

The AAPS Hassle Coefficient Factor Analysis¹

To do the HCFA, and assess your practice liabilities, follow these steps:

Preliminary investigations:

For several days, have each staff member and physician use a stopwatch to time every telephone call related to third-party payment. Also have physicians record the time spent on third-party-related correspondence, extra documentation that is not productive for patient care, study of carrier materials, and other tasks that would be superfluous in the absence of third-party contracts.

Accounting assessments: consult your balance sheet, tax forms, payroll records, etc., to make the estimates required to fill in the table.

Overhead Costs for Claims Submissions

1.	Salaries, taxes, benefits for employees:	
	Full-time insurance-related work:	\$
	Part-time insurance-related work (multiply by percentage of time spent on such work)	\$
2.	Computer equipment required for claims processing but of no other use:	
	Leasing, maintenance, required software upgrades	\$
	Personnel costs (training, consultation, need for more highly skilled workers)	\$
3.	Additional telephone lines	\$
4.	Forms, manuals, and other supplies	\$
5.	Training and compliance costs (seminar fees, time off for personnel to attend, consultants, voluntary audits)	\$
6.	Additional credentialing expense	\$
7.	Excess liability coverage	\$
8.	(Physician time spent in non-patient care, third-party required work) x (mean hourly earning potential)	\$
9.	Rental of space needed solely for employees or supplies related to third-party relations	\$
10.	Other (psychotherapy or medical treatment for stress-related disorders, etc.)	\$

Total the amounts to arrive at a monthly or annual estimate of office overhead for claims submissions: \$ _____

Liabilities

If you have managed-care contracts, estimate the expected income loss due to withholds or possible penalties for overutilization: \$ _____

Liability due to "anti-fraud" laws:

Method 1 (shortcut): Multiply the functional equivalent of infinity by any nonzero probability.

¹Title plagiarized from the American Society of Dermatology, which provides a form for analyzing specific insurance hassles. Write ASD at 411 Hamilton Blvd. Suite 1006, Peoria, IL 61602. Ask for form PU-2.

Method 2: Fill in the table on page 2.

Estimating Unfunded Liabilities

1.	Legal fees: hourly rate (\$_____) times expected duration of investigations, hearings, trials, and appeals	\$
2.	Civil monetary penalties: \$10,000 times number of items potentially subject to adverse determinations for incorrect coding, failure to collect copayments, unnecessary services, etc., i.e. for "fraud" or "abuse"	\$
3.	Income received from any procedures that could be retrospectively called unnecessary or that could have been coded so as to obtain less reimbursement (i.e. for which claims were "fraudulent" or "abusive"), multiplied by 3	\$
4.	Value of assets, any portion of which may have been purchased with funds derived from insurance claims determined to be "fraudulent"	\$
5.	Potential expert witness fees	\$
6.	Lost income due to loss of reputation, program exclusions, delicensure, and/or imprisonment	\$

To arrive at an "expected value," calculate first the maximum plausible value, then multiply by the probability that the maximum liability would occur (the probability is unknown, but you can guess at it): \$_____.

Balancing the Account

1. Estimate the amount of income derived directly from third parties (if you ever accept assignment or capitation):
\$ _____
2. Estimate the amount of income that is dependent upon your office filing the insurance claim (as from Medicare patients or claims that you file voluntarily):
\$ _____
3. From the sum of (1) and (2), subtract the overhead calculated above, to give the net:
\$ _____

This would be your immediate net loss if the income could not be replaced. However, there are potential offsets:

- a. Medicare patients willing to forego benefits and pay privately.
- b. Other patients willing to pay privately, out of pocket or out of medical savings accounts, or to file their own claims for insurance reimbursement.
- c. Other remunerative work that you could do, whether medical or nonmedical, in time freed from third-party hassles.

The desire of patients to contract privately may increase dramatically as patients learn that the filing of an insurance claim implies the risk of total loss of confidentiality. Moreover, the value of a reputation for integrity – of a physician who has not bowed down to the Baal of third-party executives – may someday be recognized.

Some physicians are making serious changes in their lifestyle as the price of preserving their freedom and adhering to their code of medical ethics. (By the way, if you are having to make a financial sacrifice, the country needs to know – and we're interested in helping to tell your story.)

All of us have the responsibility to support ourselves and our families, so earnings are not irrelevant. But your calculation should not be strictly a cold-blooded financial one. Not every value can be calculated in dollars and cents. Be sure to include the following in your calculus: **honor, integrity, love, joy, sanity, and prudence.**