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On the topic:

10 Steps to Financial Success in the Medical Office
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10 Steps to Financial Success In The Medical Office

Presented by:
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Financial Success In The Medical Office

Objectives

• What Is Benchmarking?
• What Does Benchmarking Mean To A medical Practice?
• What Measures and Methods Are Used for Benchmarking?
• How Do I Apply New Processes to Increase Performance and Profitability?
Financial Success In The Medical Office

Is Your Practice Experiencing:

• Shrinking cash flow
• Increased denials or claim rejections
• Increased patient complaints
• Increased staff turn over
• Decreased referrals
• Physician dissatisfaction

Opportunities:

• Identify hidden problems
• Identify small problems before they become large problems
• Identify trends
• Keep your practice viable and healthy
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Vital Area’s to Review:

• Physician Productivity
  • Providing Services, but not charging
  • Compare gross charges to same period last year

• Financial Performance
  • Overhead Cost
    o Compare current expenses to past expenses

• Account Receivable Management
  • Collection percentage to past performance
  • Outstanding accounts receivable compared to previous year / month

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• Compliance Plans
  • HIPAA
  • OSHA
  • Fraud and Abuse

• Staffing Ratio
  • Staffing cost compared to revenues
  • Staffing number compared to benchmarks

• Patient Payor Mix
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• Front Desk Processes
  – Collecting patient financial responsibility
  – Accuracy in entering patient demographics
  – Verification of insurance

• Coding / Revenue
  – Documentation to support level billed
  – Utilization of services

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• Managed Care Reimbursement
  – Are the reimbursements covering the cost to deliver services?
  – Are there opportunities for negotiations?
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Stepping Toward The Benchmark Process:
1. Determine what to assess – what is critical to your organization's success?
2. Determine metrics that measure the critical areas in your organization.
3. Determine a source for internal and external benchmarking data.

5. Compare your organization’s performance to the benchmark.
6. Determine if action is necessary based on the comparison.
7. Use the data to bring about change. Identify best practice and process used.
8. Adapt the processes used by best practices.
9. Implement a new process and reassess the objectives.
10. Track over time for continuous improvement.
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Select the Assessment Tools:
- Patient Surveys
- Staff Surveys
- Referral Source Surveys
- Staff Interviews
- Analysis Worksheets
- Established Benchmarks
- Financial Reports
  - Two to Three Years of Previous Practice Data
  - Profit and Loss Statements
  - Accounts Receivable Reports

10 Steps to Financial Success In The Medical Office

Step 1
Determine what to assess – what is critical to your organization's success?

Answer: Financial Performance

- Overhead Cost

  Goal: Compare current expenses to past expenses
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Step 2
Determine metrics that measure the critical areas in your organization.

Where are you today and what are your goals?

Example – Overhead Ratio

Step 3
Determine a source for internal and external benchmarking data.

Maximizing revenue and managing costs help practice reach their goals.

Internal Data:
Total operating Cost as a Percent of Total Medical Revenue = Total Operating Cost / Total Medical Revenue
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Step 4

Measure your organization’s performance.

Compare your organization performance data to previous historical trend, dollar and percentage of increase or decrease of cost.

Step 5

Compare your organization’s performance to the benchmark.

Obtain external data such as cost reports and compare with your organizations data.
Step 6

Determine if action is necessary based on the comparison.

This step answers the question - how are we doing and what can we do better?

Step 7

Use the data to bring about change. Identify best practice and process used.

By measuring and comparing to best practices, which are proven processes that produce superior results, your organization can set standards for cost containment, therefore increasing the bottom line and increase profit margins.
Step 8

Adapt the processes used by best practices.

Provide a workable approach to real-life process improvements.

Step 9

Implement a new process and reassess the objectives.

The most important step! This is the way that best practices are containing cost, this is what we are going to do and how we are going to do it.

Set implementation goals and timelines.
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Step 10

Track over time for continuous improvement.

Monitor monthly, quarterly and annually.

How Do You Determine Your Financial Success?

Questions?
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