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Thomas McBride (left), CEO of ProSperus, and Bill Pickart, CEO of Integrated Medical Partners, stand in front of their future headquarters: the remodeled No. 15 Engine House that was built on N. Water St. in 1915.

A prescription for success

Companies want to take care of the business side of your doctor's practice

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Small physician practices are beginning to make the costly and painful conversion from paper charts to electronic records, and a Mequon investment group senses an opportunity in that long-awaited trend.

Integrated Medical Partners, a holding company, sees the transition to electronic medical records, or EMRs, as a chance to build a new company that provides billing and other

services to small physician practices.

"The need to adopt an EMR — to make the change — has opened a window," said Bill Pickart, chief executive of Integrated Medical Partners.

The company isn't starting from scratch. One of its holdings, Dominion Medical Management Inc., provides billing and other services to doctors.

Based in Richmond, Va., Dominion does medical billing for about 500 doctors, such as patholo-

gists and anesthesiologists, based in hospitals. The company, which has revenue of about \$20 million a year, employs about 200 people in six states, including Wisconsin.

Integrated Medical Partners, which is renovating a building in Milwaukee's Third Ward for its headquarters, bought Dominion about eight years ago.

Medical billing is a fragmented business dominated by small physician practices, but as they move to electronic medical re-

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Mike Repka, executive director and CEO of Independent Physicians Network

ords, Integrated Medical Partners hopes to leverage Dominion's technology and expertise to build a new business called

ProSperus, headquartered in Mequon.

It also has come up with a way to bring ProSperus' services to the attention of thousands of doctors. ProSperus hopes to partner with independent associations to offer its services to small physician practices, particularly those with five to 10 doctors.

The idea is that when those practices buy software for electronic medical records, they will be open to integrating the systems with ProSperus'

technology and services.

"This isn't about cold-calling a bunch of doctors," said Thomas McBride, chief executive of ProSperus.

The pitch is that ProSperus can handle nearly all of the business operations for a small practice, and that its services can help offset the cost of buying a medical software system.

ProSperus contends that its technology can increase a practice's revenue by 5% to 10%, while lowering costs, by reducing billing errors and rejected claims.

For many small practices, treating patients is easy compared with getting payments. They must deal with dozens of health plans, nearly all of them with different rules for submitting claims. Errors typically lead to the denied claims.

Collecting them can be crucial.

"That's where the money is," Pickart said.

The company hopes

to raise \$5 million to \$10 million in equity and bank debt, not an easy task given the turmoil in the financial system.

But Pickart knows a bit about raising money: He once worked for Heller International Inc. in Chicago helping to arrange leveraged financing for private-equity firms.

So far, ProSperus has deals with three independent physician associations and is close to an agreement with a fourth. The Independent Physicians Network, which negotiates contracts and provides other services for 1,100 physicians in the Milwaukee area, is one of them.

"Their technology is what differentiates them from other billing companies," said Mike Repka, executive director and chief executive of the Independent Physicians Network. "They know two hours later if something wasn't accepted by an insurance company, and

they can follow up immediately."

Repka estimates that more than 100 doctors in the network will contract with ProSperus to handle the business operations of their practices.

"We've got a lot of interest right now," he said. "Ultimately, the doctors who want to remain independent will need help with the back office."

One doctor can generate about \$25,000 a year in revenue for ProSperus. If the company signs up 1,000 doctors, that translates to \$25 million a year in revenue.

Nationally, most doctors work in practices of nine or fewer physicians.

Those practices have been the slowest to make the transition to electronic records, although that is beginning to change. A study published in the *New England Journal of Medicine* in June found that 26% of all practices, large and small, plan to

buy a system in the next two years.

Most of the companies that sell electronic medical records systems also offer software to handle billing and other tasks.

"That's going to hurt them," said Thomas Handler, a physician and research director at Gartner Inc., of Stamford, Conn., which does market research on technology companies.

But ProSperus offers an array of other services, from staffing to collections to contract negotiations, too.

ProSperus also only needs to tap a small percentage of the practices affiliated with independent physician associations to build a healthy business. And it knows that small practices in coming years are going to have to change the way they do business.

For those reasons, Pickart is optimistic.

"It's a great opportunity," he said.