Key Strategies for Ensuring a Profitable Independent Practice:

Sponsored by:

Cooperative of American Physicians

Presented by:
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www.practiceconsultants.net

Do you feel like this??

29 physician specialties ranked by 2021 burnout rates Medscape

1. Emergency medicine	60 percent of physicians reported burnout
2. Critical care	56 percent
3. Obstetrics and gynecology	44 percent
4. Infectious diseases	51 percent
5. Family medicine	51 percent
6. Physical medicine and Rehabilitation	50 percent
7. Diabetes and endocrinology	50 percent
8. Radiology	49 percent
9. Pediatrics	49 percent
10. Pulmonary medicine	48 percent
11. Gastroenterology	48 percent
12. Internal medicine	48 percent

13. Urology	48 percent
14. Anesthesiology	47 percent
15. Rheumatology	46 percent
16. Neurology	46 percent
17. General surgery	44 percent
18. Cardiology	42 percent
19. Allergy and immunology	42 percent
20. Nephrology	40 percent
21. Plastic Surgery	40 percent
22. Ophthalmology	40 percent
23. Psychiatry	38 percent
24. Otolaryngology	37 percent
25. Orthopedics	37 percent
26. Oncology	36 percent
27. Pathology	35 percent
28. Dermatology	33 percent
29. Public health and preventive medicine	26 percent

“You will either step forward into growth or you will step back into safety.”

Abraham Maslow

Huff Post Posted: *04/30/2014*

These are some of the trends over recent years that exacerbate shortages in both fields

Primary care:

- Inadequate reimbursement that often fails to cover physician costs (e.g. Medicaid patients)
- Increased office overhead to keep up with paperwork and billing, driving many primary care physicians into hospital-affiliated groups.
- Shift from self-employed practice to employment by hospital systems that drive physicians to see more patients per hour and be more "productive" through shortened office visits.
- Increasing dissatisfaction with primary care practice.

Employed physicians now exceed those who own their practices

MAY 10, 2019

American Medical Association

- In 2018, **47.4%** of practicing physicians were employed.
- **45.9%** owned their practices, according to a new entry in the AMA Policy Research Perspectives (PRP) series.
-
- Nearly **65%** of surgical subspecialists own their practices.
- Nearly **57%** of physicians work in a practice with 10 or fewer physicians.

Beckers ASC review June, 2021

Why 150+ physicians exited hospital contracts this year
Laura Dyrda -

- Primary care and specialty physicians across the U.S. are cutting ties with hospitals and health systems after a turbulent year during the pandemic.

- In some cases, long-standing disagreements have driven an irreparable wedge between physicians and health systems, while in other situations financial stress has required hospitals to reevaluate their plans.

- Health systems are also boosting their efforts to keep patients within their networks and developing their own outpatient center strategy.

MEDPAGE TODAY®

15 Doctors Fired From Chicago-Area Health System

Physicians "broadsided" by their termination

by Kristina Fiore, Director of Enterprise & Investigative Reporting, MedPage Today
November 26, 2019

At least 15 physicians have been fired from Edward-Elmhurst Health as

the suburban Chicago-based health system moves to cut costs, sources told *MedPage Today*.

The doctors, who worked across its seven "Immediate Care" or urgent care sites, will be replaced by advanced practice nurses

"Bay Area doctor's legal fight highlights medical industry pressures"

According to Blum's lawsuit, doctors at the practice were:

Encouraged to characterize ailments as more complex, so the group could bill insurers at higher rates.

Discouraged from referring patients to specialists outside the Sutter network so as to not lose the business.

Encouraged to prescribe generic instead of brand-name drugs to cut costs.

Not given enough time and resources to treat their patients because they had to meet productivity standards.

San Francisco Chronicle, Sept. 9, 2018

Future Trends

- The membership/access model ($200 per year)
- Employer coverage for the membership/retainer fee
- Full concierge model ($1,000 plus per year)
- Cash only practices
- Out of Network models
- House Calls/Urgent Care
- Micro Practice
- Virtual Visits telemedicine

Four new statistics that prove that telemedicine isn't just a pandemic fad

July 8, 2020

Medical Economics

- **1. Patients are fully primed for the virtual revolution.**
- **2. Telemedicine is here to stay. 83% of patients wish to continue after pandemic over**
- **3. Virtual appointments let you reach new or untapped markets**
- **4. Telemedicine has significant long-term effects on the health and wellbeing of your patients.**

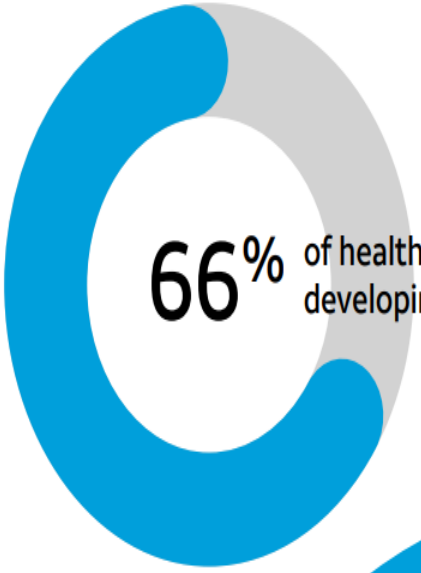
How will 5G affect healthcare?

The possibilities are endless, but we'll start with 6 ways.

1. Telemedicine

Effective telemedicine requires a network that can support near real-time, high-quality video without slowing down the facility's network. Adding a high-speed 5G network to existing architectures can support near real-time video for video-based medical consultations to improve access to care and quality of care.

While telemedicine is already happening today, 5G will help enable the speed and exponential computing at the edge that will encourage more widespread adoption. Plus, 5G will support the healthcare IT infrastructure as remote clinicians and telemedicine[1] extend the organization's reach beyond the hospital premises. For example, with 5G, language translators can video conference with a patient and doctor at the network edge with low latency.



66% of healthcare providers have or are developing telehealth programs.[2]

5G and telemedicine will encourage incremental improvements, as monitoring across patient populations can help suggest more efficient business models for healthcare facilities.[3]

1 Deloitte University Press, "*No appointment necessary. How the IoT and patient-generated data can unlock healthcare value*," 2015, page 9.
2 "*The Path to 5G for Health Care*", IEEE, Krishna Rao, 2018.
3 *The Connected Patient: How Technology is Advancing Telehealth*, HIMMS Media and AT&T, August 2018

2. Remote patient monitoring

Hand-in-hand with telemedicine is remote patient monitoring, including administering and adjusting medication based on collecting and analyzing near real-time data. By using IoT devices, healthcare providers can remotely monitor vitals, track medications, and transfer current data to help staff make faster, more informed decisions.

5G will enable better connections on mobile devices, increase data transfer capacity utilizing wider bandwidth, support larger blocks of data transference, and help enable healthcare workers to give improved live and near real-time remote care.

Today, remote monitoring is largely limited by the capacity of the network to handle data; 5G will enable more reliable connections to facilitate the data transfers workers need to make quick healthcare decisions remotely for more patients. This will have an impact in healthcare in ways like unobtrusive monitoring, assisted living for people with chronic conditions, active aging, and more.

88% of providers say they are researching, piloting, planning, or already remotely monitoring patients with IoMT devices.[4]

4 HIMSS Media and AT&T: The Connected Patient: How Technology is Advancing Telehealth
5 Anthem, *"Top 4 trends in health care technology, 2017"*

Merging – Strategy to Stay Independent

- Just like a marriage - Money the biggest reason for divorce
- Merging is a process and should not be rushed for economic, competitive or managed care pressures
- “Courage to communicate, confront and compromise”

Reasons to Merge

- Spread capital equipment purchases
- Access to capital
- Hire a higher level administrator
- Provide better benefits for staff
- Spread management responsibilities of MD

Reasons to Merge

- Increased contracting opportunities
- Overhead reduction
- Call reduction
- Ability to recruit new doctors
- Ability to sell the practice

Reasons to Merge

- "There but for the Grace of God, Go I"
  - Safety in numbers if MD is sick or disabled, the partners pitch in and cover the practice.
  - Remain in Control and Self – Employed

Membership/Access model

- Lower fee - $200-$500 per year
- One Medical Group is best example
  - Employer paid fee – Amazon, High Tech co.
  - Need to employ marketing person
- OB-GYN bay area example

Membership/Access model

- Low fee = larger panel of patients but helps with increased overhead costs
- Estimate = 50-60% of present panel
- Example 2000 IM/FP patients
  - 1200 patients remain
  - 1200 x $200 = $240,000 in Additional Revenue

See fewer patient visits

- FP visits per year per patient

  AAFP = 3.19 x 600 patients = 1,914 per year/48 weeks = 39.8 visits per week/4 days = 9.9 patients per day instead of 20+ patients per day with usual practice.

- IM visits per year per patient = 2.75

Hybrid Concierge Model

Jordan Stone and Cabell Jonas

- 10% of the panel pays a retainer fee for enhanced service, while the remaining majority continues to access care traditionally.
- Hybrid models can mean no dismissals outside of natural attrition
- There are three main benefits to putting a hybrid concierge model in place for existing primary care practices:
  - Earn additional revenue through the retainer fees paid by a portion of the patients
  - Patients who aren’t interested in concierge care don’t need to change physicians or practices
  - Convert existing patients into concierge patients, eliminating the need to populate an entirely new concierge practice (which takes time and investment)

	Tufts Hybrid Concierge Model	OneMedical
Concierge Patient Encounters	4-6 patients/day Visit length: 45-60 minutes	16 patients/day Visit length: 30 minutes
Traditional Patient Encounters	10-12 patients/day Visit length: 8-15 minutes	No traditional patients in practice
Retainer	$2,000/year	$149-$199/year
Annual Revenue from Concierge Retainer Fee	$550,000/year	$300,000/year
Billing/Collections	Insurance, patient obligations, retainer for non-covered services[1]	Insurance, patient obligations, no Medicaid, administrative fee
Panel Size Before Transition	1,500	n/a
Current Panel Size	1,175 (275 concierge patients, 900 traditional patients)	1,500
Non-Covered Services Provided to Concierge Patients	• On-time appointments • Separate concierge medicine office • Physician availability 24/7 by personal cell phone, email • Physician-coordinated appointments with other specialists within the system • Concierge physician visits hospitalized patients regularly, reviews care	• Same day appointments • Email consultations • Coordinated tests, treatments, specialist referrals, hospitalizations • My One mobile app for appointment booking, prescription refills, emails

1) Non-covered services typically include a wellness plan, extra health coaching, electronic services.

Source: Holt M, "Will One Medical justify $40m in venture funding?," The Health Care Blog, September 2011; Lucier D et al, "Academic Retainer Medicine: An Innovative Business Model for Cross-Subsidizing Primary Care," Academic Medicine, June 2010; Health Care Advisory Board interviews and analysis.

Can you convert to Concierge?

- Underserved community need for the specialty
- Patients are demanding enhanced access, such as virtual consults, same-day appointments, or expanded services
- The physician will accept 24/7 patient communication
- The income level in the market is moderate-to-high, and patients are able to pay the out-of-pocket retainer fee
- Physicians have established meaningful patient relationships they can convert into concierge care relationships - usually 10+ years or more in practice

The numbers

- 2500 patients in present panel
- 250-400 after concierge
- 250 pts x $1,500 = $375,000 additional revenue
- 400pts x $1,500 = $600,000 additional revenue
- Plus insurance = $250,000+ in revenue

- Insurance payments will add to this. One physician reported in Medical Economics that membership fees account for two-thirds of his income, while insurance revenue brings in the remainder.

Decreased overhead

- Less staff needed esp. billing
- Less medical and office supplies needed and other variable patient volume related expenses

The look and feel of concierge practice

Branding your Image

RED BIKE
MEDICINE
NAPA CALIFORNIA

MISSION

ABOUT DR SWEIGERT

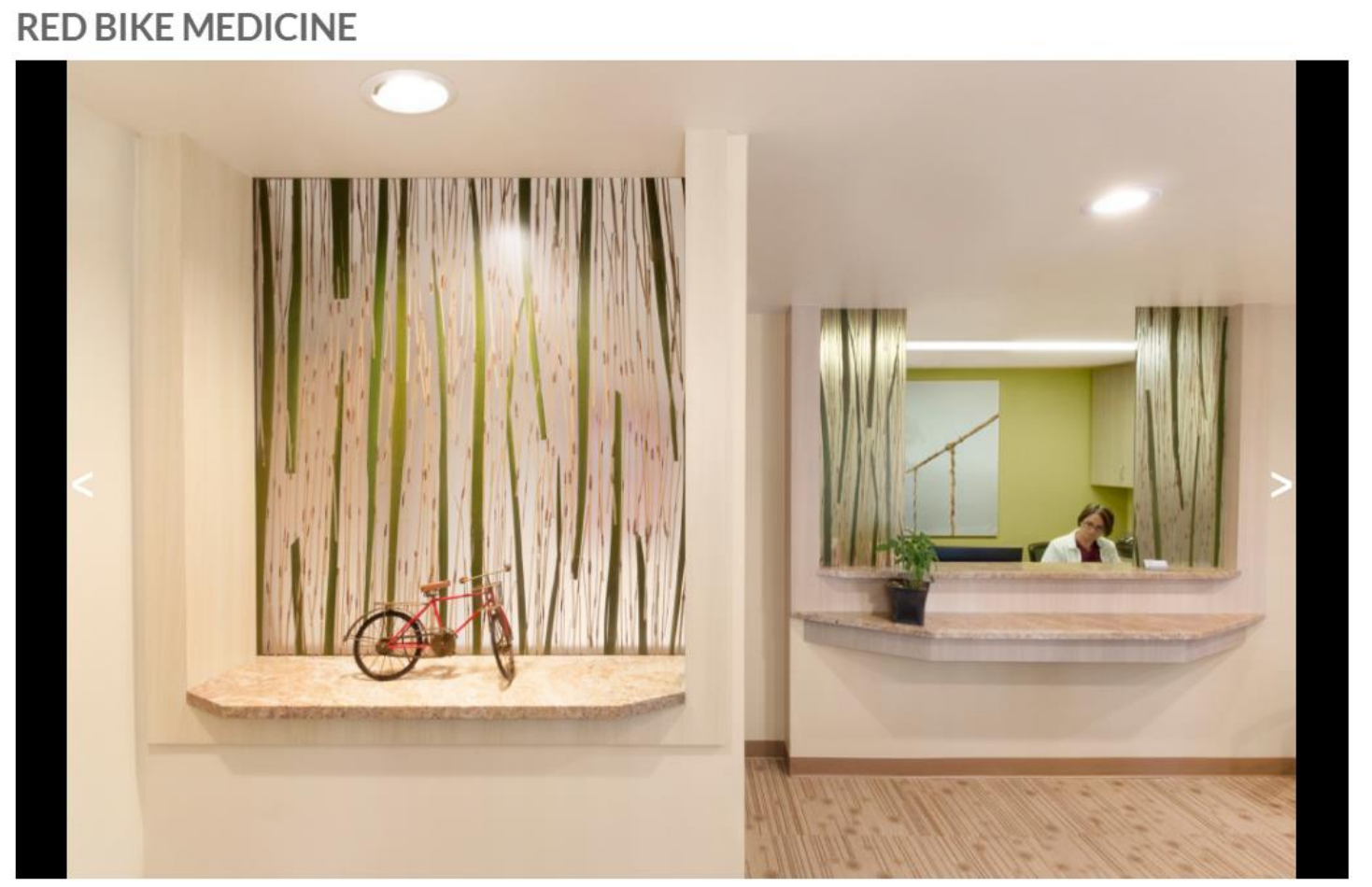
TESTIMONIALS

FAQ

PATIENT PORTAL

LOCATION & CONTACT

Branding your Image



Trends in Concierge Medicine

- Of the estimated **5,500** concierge practices nationwide, about two-thirds charge less than $135 a month on average, up from **49%** three years ago, according to Concierge Medicine Today, a trade publication that also runs a research collective for the industry.

- Inexpensive practices are driving growth in concierge medicine, which is adding offices at a rate of about **25%** a year, says the American Academy of Private Physicians.

What specialties can more easily go concierge/retainer?

- IM
- FP
- Peds
- OB-GYN
- Cardiology
- Endocrinology
- Neurology
- Rheumatology

WALL STREET JOURNAL **Pros and Cons of Concierge Medicine**

"More practices are catering to the middle class, with the goal of providing affordable care" By **JEN WIECZNE** Nov. 10, 2013

- Direct primary-care doctors say that a patient's best bet is to select a high-deductible policy with minimal premiums for emergencies, and put the money they save up front toward the concierge retainer.

- High-deductible plans are often paired with health savings account. The IRS, however, doesn't recognize direct primary-care fees as eligible HSA expenses, so patients might not be able to spend pretax dollars at the clinics.

Payors and the Models

- Blue Shield and Aetna Contracts forbid extra fees for covered services, must have patient sign a form agreeing to fee with non covered services listed – explicit list

Medicare

http://www.medicare.gov/coverage/concierge-care.html

Concierge care

- Medicare doesn't cover membership fees for concierge care. Concierge care is when a doctor or group of doctors charges you a membership fee before they'll see you or accept you into their practice. When you pay this fee, you may get some services or amenities that Medicare doesn't cover.

- Doctors who provide concierge care must still follow all Medicare rules:

- Doctors who accept assignment can't charge you extra for Medicare-covered services. This means the membership fee can't include additional charges for items or services that Medicare covers unless your doctor thinks Medicare probably (or certainly) won't pay for the item or service. In this situation, your doctor must give you a written notice called an "Advance Beneficiary Notice of Noncoverage" (ABN).

- Doctors who don't accept assignment can charge you more than the Medicare-approved amount for Medicare-covered services, but there's a 15% limit called the "limiting charge."

- All Medicare doctors (regardless of whether or not they accept assignment) can charge you for items and services that Medicare doesn't cover.

Organizations

- American Academy of Private Physicians
  - www.aapp.org
- American College of Private Physicians
  - www.acpp.md
- Direct Primary Care
  - http://www.dpcare.org/

Kaiser Health News

By **Phil Galewitz** *February 12, 2015*

Concierge Medicine Firm Found Liable For Doctor's Negligence

- A jury returned an $8.5 million malpractice verdict against the company, which has nearly 800 affiliated physicians in 41 states. It was the first malpractice verdict against MDVIP, and is believed to be the first against any concierge management firm.

- The jury found MDVIP was liable for the negligence of one of its physicians, who was sued for misdiagnosing the cause of a patient's leg pain, leading to its amputation. The jury also found the firm had falsely advertised its exceptional doctors and patient care.

- Such companies will also be more cautious about advertising that they offer better care. "You can't make promises you can't keep," Terry said. "This verdict is going to have a huge impact on MDVIP."

Cash Only

- Patients pay a flat fee per year or flat fee per visit for all services
- Pediatrics, IM and FP usual specialties
- Have to carefully calculate risk/visits/for fees

Cash only or Direct Primary Care

- Tetreault estimates that direct primary care physicians make up about 20% of the retainer medicine movement right now; the other 80% are concierge physicians.

- "Generally, direct primary care is a cash-only practice," he says. "However, although we have no hard data, we estimate that less than 20% of direct primary care practices accept insurance. So there are some that do.“

- Direct primary care physicians charge less than private or concierge physicians: "from $25 to less than $100 a month," Tetreault says. "We believe that these fees represent about 90% of the direct primary care physician community.“

- Fees are payable by the month rather than by the quarter or year is important to many direct primary care patients, who may have cash flow problems in a tight job market. "That's a big difference," Tetreault says, "no long-term contract.“

- Direct primary care practices may or may not offer same-day appointments. Most probably don't, Tetreault says. The doctors probably won't give out their cell phone numbers, meet patients in the ER if they have a late-night crisis, or make house calls -- although some direct primary care doctors do make house calls, he adds.

DPC providers are committed to these goals

- **Service:** The hallmark of DPC is adequate time spent between patient and physician, creating an enduring doctor-patient relationship. Supported by unfettered access to care, DPC enables unhurried interactions and frequent discussions to assess lifestyle choices and treatment decisions aimed at long-term health and wellbeing. DPC practices have extended hours, ready access to urgent care, and patient panel sizes small enough to support this commitment to service.

- **Patient Choice:** Patients in DPC choose their own personal physician and are reactive partners in their healthcare. Empowered by accurate information at the point of care, patients are fully involved in making their own medical and financial choices. DPC patients have the right to transparent pricing, access, and availability of all services provided.

DPC providers are committed to these goals

Elimination of Fee-For-Service: DPC eliminates undesired fee-for-service(FFS) incentives in primary care. These incentives distort healthcare decision-making by rewarding volume over value. This undermines the trust that supports the patient-provider relationship and rewards expensive and inappropriate testing, referral, and treatment. DPC replaces FFS with a simple flat monthly fee that covers comprehensive primary care services. Fees must be adequate to allow for appropriately sized patient panels to support this level of care so that DPC providers can resist the numerous other financial incentives that distort care decisions and endanger the doctor-patient relationship.

Advocacy: DPC providers are committed advocates for patients within the healthcare system. They have time to make informed, appropriate referrals and support patient needs when they are outside of primary care. DPC providers accept the responsibility to be available to patients serving as patient guides. No matter where patients are in the system, physicians provide them with information about the quality, cost, and patient experience of care.

Stewardship: DPC providers believe that healthcare must provide more value to the patient and the system. Healthcare can, and must, be higher-performing, more patient-responsive, less invasive, and less expensive than it is today. The ultimate goal is health and wellbeing, not simply the treatment of disease.

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Cash Only Out of Network MDs do not accept insurance or Medicare and won't file reimbursement paperwork for patients.

Out of Network Model

- Patients pay the physician
- You hand the patient the superbill and the patient submits to insurance co.
- Payors pay Patient within 2 weeks

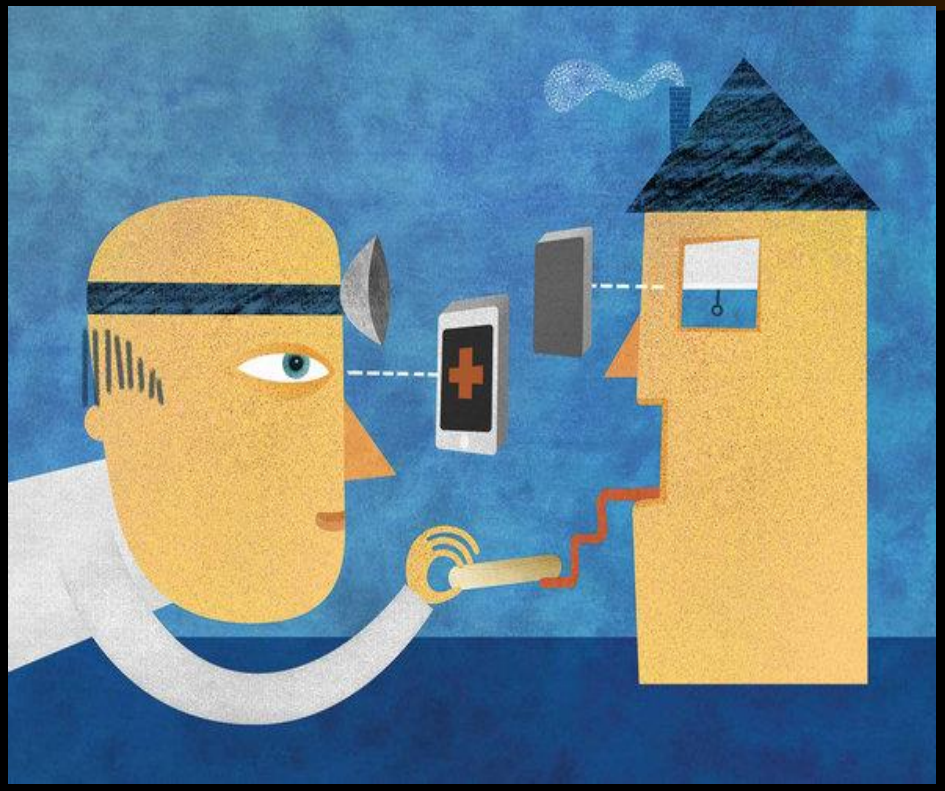
House Calls/Urgent Care

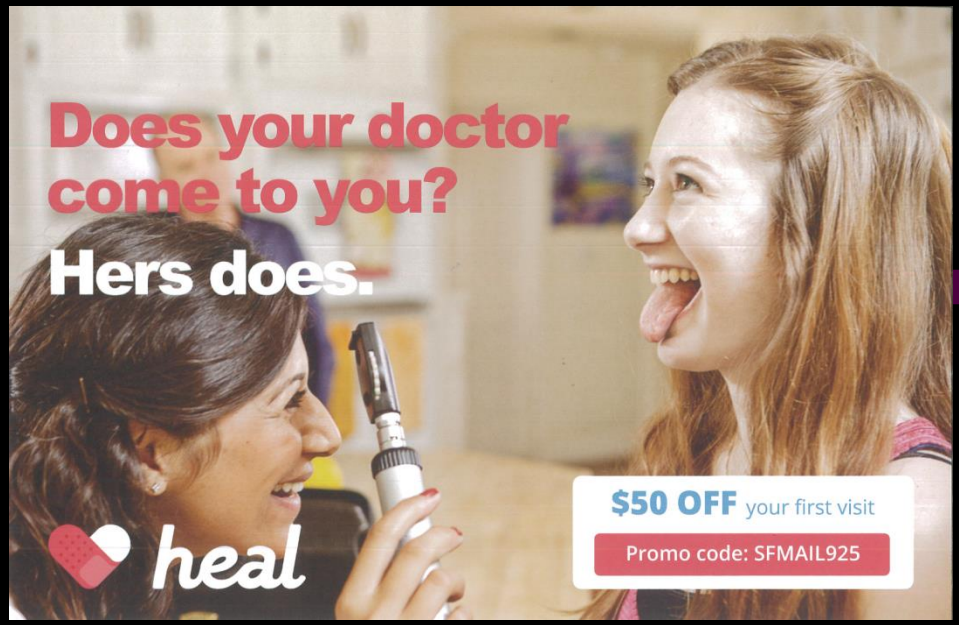
- Urgent Care
  Geriatrics
  Gynecology
  Pediatrics
  Integrative Medicine

- General Medicine
  - Internal Medicine
  - Family Practice
  - Immunizations
  - Travel Vaccines
  - Dermatology

An Uber for Doctor Housecalls

New York Times ***By*** ***JENNIFER JOLLY*** *MAY 5, 2015*




Does your doctor come to you?
Hers does.
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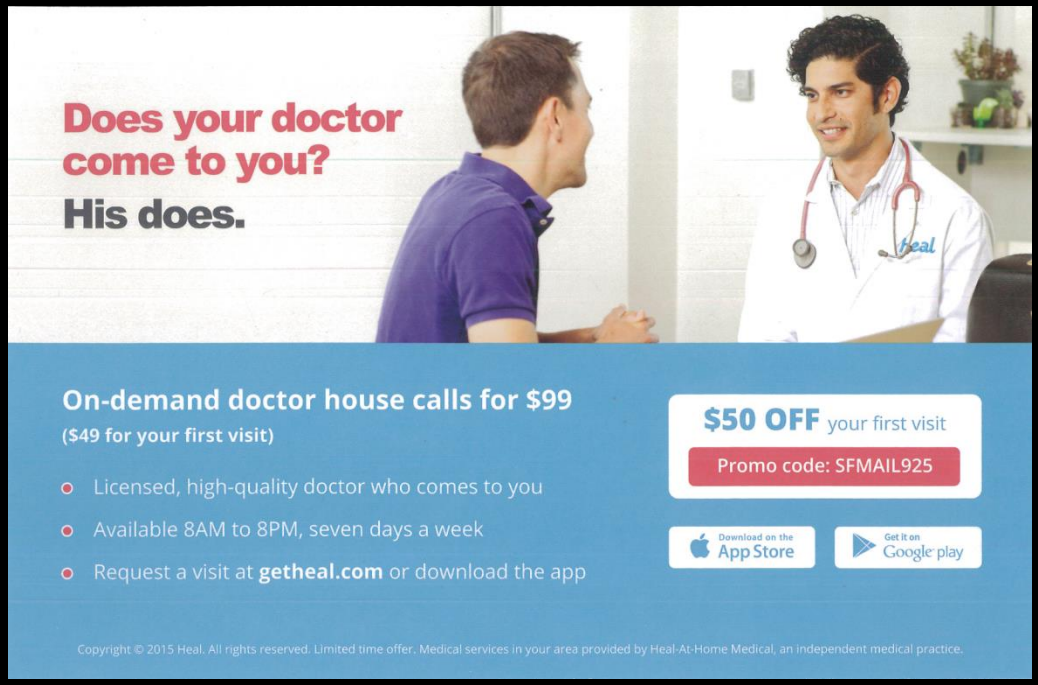
$50 OFF your first visit
Promo code: SFMAIL925


Does your doctor come to you?
His does.
On-demand doctor house calls for $99
($49 for your first visit)
Licensed, high-quality doctor who comes to you
Available 8AM to 8PM, seven days a week
Request a visit at getheal.com or download the app
$50 OFF your first visit
Promo code: SFMAIL925
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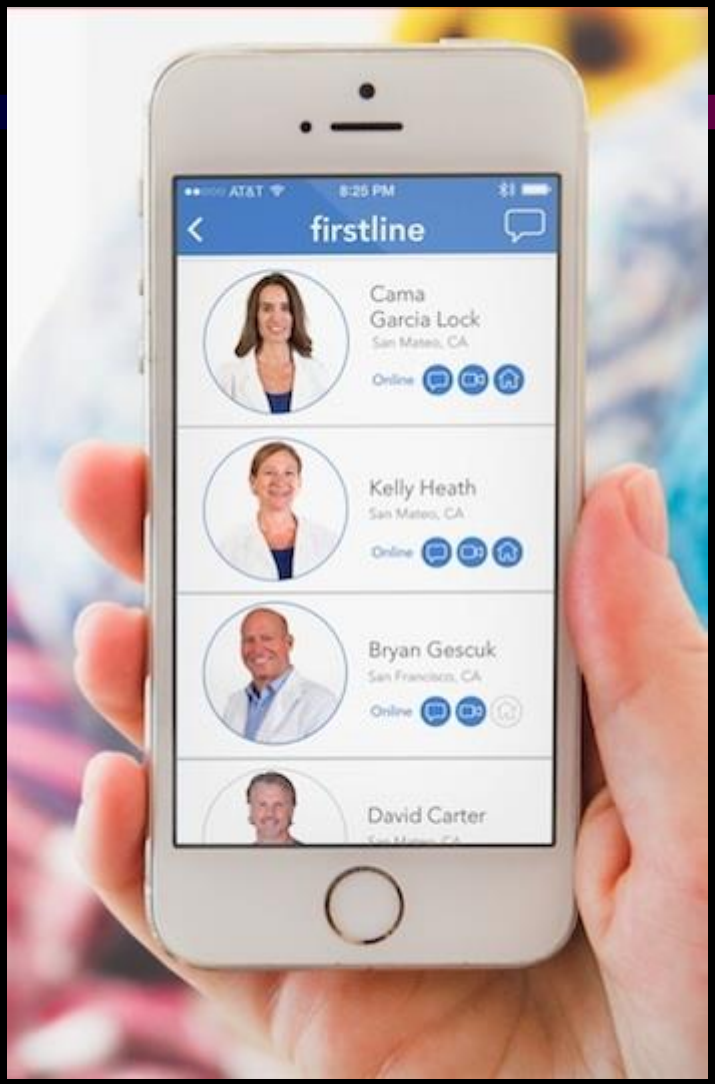
Copyright © 2015 Heal. All rights reserved. Limited time offer. Medical services in your area provided by Heal-At-Home Medical, an independent medical practice.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Kelly Heath
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Bryan Gescuk
San Francisco, CA
Online
David Carter

Who wants these services??

- Hotels/Travelers
- Parents with Sick Kids
- Sick Elderly/Adult Caregivers
- Parking Problems/Lack of transportation

Fees

- $250 per visit
- Hands Superbill OR
- Billing Submission = $10.00

Definition of Micro Practice or Ideal Medical Practice

- Goal is to keep overhead low and profits high by limiting staff and utilizing technology to work efficiently.

The Ideal Medical Practice Model: Improving Efficiency, Quality and the Doctor-Patient Relationship

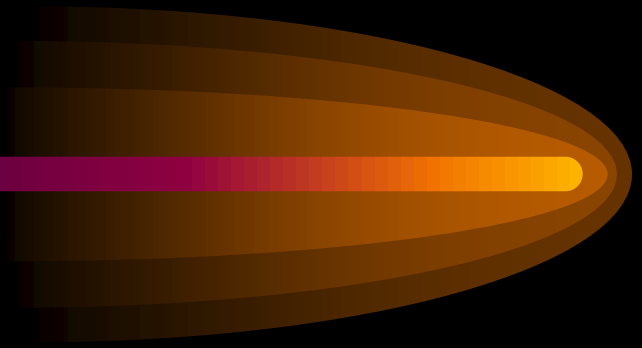
L. Gordon Moore, MD, and John H. Wasson, MD *Fam Pract Manag.* 2007 Sep;14(8):20-24.

IDEAL MEDICAL PRACTICES	*TYPICAL PRACTICES*
Care is driven by the patient's needs, goals and values.	Care is driven by the practice's priorities.
Access is 24–7.	Access is 9–5.
The care team uses technology to its fullest (e.g., electronic health records, e-mail, Internet scheduling).	The care team avoids new technology.
Patients can see their own physician whenever they choose.	Patients must see whoever is available.
The majority of the office visit is spent with the physician.	The majority of the office visit is spent waiting.
Overhead is low.	Overhead is high.
Patients are seen the same day they call the office.	Patients typically wait for an appointment.
Physicians are able to see fewer patients per day.	Physicians must generate high numbers of visits per day to cover overhead.
Practices measure themselves regularly.	Practices have little or no performance data.
Practices are proactive in their care of patients with chronic illnesses.	Practices are reactive in their care of patients with chronic illnesses.
Physicians are satisfied and feel in control.	Physicians feel harried and overbooked.

AAFP

- Micro Practices average 11 patients per day.

REVENUE PER MONTH	$17,829
Patients per day	11
Days per week	4.6
Weeks per month	4.05 (48.6 per year)
Average reimbursement per visit	$87
EXPENSES PER MONTH	$7,562
Employee	$2,160
Malpractice	$797
Rent	$1,547
Loans	$534
Telecommunication	$286
Medical supplies	$358
Dues/fees	$126
Billing	$297
Office supplies	$124
CME	$166
Office software	$148
Business insurance	$130
Accountant/legal services	$103
Marketing	$80
Computer technical support	$172
Computer hardware	$90
Personal/family insurance	$238
Disability/life insurance	$98
Auto insurance	$83
Other insurance	$25
	$10,267
NET REVENUE PER MONTH	($123,204 per year) or $149,124 w/o employee



http://medicaleconomics.modernmedicine.com/medical-economics/news/modernmedicine/modern-medicine-feature-articles/how-run-cash-only-practice-an?page=full

How to run a cash-only practice and thrive

How this family physician runs a cash-only practice sees 16 patients a day, goes home at 5, and takes home more than $250,000 a year

Patients do not pay a "concierge" or membership fee to establish at his practice.

How does this MD do it?

- He keeps his expenses low with no insurance administration duties (except for preauthorizing medications and tests for his insured patients) and negotiates low fees for lab work.

- The time and attention MD gives his patients, and lower prices, created a community buzz and profitable practice in less than a year.

- "Patients get five minutes of wait and 50 minutes with me," MD says. "In most offices, they get 50 minutes of gobbledygook and five minutes with the doctor."

MDs list practice on website

- (http://www.idealmedicalpractices.org).

Scheduling

- On line scheduling
- MD schedules patients
- Hires outside pooled secretarial service to answer phone and schedule patients –
  - Not just FP – PMR MD also
- Hires at home staff person to carry cell phone and schedule

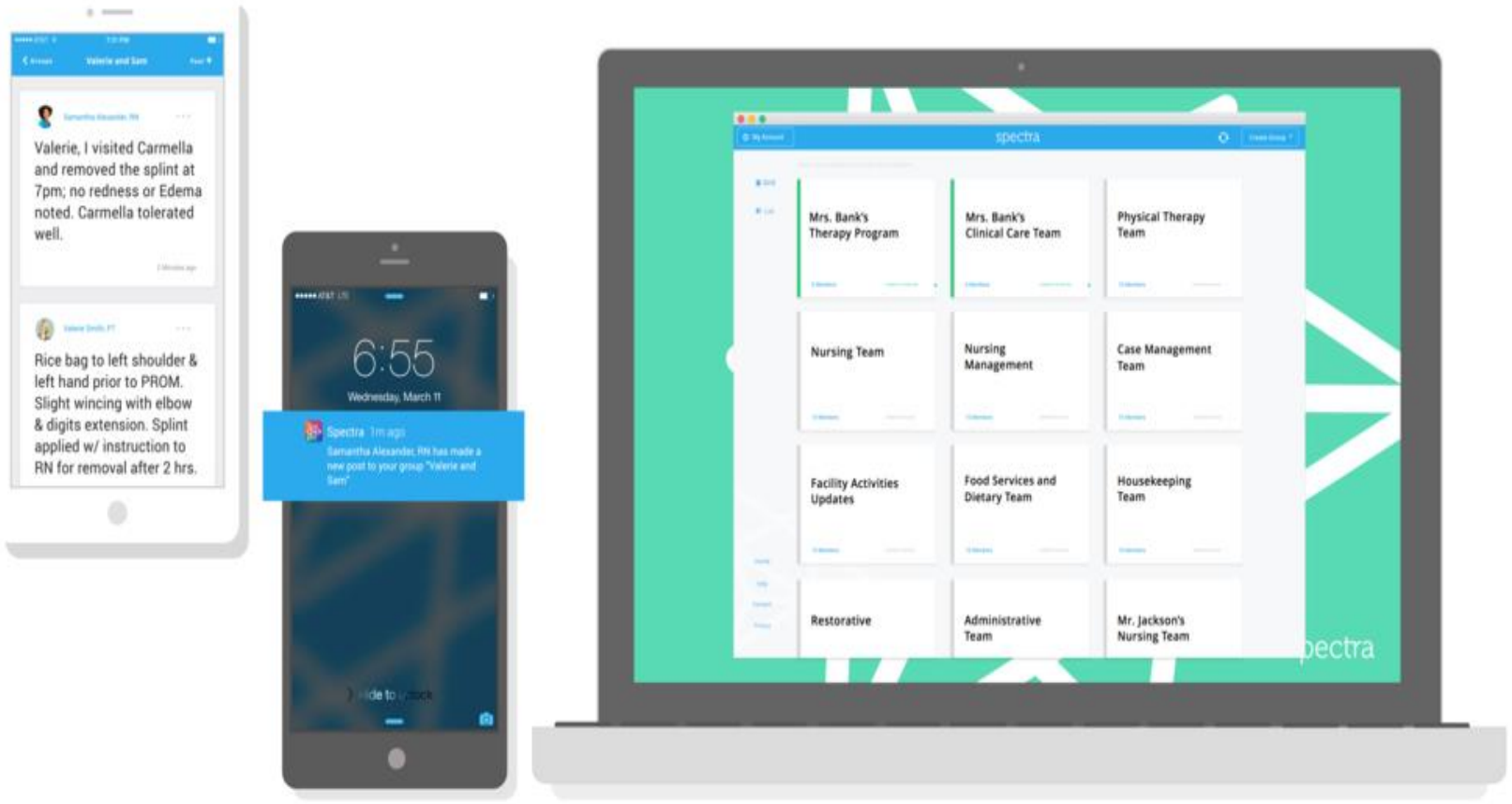
Schedule 2 patients per hour

- Some will take 45 minutes
- Some will take 15 minutes

HIPAA compliant secure email

- MD emails results/advice etc.
- Need to train patients what is appropriate to email/text
- Texting also needs HIPAA compliance

www.spectra.care



- MDs list prices on menu just like other countries medical practices do
- Patients pay cash/ use H S A flexible account or submit to insurance

Staffing and Billing

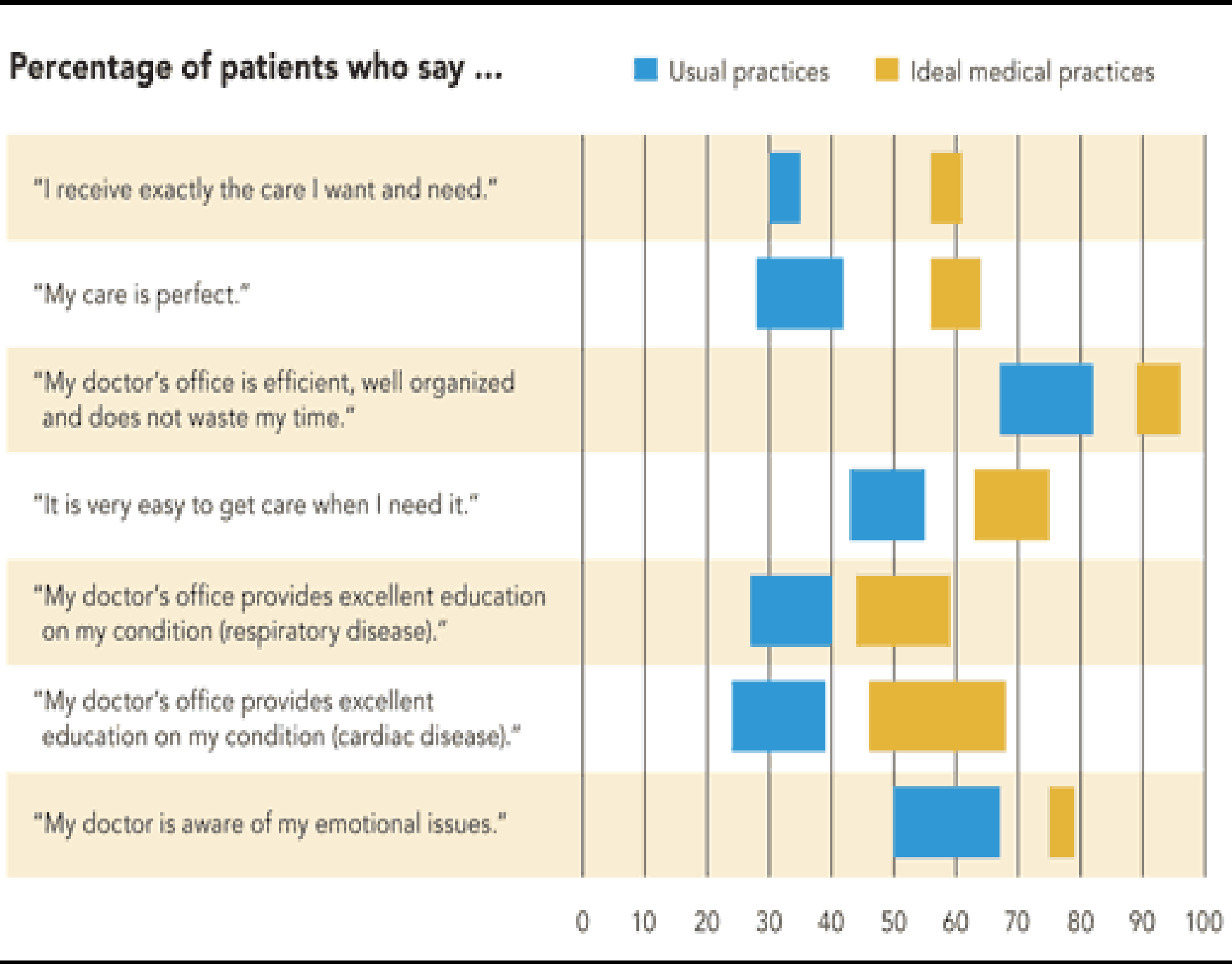
- MD does own Medical Assisting
- Billing is usually either out of network and patients pay cash and submit superbill or MD performs for extra fee e.g. $10.00
- Or MD performs billing or outsources e.g. AthenaHealth, etc.

Less medical office space needed/rent expense

- Small Reception area
- One- Two Exam rooms (NP can also help)
- One MD office

AAFP studies and surveys

- Patient satisfaction high
- Patient report better care


Percentage of patients who say ...
Usual practices
Ideal medical practices
"I receive exactly the care I want and need."
"My care is perfect."
"My doctor's office is efficient, well organized and does not waste my time."
"It is very easy to get care when I need it."
"My doctor's office provides excellent education on my condition (respiratory disease)."
"My doctor's office provides excellent education on my condition (cardiac disease)."
"My doctor is aware of my emotional issues."
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http://happydoc.org/

"When you want to hurry something, that means you no longer care about it and want to get on to other things. I just want to get at it slowly, but carefully and thoroughly."— R.M. Pirsig, Zen and the Art of Motorcycle Maintenance

Welcome to Happy Doc Family Medicine! My name is Lara Knudsen, and I'm a family physician in Salem, Oregon.

- After spending 12 years in college, medical school, and residency training in order to become a family doctor, I found it frustrating to work in a large health care system where I felt pressured to see many patients every day. The knowledge and skills that I worked so hard to acquire are not easily compressed into 15-minute visits, nor is responding to people's innermost fears about their health. Throughout my training, my husband and I took note of burnt out physicians and we resolved to alter our path in order to attempt to avoid that fate.

- In residency training I had heard of a different model of clinic, called an **"ideal medical practice"** or "micro practice." The idea is simple enough - a physician opens a small clinic and runs it alone, or perhaps with one assistant. The overhead expenses are low, which means the doctor can spend a lot more time with each patient because she or he doesn't need to generate the income to pay for a large clinic and all its staff.

http://happydoc.org/

- **If you come to my clinic** you'll see it doesn't look like a typical health clinic. As one of my 8-year-old patients asked skeptically, "Shouldn't this clinic be bigger?" In my 330 square feet there is no receptionist or medical assistant. As patients are seen promptly at their appointment time, the waiting room is more for decoration than for waiting. Appointments are 30 minutes long for a simple problem, and an hour for anything more complex. Soft, colorful gowns, made by my family and me, adorn the exam room walls. The thing I love most about my clinic is that I have time to sit and listen to people and hopefully answer all their questions at every visit.

- I am Board-Certified with the American Board of Family Medicine. I speak Spanish and enjoy serving the Latino community. I have particular interests in reproductive health, pediatrics, LGBT health, and preventive health. As a family doc, I see patients from "cradle to grave" - newborns to centenarians.

Benefits to Patients and Physician

- **Benefits to Patients:**
  - One-on-one relationship with your doctor. No worrying you'll see different doctors each visit, perhaps one less familiar with you and your medical history.
  - No long waits to get an appointment MDS usually see all sick patients that day.
  - More time spent with the doctor. MDs sees fewer patients a day than the average doctor, and is able to spend more time with the patients.
  - No long wait in the waiting room – MDS sees fewer patients and usually runs on-time for scheduled appointments.

Benefits to Patients and Physician

- **Benefits to the Physician:**
  - Seeing fewer patients a day allows for more time spent understanding a patient's medical problems and concerns.
  - Few patients means less time doing paper work and more time actually practicing medicine.

- KNOW YOUR NUMBERS

- “You Can’t Manage What You Don’t Measure”
  - Robert Kaplan, Harvard Business School

- If you don’t know where you are going, you might wind up someplace else”
  - Yogi Berra (Baseball player and Coach)

WHAT IS "BENCHMARKING"

- Comparing "Best Practices" key financial data with your peers to identify areas of strengths and weaknesses to improve your financial picture.

Better-performing practices use benchmarking and patient surveys, study finds

- According to a recent report from the Medical Group Management Association (MGMA), better-performing medical practices use formal surveys to gauge patients' satisfaction with their practices.

- More than 30% of these practices benchmark the results to other practices, and more than 60% educate physicians about behavior. In addition, better-performing practices spend more on information technology operating expenses and reported less bad debt to fee-for-service activity per full-time-equivalent (FTE) physician

PREPARE BETTER PROFIT LOSS REPORTS

- Purchase Software, e.g.. QuickBooks
- Train Managers, or
- Explain to CPA its use as a management tool
- Scrutinize every month – Look for trends to nip negative ones early

REDUCING OVERHEAD
"LEAN, MEAN, FIGHTING MACHINE"

Learn comparison data for overhead line item expenses

Medical Group Management Association (MGMA) (888) 608 5602

- www.mgma.com
- Physician Compensation Report
- Cost Survey Report

Practice Support Resources (816) 455-7790

American Medical Group Association AMGA (703) 838-0033

National Society Certified Healthcare Business Consultants (703) 234-4099

Specialty Society Studies

INCOME AND EXPENSE RATIOS

- How does the practice ratios compare to “norms?”
  - Have Manager or CPA prepare profit/loss reports with a column for each line item expense to be divided into actual total collections - % to collections
  - Staff and rent are the two largest expense categories

BECKER'S ASC REVIEW

June 21,2022

Plastic surgery is the specialty with the most physicians most likely to report net worth exceeding $5 million, according to *Medscape's* "Physician Wealth & Debt Report 2021."

The report, released June 10, includes responses from 13,000 physicians in more than 29 specialties.

The 10 specialties:

1. Plastic surgery: 26 percent
2. Orthopedics: 25 percent
3. Dermatology: 23 percent
4. Urology: 23 percent
5. Cardiology: 23 percent
6. Gastroenterology: 22 percent
7. Oncology: 20 percent
8. Ophthalmology: 20 percent
9. Radiology: 19 percent
10. Otolaryngology: 18 percent

MGMA 2020

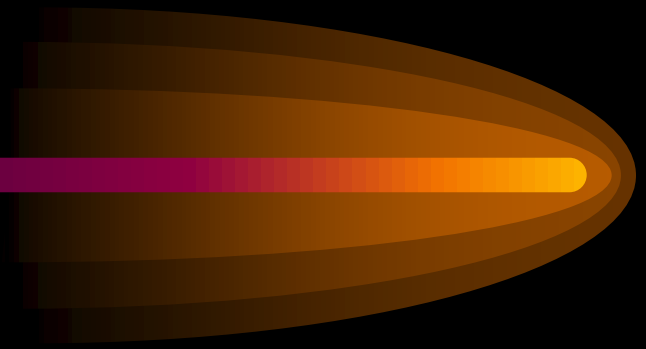
Benchmark	Median
Total employed support staff	25.26%
Total employed support staff benefits	8.09%
Information technology operating cost	1.42%
Drug supply	7.66%
Medical and surgical supply	1.04%
Building and occupancy	8.71%
Building/occupancy depreciation	.70%
Furniture and equipment	.25%
Furniture/equipment depreciation	.40%
Administrative supplies and services	1.05%
Professional liability insurance	1.32%
Other insurance premiums	.04%
Legal fees	*
Consulting fees	.07%
Outside professional fees	.66%
Clinical laboratory operating cost	.36%
Radiology and imaging operating cost	.16%
Promotion and marketing	.09%
Other ancillary services	.38%
Billing and collection purchased services	4.89%
Management fees paid to MSO or PPMC	18.23%
Miscellaneous operating cost	.85%
Cost allocated to practice from parent	9.48%
Total operating cost	72.24%

Medical Economics®

90th annual Physician Report: Most popular ancillary services

By Medical Economics Staff / June 26, 2019

1. ECG
2. Spirometry
3. Nutritional Counseling / Weight Loss
4. Radiology / Imaging Services
5. Implantable Contraceptives
6. Holter Monitoring
7. Bone Densitometry
8. Stress Tests
9. Pharmacy Services
10. Cosmetic / Aesthetic Procedures
11. Pain Management
12. Urodynamics
13. Addiction Medicine
14. Sleep Medicine



Reducing Staffing Costs

- Create job descriptions
  - hold staff accountable, e.g., A/R ratios
- Use Interns, College Students/Med Students
- Create incentives
  - reward staff for ideas that make or save the practice money


$ SAVED THIS MONTH!
$5k
$4k
$3k
$2k
$1k

Peter Drucker's brilliant 47-year-old idea could transform healthcare

"The most successful organizations will cultivate a culture of decision making on the front-lines, by instituting processes and methods that support and encourage it."

Dunn, Lindsey. *"Peter Drucker's brilliant 47-year-old idea could transform healthcare*." Becker's Hospital Review. September 17, 2014. http://www.beckershospitalreview.com/healthcare-blog/peter-drucker-s-brilliant-47-year-old-idea-could-transform-healthcare.html

Evaluate Productivity

- Number of patients seen
- Number of new patients seen to measure practice growth
- Number of office and hospital visits
- Number of surgeries / procedures or high revenue generation
- Income generated by doctor

FTE FULL TIME EQUIVALENT/ MD

- What is your total staff payroll as a percentage of gross income?
- What is your Full Time Equivalent staff ratio to physician?
- Varies by Specialty

Staff Expense % to Revenue

FP MGMA 2021

Saff	% to Revenue
Administrative	4.59%
Billing	2.08%
Receptionists	5.98%
Records	7.34%
Medical Assistants	9.21%
TOTAL SUPPORT STAFF	25.26%

FTE PER MD

FP MGMA 2021

Staff	FTE PER MD
Administrative	.56
Billing	.41
Receptionists	1.15
Records	1.42
Medical Assistants	1.60
TOTAL SUPPORT STAFF	4.18

"Staffing Analysis"

NAME	POSITION	AVG HOURS/ WK	FTE	FTE per MD/PA/NP	MGMA	HOURLY RATE	Per Year	% to revenue YTD	MGMA
				3.3					
								2,442,751	
	Office Manager	40	1	0.30		$ 21.63	44980		
	Accounting A/P	10	0.25	0.08		$ 46.75	24310		
	Operations Manager	20	0.5	.5		$ 31.84	$ 33,113.60		
TOTAL		70	1.75	0.53	0.37		$102,404	4.2%	**3.83%**
	Front Desk	38	0.95	0.29		$ 12.00	$23,712	0.0%	
	Telephone	38	0.95	0.29		$ 11.00	$21,736	1.0%	
	Check out	38	0.95	0.29		$ 16.38	$32,367	0.9%	
TOTAL		114	2.85	0.86	1.05		$77,815	1.3%	**5.7%**
	Insurance /Phones/Medical Records	38	0.95	0.29		$ 11.85	$23,416	0.0%	
TOTAL			0.95	0.29	0.50		$23,416	**1.0%**	**3.0%**
	Medical Assistant	38	0.95	0.29		$ 17.00	$33,592	0.0%	
	Medical Assistant	38	0.95	0.29		$ 14.50	$28,652	1.4%	
	Medical Assistant	38	0.95	0.29		$ 11.00	$21,736	1.2%	
	Medical Assistant	38	0.95	0.29		$ 11.00	$21,736	0.9%	
TOTAL		152	3.8	1.15	1.04		$105,716	**3.4%**	**4.3%**
Billing	SERVICE ESTIMATED		1.65	0.5				**6%**	2.5%
OPERATIONS STAFF		**374**	**11**	**3.33**	**3.38-4.6**		**$309,350**	**15.9%**	**19.9%**

Scribes

- Perform Cost Benefit Analysis
- $17 per hour plus $3.00 benefits = $20 per hour x 8 hours per day = $160 per day
- 2 additional patients per day @ $80 is breakeven
- Additional revenue is profit

BUDGETING

- A budget is a financial plan of action and activity.
- Try to live within your budget
- Train managers to use Excel Spreadsheets

Monthly Productivity Report

Year:	Medical Practice of:					
Month:	1	2	3	4	5	6
	Monthly	Actual	Variance	Yr-To-Date	Yr -To-Date	Variance
	Budget	Monthly		Budget	Actual	
Physician Product.						
Office Visits						
Hospital Visits						
Ratio MD Office Hrs						
Ratio Staff / Pts.						
Staffing						

Collections

2019	Jan	Feb	March	YTD	Variance
Dr. A	60,300	61,500	64,400	186,200	
Dr. B	49,700	45,600	50,500	145,800	
Dr. C	55,700	62,600	68,700	187,000	
Total	165,700	169,700	183,600	519,000	

2020	Jan	Feb	March	YTD	Variance
Dr. A	59,400	58,600	49,900	167,900	-18,300
Dr. B	50,200	47,900	54,300	152,400	6,600
Dr. C	54,800	57,600	62,500	174,900	-12,100
Total	164400	164,100	166,700	495,200	-23,800

Monthly Flash Sheet for ABC Medical Clinic

	This Month				Last Month	Last Year
	Dr. A	Dr. B	Dr. C	Total		
Production	$65,059	$55,267	$59,872	$180,198	$175,648	$166,542
Adjustments				$55,316	$56,448	$40,558
Receipts				129,645	$115,963	$103,850
Refunds				3,549	$2,514	$2,874
Cash on hand				25,145	$14,785	$24,798
Gross collections ratio				72%	66%	62%
Adj. collections ratio				101%	95%	81%
MGMA >95%				98%		
Total AR				$375,678	$380,654	$335,485
A/R ratio				2.1	1.7	
MGMA avg.				1.3		

	Current	30 days	60 days	90 days	120 days	TOTAL
Aged AR	$119,487	$41,325	$33,811	55,600	80,300	330,523
Percentage	36.20%	12.50%	10.20%	16.80%	24.30%	100%
MGMA avg.	45%	25%	10%	5%	15%	100%

Total operations expense				$75,645	$70,587	$59,466
Overhead percentage				59%	61%	58%
MGMA avg.				48%		

Office Space

- Rent
  - Extend hours
  - Share space - cost per MD goes down
  - Billing/ A/P move to less costly space
  - Medical Records Room still have charts? Move off site to storage and repurpose the space
  - Negotiate leases carefully

Discounts

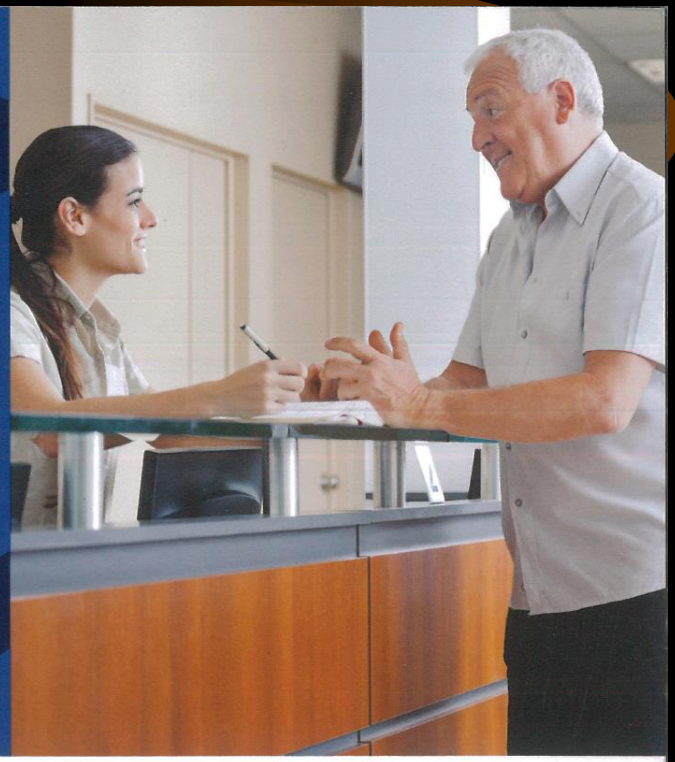
- **Pay bills on time -** 2% net
- **Malpractice insurance**
  - Negotiate group rates
  - Take advantage of any discounts offered by your malpractice carrier by completing risk management surveys, attending seminars or on site audits
- Local/State Medical Association discounts for insurance/services

Get discounted rates on card processing

specially negotiated for MGMA members.

Take advantage of our innovative and secure mobile payments platform.

See reverse.



Bank of America

Merchant Services

MGMA

Medical Group Management Association

AdminiServe® Partner

Challenges facing MDs

- Risks and Rewards of Team Care
  - (APC) Advanced Practice Clinicians - NP/PA and other Health Care Personnel
  - Liability Issues

Analogy

"Physicians performing all work is similar to automotive engineers changing sparkplugs"

Frees up MD to perform more difficult work, expand the practice, increase net income

TEAM APPROACH

- Patients assigned to teams of MD, NP/PA

- Patient sees MD, delegates to NP/PA

Areas of Liability

- Allowing NP/PA to see patient too many times w/o seeing an MD
- Access/Collaboration/Communication MD & NP/PA
- Review of records
- Performance evaluations
- Continuing Education for NP/PA

Other Extenders

- Advice RN, Health Educators, Exercise Physiologists, Physical Therapists, Dietitians, Social Workers, MFCC's
- Delegate to save time and costs
- Behavioral health can utilize different levels of professionals to achieve profitability

Office equipment

- Buy Used Reconditioned Equipment and Furniture
  - EBAY, DOTMED.com.
  - Used Furniture Stores – Tech companies that go out of business.
  - Evaluate Copier/Fax/Scanner needs – used equipment Amazon.com

Challenges facing MDs

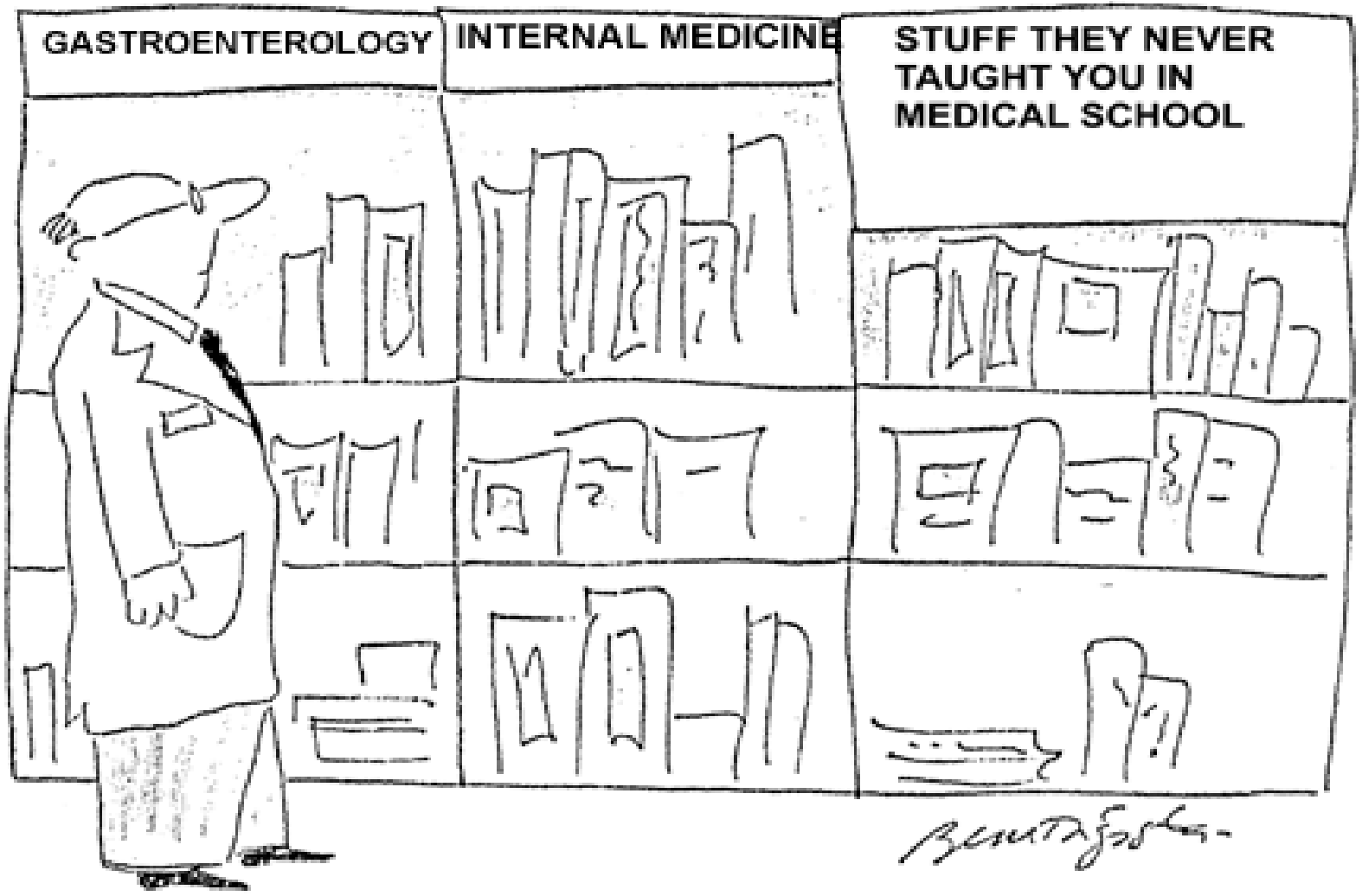
Data Vulnerability

- Connecticut Hospital paid $90,000 for stolen laptop with 9,000 Patient information

- HIPAA compliant emailing and texting

Seminars & Webinars

- Keep attending CAP programs!
- Take advantage of **online CME** for physicians, midlevel providers, clinical staff and managers.


GASTROENTEROLOGY
INTERNAL MEDICINE
STUFF THEY NEVER TAUGHT YOU IN MEDICAL SCHOOL

ZDOGGMD

- https://www.youtube.com/watch?v=jV9RyXQyQ7Q

QUESTIONS?

- Email Debra Phairas

  dphairas@practiceconsultants.net

- (415) 764-4800