

Building Profitability

10 Steps To Build Practice Profitability

by Keith Borglum

Physicians not only have to cope with reduced reimbursement from Medicare and other insurance plans in a period of accelerating expenses, but the recession is having a significant impact on some practices.

Many patients are losing jobs and not quickly finding replacement employment with health insurance. This causes them to curtail elective expenditures, and health care is often viewed as elective, especially when insurance benefits expire. Healthcare Savings Accounts (HSAs) appear to also curtail patient-spending by my observations in my clients' practices.

Even so, there are practices that are not only holding their own but actually thriving and achieving new records of productivity and profitability. Listed here are a few of the techniques they employ that might help you too:

1. Increase Efficiency. Inefficient practices on the part of both the physician and staff waste time and money. Seeing just one more new patient per day can increase net profits by \$30,000 or more per physician per year. Review your systems and behaviors and eliminate or streamline inefficiencies. Review specialty productivity benchmarks and set practice goals.

2. Minimize Waste. Audit your practice for wasteful activities. Review your inventory control system and put one person in charge. Over-ordering wastes cash and storage space and under-ordering wastes labor. Negotiate for better supply prices. Retire charts early enough to not waste labor in chart-searches.

3. Learn To Manage Your Managed Care. If you don't know your practice financial "vital signs" and how your HMOs are paying compared to other plans, you may actually be losing money every visit. You can still deliver appropriate care in a managed care environment. Learn how.

4. Eliminate Staff Overtime. If regular overtime occurs you are probably understaffed and should hire extra part time staff at reduced rates. If overtime at "time and a half pay" does occur, audit who, when and why. If you always run late, maybe you can keep just one person late, not the whole staff.

5. Train Staff. Rarely do I find staff that doesn't appreciate training to increase their abilities, and rarely does training not pay. Have staff report back to the group on what they learned and how it can help the practice. Listen to their suggestions. Hold regular in-service training.

6. Buy Equipment That Will Help You Make Or Save Money. Faster computers, PDAs and new instruments qualify when used properly. Clinical instrumentation needs to have accurate financial and usage projections and utilization calculated. Ancillary services based on new instrumentation can be profitable. Make sure you or your staff use what you buy by asking them first.

7. Increase Marketing. This is an area that should be increased when revenues are down, not decreased. Every practice should know how many new patients per month it takes to keep busy and take action to insure that flow. Marketing can be as subtle or bold as you dare, as long as it produces adequate results. If you are not meeting your new patient-count goals, get help. There are hundreds of tasteful ways to encourage referrals or attract patients directly.

8. Present Appropriate Care. In my observations more physicians undertreat rather than overtreat, in often misguided deference to their patients' wallets. Present appropriate care and let the patient decide whether or not to make the investment. Even in a recession many patients value their health above all else.

9. Audit Your Charts For Oversights. In many specialties I find that patients "slip through the cracks" on follow-up or procedures due to missed appointments or unscheduled recalls. Review 10 charts a day for compliance and call patients that need to be seen.

10. Look At Your Own Activity. We all do things to "sabotage" our own success at times, like not staying late to return calls, exhibiting chronic tardiness, etc. Ask your staff what you can do to make their jobs easier or to make patient visits more pleasant. Listen to their input and take action.

Call a consultant for a Practice Survey (the business equivalent of a Complete Physical Exam) if you need help.

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