average Ticket | Annual Volume |
|------------|------------------------|----------------|----------------|---------------|
| Visa | 982 | \$43,497.51 | \$44.29 | \$521,970.12 |
| Mastercard | 701 | \$27,688.59 | \$39.50 | \$332,263.08 |
| Discover | 23 | \$858.02 | \$37.31 | \$10,296.24 |
| Amex | 44 | \$3,319.39 | \$75.44 | \$39,832.68 |
| Pin Debit | 4 | \$149.97 | \$37.49 | \$1,799.64 |
| Totals | 1754 | \$75,513.48 | \$43.05 | \$906,161.76 |

Fee's Paid \$4,428.84

Effective Rate 6.22%

Average Interchange

Cost

1.467 %

Total for All

Other Fees

4.75%

WHAT IS A GOOD NET EFFECTIVE PAYMENT RATE?

1.9% - 2.2%

WHERE CAN I GET THE BEST RATES?



STATEMENT ANALYSIS AND RATE COMPARISON

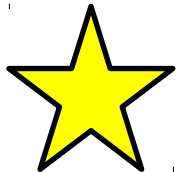
| Hometown Pediatric Associates | | | | | | |
|---|--------------|-----------|-------------|-----------------------------------|-------------|--|
| TOTAL VOLUME | \$ | 62,838.88 | | 1507 Total number of transactions | | |
| AVERAGE TICKET | \$ | 41.70 | | | | |
| Current Processor | | | | Payment Pros Network | | |
| | Volume | % Rate | Total Fee | % Rate | Total Fee | |
| PROCESSING FEES | | | | | | |
| VISA | \$ 15,386.81 | 1.50% | \$ 230.80 | 0.10% | \$ 15.39 | |
| VISA Debit | \$ 29,741.27 | 0.99% | \$ 294.44 | 0.10% | \$ 29.74 | |
| MasterCard | \$ 7,338.98 | 1.50% | \$ 110.08 | 0.10% | \$ 7.34 | |
| MasterCard Debit | \$ 9,387.85 | 0.99% | \$ 92.94 | 0.10% | \$ 9.39 | |
| Discover | \$ 983.97 | 1.50% | \$ 14.76 | 0.10% | \$ 0.98 | |
| TOTAL | | | \$ 743.02 | | \$ 62.84 | |
| ASSOCIATION FEES | | | | | | |
| Interchange | | | \$ 955.15 | | \$ 955.15 | |
| VISA/MasterCard/Discover Access Fees | | | \$ 119.25 | | \$ 119.25 | |
| TOTAL | | | \$ 1,074.40 | | \$ 1,074.40 | |
| AUTHORIZATION FEES | | | | | | |
| Visa/MC/Discover | 1507 | \$ 0.05 | \$ 75.35 | \$ 0.10 | \$ 150.70 | |
| Visa/MC/Discover Transaction Fee | 1467 | \$ 0.05 | \$ 73.35 | \$ - | \$ - | |
| MasterCard Network Access | 335 | \$ 0.15 | \$ 50.25 | \$ - | \$ - | |
| Batch | 134 | \$ 0.20 | \$ 26.80 | \$ - | \$ - | |
| TOTAL | | | \$ 225.75 | | \$ 150.70 | |
| ADDITIONAL FEES | | | | | | |
| Monthly Service Fee | | | \$ 7.50 | | \$ 5.00 | |
| PCI Non Compliance Fee | | | \$ 39.95 | | \$ - | |
| IRS Regulatory Fee | | | \$ - | | \$ 3.95 | |
| Virtual Terminal Monthly Fee | | | \$ 5.00 | | \$ 5.00 | |
| TOTAL | | | \$ 52.45 | | \$ 13.95 | |
| TOTAL FEES | | | \$ 2,095.63 | | \$ 1,301.89 | |
| EFFECTIVE RATE | | | 3.33% | | 2.07% | |
| Analysis notes | | | | MONTHLY SAVINGS | | |
| Lower credit rates from 1.50% down to 0.10% | | | | \$ 793.74 | | |
| Lower debit rates from 0.99% down to 0.10% | | | | % OF SAVINGS 38% | | |
| Remove MasterCard Network Access Auth Fees of \$0.15 each | | | | 1 YEAR SAVINGS \$ 9,524.83 | | |
| Remove Batch Fees of \$0.20 each | | | | 3 YEAR SAVINGS \$ 28,574.49 | | |
| Remove PCI Non Compliance Fee | | | | | | |
| Analysis was based on November 2017 statement | | | | | | |

“PRICELESS”

- Practice Wallet Savings: \$15,660.00
- Card Processing Savings: \$ 9,524.83

• Total Savings:

\$25,184.83



ONE FINAL NOTE

Remember the words of a very wise advisor:

“Do not sign with a credit card vendor that will not sign a **BAA** with your practice.”

Chip Hart



Medical Supply Price Analysis

**Beyond the Total Dollars Spent
Beyond the Percent of Overhead**



What Are You Paying For Medical Supplies?

Usual Answers:

9%, 10%, 15% of Overhead.

There is a sense of “SATISFACTION” if the percentage is in the normal range or below normal range for pediatric practices



The Real Question:

Am I getting the best prices?



AVOIDING THE COMMON MISTAKES

1. DO NOT FOCUS ON ONE ITEM!
2. Beware of “Lost Leaders” and “Introductory Pricing.”
3. Failing to monitor prices changes over time. “The \$8.00 box of gloves on your January price list is \$11.00 in June.”
4. USING OUT OF DATE PRICING FOR THE ANALYSIS
5. FAILING TO USE WEIGHTED COSTS
6. FAILING TO CONFIRM ALL LOCATIONS PAYING THE SAME PRICE!



MONITOR PRICE CHANGE OVER TIME

| SUPER DUPER PEDIATRICS SUPPLY ANALYSIS | | | | | | |
|--|---|-----------------|--------|-----|----------------|-------------|
| Item # | Description | PO Date | PO Qty | UOM | PRICE PER UNIT | comments |
| 150677 | URINE TEST STRIP, MULTISTIX 10SG 2161 (100/ML=EA) | 1/4/2017 | 1 | EA | 62.15 | 5 different |
| 150677 | URINE TEST STRIP, MULTISTIX 10SG 2161 (100/ML=EA) | 2/25/2017 | 1 | EA | 62.15 | prices for |
| 150677 | URINE TEST STRIP, MULTISTIX 10SG 2161 (100/ML=EA) | 4/12/2017 | 1 | EA | 64.58 | same item |
| 150677 | URINE TEST STRIP, MULTISTIX 10SG 2161 (100/ML=EA) | 6/1/2017 | 1 | EA | 65.29 | |
| 150677 | URINE TEST STRIP, MULTISTIX 10SG 2161 (100/ML=EA) | 8/2/2017 | 1 | EA | 68.86 | |
| 191089 | PAD, ALCOHOL PREP STR MED (200/BX) | 1/4/2017 | 5 | BX | 1.48 | |
| 191089 | PAD, ALCOHOL PREP STR MED (200/BX) | 2/25/2017 | 2 | BX | 2.92 | |
| 191089 | PAD, ALCOHOL PREP STR MED (200/BX) | 4/12/2017 | 5 | BX | 2.92 | |
| 330696 | DIAPER, NWBRN HOSP TO10LB (20/PK 12PK/CS) | 1/4/2017 | 1 | PK | 0.66 | |
| 330696 | DIAPER, NWBRN HOSP TO10LB (20/PK 12PK/CS) | 4/12/2017 | 1 | PK | 2.61 | |
| 373772 | SPONGE, GZE 2"X2" 8PLY N/S (200/BX) | 1/4/2017 | 4 | BX | 1.09 | |
| 373772 | SPONGE, GZE 2"X2" 8PLY N/S (200/BX) | 2/25/2017 | 4 | BX | 2.39 | |
| 396 | NEEDLE, HYPO 25GX5/8" (100/BX) | 2/25/2017 | 1 | BX | 8.57 | |
| 396 | NEEDLE, HYPO 25GX5/8" (100/BX) | 4/12/2017 | 2 | BX | 10.78 | |



THE PROCESS

- GATHER ONE YEAR OF PURCHASE DATA
- PREPARE UTILIZATION / PRICING GRID
- ENTER COMPETITORS PRICING IN GRID
- EVALUATE END RESULTS:
FOCUS ON THE BOTTOM LINE



FULL WEIGHTED ANALYSIS

| Description | QTY | UOM | Current Price | ABC Supply | Current Price Extended | ABC Price Extended | Savings |
|--|-----|-----|---------------|------------|------------------------|--------------------|-------------|
| Container, Sharp;s Coll Horiz Red 5 QT | 40 | EA | \$ 7.01 | \$ 3.26 | \$ 280.40 | \$ 130.40 | \$ 150.00 |
| SPONGE, GZE NS 8PLY 2X2" (200/BX) | 28 | EA | \$ 2.39 | \$ 1.08 | \$ 66.92 | \$ 30.24 | \$ 36.68 |
| ADHESIVE, SKIN DERMABOND ADV (12/BX) | 4 | EA | \$ 43.28 | \$ 32.26 | \$ 173.12 | \$ 129.04 | \$ 44.08 |
| DEXAMETHASONE SOD, MDV 10MG/ML | 2 | EA | \$ 14.85 | \$ 18.21 | \$ 29.70 | \$ 36.42 | \$ (6.72) |
| PAPER, TABLE SMTH ECON WHT 18"X225' (12RL/CS) | 32 | CS | \$ 37.99 | \$ 32.99 | \$ 1,215.68 | \$ 1,155.68 | \$ 160.00 |
| GLOVE, EXAM NITRL PF TEXT MED (100/BX 10BX/CS) | 75 | BX | \$ 8.00 | \$ 4.35 | \$ 600.00 | \$ 326.25 | \$ 273.75 |
| BANDAGE, ADHSV CANDY LAND 3/4X3" | 15 | BX | \$ 5.91 | \$ 4.41 | \$ 88.65 | \$ 66.15 | \$ 22.50 |
| PAPER, TABLE SMTH 14 1/2"X225'(12/CS) | 25 | CS | \$ 53.31 | \$ 30.90 | \$ 1,332.75 | \$ 772.50 | \$ 560.25 |
| ACETAMINOPHEN, SUSP CHLD 160MG/5ML 4OZ | 12 | EA | \$ 3.79 | \$ 3.08 | \$ 45.48 | \$ 36.96 | \$ 8.52 |
| WIPE, BABY UNSCENTED (72/PK 12PK/CS) | 60 | PK | \$ 3.22 | \$ 1.68 | \$ 193.20 | \$ 100.80 | \$ 92.40 |
| | | | | | \$ 30,959.04 | \$ 24,329.15 | \$ 6,629.89 |
| | | | | | | % Savings | 21% |



FINDING THE BEST PRICES

**CONSIDER GPO'S / MSO'S TO GET
GROUP SAVINGS**



KEYS TO SUCCESS

- MONITOR PRICES OVER TIME
- LOOK FOR ALTERNATIVE PRODUCTS
- DO NOT BE FOOLED BY “LOST LEADER PRICING”
- PAY INVOICES WITH CREDIT CARD!!!!
- GPO'S / MSO'S FOR GROUP SAVINGS



Vaccines Purchasing How to Maximize Your Savings



What are Vaccine GPO's?

Organizations that **AGGREGATE VACCINE SALES** to many physicians to provide volume discount pricing.

Federal Government determines this discount price and GPO's **CANNOT** sell vaccines below this price set point.



Pricing Terms

- Direct Catalog Price
- GPO Discount
- Product / Vax Max Discounts
- Product Pay Discounts
- On-Line ordering discount
- Federal Excise Tax
- On-Line ordering discount
- Invoice pricings / final discount pricing
- Rebates



HOW THEN ARE GPO'S DIFFERENT?

1. PARTICIPATION RULES

2. REBATES



Participation Rules

1. “Rebate Year”
2. “Rebate Payment Date”
3. “Purchasing Levels”
4. “Member in Good Standing”
5. “Purchasing ratios”



GPO REBATES

- All GPO's are given “administrative funds” by Sanofi Merck and GSK to operate.
- GPO's decide how to use these funds
- Administrative costs
- Profits
- Rebates to Providers.
- **How much does your GPO “Rebate” to you?**



SUMMARY

- **ENROLL IN A VACCINE GPO: Choose the GPO with the highest REBATE**
- **FOR SANOFI AND MERCK: ORDER ON LINE USING THE SANOFI WEBSITE: SAVINGS OF 1 %**
- **PROMPT PAY DISCOUNT: SAVINGS OF 2%**
- **PAY WITH A CREDIT CARD: SAVINGS OF 2%**



TODAY'S FOCUS:

Credit Cards

Medical Supplies

Vaccines

QUESTIONS?

