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# Your Guide to Hiring a Practice Manager



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ASSOCIATION

Practice Management Services

## **Texas Medical Association**

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# Your Guide to Hiring a Practice Manager

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# Table of Contents

<b>Defining the Practice Needs .....</b>	<b>2</b>
<b>Differences Between Managers and Administrators .....</b>	<b>3</b>
<b>Management Principles .....</b>	<b>5</b>
<b>The Job Description .....</b>	<b>6</b>
<b>Costs .....</b>	<b>7</b>
<b>Advertising Media .....</b>	<b>9</b>
<b>Screening, Interview, and Selection Processes .....</b>	<b>10</b>
<b>References .....</b>	<b>12</b>
<b>The Offer .....</b>	<b>13</b>
<b>About the Authors .....</b>	<b>14</b>

## Defining the Practice Needs

The administrative needs of medical practices may vary based on these factors:

- **Size:** Small practices with one or two physicians may need only a seasoned office manager, while larger practices may need a professionally trained administrator.
- **Goals and strategic planning:** Do you have a long-term strategy to grow your practice, or do you just want someone else to run the business? Do you have short-term goals, or do you also think about the “big picture” (three years or beyond)?
- **Transition:** Is your practice going through a merger or downsizing or experiencing new growth? You may need a different type of manager or skill set as your practice expands or downsizes.
- **Billing and collections:** If improving billing and collections is one of your goals, you may need an office manager with expertise in the management of front and back offices.
- **Authority and decisionmaking:** Are you willing to give a nonphysician the authority to manage your day-to-day operations? How much decisionmaking are you willing to share?

# Differences Between Managers and Administrators

Before a physician can begin the search for a qualified individual to run a practice, he or she must determine the type of position to offer. The responsibilities of a practice manager and an administrator differ markedly. The differences in experience and knowledge requirements of these two positions follow.

A practice manager must be:

- Skilled in the daily details of running a practice;
- Knowledgeable of billing and collections procedures;
- Experienced in managing accounts receivable;
- Adept at working with managed care companies on claims denials, preauthorizations, and fee schedules;
- Knowledgeable of coding;
- Experienced in managing office personnel; and
- Able to serve as back-up personnel when the office is very busy.

In most cases, a practice manager:

- Has a high school education and some college education,
- Has hands-on billing and collections experience,
- Does not have financial decisionmaking authority and cannot sign checks, and
- Does not negotiate managed care contracts.

In contrast, a practice administrator must be:

- Able to operate as an executive-level individual with decisionmaking authority,
- Skilled in strategic planning to assist in setting long-term goals,

## TIP

Before a physician can begin the search for a qualified individual to run a practice, he or she must determine the type of position to offer.

- Financially accountable to physicians and able to handle complex financial deals,
- Knowledgeable of legal and human resource issues,
- Familiar with the managed care environment and able to communicate effectively with payers, and
- Familiar with practice marketing activities.

In most cases, a practice administrator:

- Does not handle day-to-day operations; and
- Has attained at least a college education, and possibly has earned a master's degree (MBA or MHA) and advanced certifications through the Medical Group Management Association (MGMA) and American Academy of Professional Coders (AAPC).

# Management Principles

Physicians seeking an appropriate person to oversee practice operations also should consider the following management issues:

- **Governing body:** Does a board of directors govern the practice, or are decisions made by individuals? Who will this new employee report to? Multiple bosses bring conflicting priorities and a lack of accountability. Physician groups should designate the most trusted decisionmaker to work closely with and supervise the new manager or administrator.
- **Decisionmaking:** How much autonomy will be delegated to the manager or administrator? Scope of control: Sound management principals require that each manager direct only five to seven people. How will a practice set up its chain of command? Will all employees report to one manager, or will some report to individual physicians? Too many individuals with authority can create complications.
- **Training:** No matter how much experience a manager possesses, the constantly changing health care world will present him or her new challenges. Will the practice allocate funds for the administrator's or manager's continuing education on work-related topics via seminars, conferences, and publications?
- **Peter Principle:** This theory, discussed by Tom Peters in a book of the same name, asserts that people often are promoted to their level of incompetence. In other words, a competent billing and collections clerk may not make a good office manager. The skill set needed for detailed collections is quite different from the set needed to run an entire practice. Promoting current staff into this position requires serious forethought.

# The Job Description

The health care industry often overlooks the need for job descriptions. Job descriptions provide structure and objectivity to the hiring and evaluation process and provide a foundation and documentation for agreed-upon duties and responsibilities.

Job descriptions should be based upon the duties of the position in relation to the current needs of the practice and allow for changes as the practice grows. The following are guidelines for developing a job description for a practice manager or administrator.

- Structure the job description to include the following areas:
  - Job title,
  - General summary of duties,
  - Supervisor of the manager/administrator,
  - Employees the manager/administrator supervises,
  - Essential functions,
  - Education,
  - Experience,
  - Requirements,
  - Skills,
  - Environmental working conditions, and
  - Physical/mental demands.
- Develop the job description before advertising the position opening. List important aspects of the job description in the ad so candidates will be aware of your expectations.
- Remember the job description will provide a basis for future evaluations, compensation decisions, and probation or termination decisions.
- Consider legal issues when constructing the job description.
- Both professionals and support staff should have computer knowledge. Include your expectations of technology knowledge in the job description, covering areas such as website development, practice management systems, and electronic medical records.
- Ensure that the job is in compliance with the Americans With Disabilities Act, Title VII Civil Rights Act, and Fair Labor Standards Act (classifying employees as exempt or nonexempt).

# Costs

## Salary and Benefits

Research the local job market for an accurate representation of salaries for the type of manager desired. Use one of the following methods:

- Review salary ranges for your size and specialty of practice in your local market. Size is determined by number of physicians and employees.
- Use the Internet to research salaries.
- Review benefits packages in the local market, including insurance (health, life, and disability), vacation and sick time, bereavement and parental leave, 401K, profit sharing, retirement, bonus packages, and relocation reimbursement.
- Keep your future in mind. If you are planning to expand, merge, or add doctors within a year, consider starting the position at an average salary with structured raises as the practice changes.
- Consider bonus options. Tie bonuses to the practice's goals, and be sure to explain this structure clearly in the interview process.
- Consider a sign-on bonus when hiring in a competitive market. The manager receives a dollar amount (for example, \$5,000) when he or she signs an employment contract. The manager must remain at the practice for one year or repay the bonus.

## Recruiting From Outside the Local Market

Physicians should consider interviewing and relocation expenses when recruiting from outside the local market. Screen candidates by telephone when possible, and pay selected candidates for a one-day site visit to the practice and city. In most cases, the practice should compare three to five candidates for skills, knowledge, and interest in the position.

The hiring physician should determine compensation to be offered for relocation because this may have a bearing on a candidate's decision to accept the position. The practice should plan to pay for a weekday or weekend visit for the selected candidate and spouse. A local real estate agent can show the candidate and his or her spouse potential housing. During this time, they also can learn more about the local community and schools and determine job opportunities for the spouse. Providing local employment connections for a spouse may be of additional benefit to a candidate.

## Checklist

- Determine the number of candidates to interview from outside the local area and estimate associated costs (airfare, airport parking and tolls, rental car, lodging, and meals).
- Develop a relocation budget to assist the selected candidate with his or her move.
- Locate a real estate agent to assist with housing, schools, and other needs.
- Plan a house-hunting trip for the candidate and spouse.
- Plan a welcome dinner for the candidate and spouse, and invite key physicians and their spouses.

# Advertising Media

While many physicians rely on word-of-mouth or internal promotions to fill positions, there are more reliable methods for filling this top-level administrative job. The most effective way involves developing an advertisement and placing it in targeted publications and on the Internet.

## TIP

Consider using an external source or recruitment service such as TMA Practice Consulting.

### Steps to Follow

- Develop a written ad based on the current job description and the personal characteristics the candidate should possess.
- Determine whether to publicize the organization's name or use a "blind box" mailing address that does not include the organization's identifying information. Businesses often use blind boxes because they do not want to receive direct inquiries concerning the position. Many high-level candidates want to know to whom they are responding before they will send a résumé. They are looking for the right organization and will assess the potential employer just as the employer evaluates the candidate.
- Place ads in TMA's online job bank at [medicaljobs.texmed.org](http://medicaljobs.texmed.org) and on websites such as Craigslist.
- Review trade magazines, newsletters, and websites for the Texas Medical Group Management Association, Texas Hospital Association, Healthcare Financial Management Association, and American College of Healthcare Executives, and local chapters of professional associations. Determine if the organizations offer job banks, classified ads, or job referral services that may be of use in the recruitment process.
- Include in the ad the job title and an overview of leadership, management, and educational requirements. The ad also should direct the candidates to mail or email a current résumé and desired salary range.
- Consider using an external source or recruitment service such as TMA Practice Consulting.

# Screening, Interview, and Selection Processes

In a solo practice, the physician will make the decision regarding the hiring of a practice manager. In a larger group, the process is not as clear-cut, and physicians must agree upon the hiring process. The group's board of directors may want to screen and interview all candidates, but this is not always feasible. The practice may consider forming a search committee to screen candidates and report its results to the full board, which then can interview the final candidates.

## Screening Candidates

A practice seeking a manager must allow adequate time to find the right candidate. Most likely the practice will need 60 to 90 days to screen and interview candidates, check references, and allow the selected candidate to give notice to his or her current employer. Rushing the process may create a short-term solution that causes long-term problems. TMA Practice Consulting can offer options that provide short-term solutions to bridge the management gap.

Initial screening of candidates involves a review of submitted résumés. The review should address the following questions:

- Does the candidate have education and training that fit the job description? The appropriate candidate should have personal goals that fit the practice's goals.
- Does the candidate have experience working in a practice setting? The office health care environment is too complex for employees who are not familiar with the everyday problems practices encounter. Hospital or facility experience may be insufficient to prepare candidates for ambulatory care offices.
- Is the size of the candidate's current employer similar to that of the hiring practice? A person who is accustomed to managing a large office with multiple locations may be bored with a small practice.
- What medical specialties has the candidate worked with in the past? This is important in billing, collections, and coding. It also may be important in understanding the practice's marketing activities and referral relationships.

- Is the person currently employed? The volatility of the health care industry has resulted in the unemployment of a large pool of highly qualified and experienced practice managers. Some individuals may take a position that fails to meet their professional requirements because they are seeking any position or specific employment benefits.

How many candidates will the practice members interview? All of the top candidates should be interviewed, and the hiring team may select other candidates who meet some, but not all, of the requirements. In some instances, these candidates actually may fit the needs of the practice.

### **Interviewing Candidates**

- Conduct a phone interview first.
- Hold interviews at a time and in a place with minimal disturbances.
- Formulate interview questions ahead of time.
- Begin the interview with an introduction of all individuals present. The candidate should then briefly discuss his or her background as it pertains to the position.
- After the candidate has made initial remarks, conduct the interview dialogue through specific questions. “Are you good with computers?” may be too vague a question, while “Tell me about your experience with vendor selection or a billing conversion” will elicit a response that demonstrates a candidate’s strength or weakness in this area.
- Focus questions for the practice administrator on business planning, strategy, marketing, managed care, and physician compensation. An office manager’s interview questions should focus on billing and collections and daily operations.
- Observe the candidate’s dress; it will reveal a great deal about how he or she will represent the practice. The right candidate must convey a professional attitude and appearance in the community.
- Listen carefully to the questions candidates ask. Are they more interested in the practice, or do they spend time focusing on salary and benefits? Do candidates demonstrate good communications skills? Do they have an understanding of the local competition and managed care environment?
- Ask candidates for specific examples of past successes. Did they increase the revenue in a practice, and if so, by what amount?

- Ask candidates about overcoming challenges. Ask them to describe the situation and steps taken.
- Ask candidates to identify their strengths and weaknesses. You will be able to see if they perceive themselves as good managers.
- At the end of the interview, thank candidates for their time and describe the next steps of the process (such as timing and decision points).

### **Selecting the Top Candidate(s)**

After the practice has conducted all interviews, the top candidate may be evident, or more than one top candidate may emerge. In the latter case, more interviews with the chosen candidates may be appropriate. Always check references before making a final decision.

# References

## **Professional References**

Candidates should fill out an application-for-employment form. Practices that lack a standard form can obtain copies from TMA or an office supply store. Candidates also should supply at least three business references.

Practices also may request references of colleagues who shared a nonsupervisory relationship with candidates. These individuals can share a wealth of information about work habits, personality, and expertise in the field.

## **Background Check**

Obtaining background information on a new hire is of critical importance in today's business environment. Checking the criminal history of each prospective employee is inexpensive insurance against large lawsuits and reputation-damaging publicity for a negligent hiring decision. The courts have repeatedly found the employer is responsible for the actions of an employee if the person had a criminal record and the employer failed to check the applicant's record.

For a minimal fee, a practice can investigate a prospective employee's criminal conviction history, verify academic records and occupational licenses, and more. The charge is worth paying to avoid a lawsuit, an injured employee or patient, bad publicity, employee absenteeism, or thefts that could occur if the background is not checked.

## The Offer

**TIP** Calling the candidate adds a personal touch, but the practice also should document the offer in writing.

When the practice selects the right candidate, the physician should extend an offer. Calling the candidate adds a personal touch, but the practice also should document the offer in writing. The written offer should identify the annual compensation, bonus plan, and benefits package. The offer also should be dated, printed on

practice letterhead, and signed by the practice president or physician owner.

Once the candidate has accepted the offer, the physician members and the candidate should agree on a start date. Take steps to ensure the working relationship starts out “on the right foot” — and welcome the new manager and allocate time to orient the employee to key staff members.

As you can see, putting adequate thought and time into hiring a practice administrator or manager is valuable to the success of your practice.

Defining your practice manager’s position, researching the candidate pool and your hiring market, and conducting interviews carefully can help ensure you make a sound decision. If you need help with any of these steps, TMA Practice Consulting is here to help. Contact us today for more information at (800) 523-8776 or [practice.consulting@texmed.org](mailto:practice.consulting@texmed.org)

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# Your Guide to Hiring a Practice Manager

“TMA was an essential part of the vetting, recruitment, evaluation, and negotiation process that allowed us to feel confident we were hiring the most appropriate administrator in the most effective manner. The experience and knowledge they brought led us through a difficult process and enabled us to concentrate on other aspects of our practice without being absorbed by this one project. We can highly recommend their service.”

**David C. Metrikin, MD**

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