



MAXIMIZING PROFITABILITY



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Just as there are choices and strategies that your patients can choose to improve their health, there are common routines every medical practice can implement to help maximize profitability. It is not right that most physicians are not paid for much of the work they have performed.

Last month's article focused on the importance of front desk collections in your overall profitability. This month, we encourage you to focus on reporting and analytics. Below are helpful tips on reports we want you to receive.

Review Your Outstanding A/R:

If your A/R over 120 days is more than 20 percent of your total outstanding revenue, then there is a big problem. If it's over 15 percent, there's a problem, but it's not unlike

many practices. If it's around 10 percent, you are performing very well.

If your income has dropped, and you see a great A/R report, ask for a list of adjustments and write-offs for review to confirm you are comfortable with what has been written off to bad debt or uncollectible.

Review Your Productivity:

Ask for a report of your office, surgical and ancillary volume per month for the last 24 months. If you have additional providers, include that in the report.

Measure productivity for yourself and team.

Has your CPT mix changed?
Has your volume fluctuated, or is it even?

Review Your Collections:

Ask for a report of your office, surgical and ancillary collections for the last 24 months.

Do you see changes in the collections, but not productivity?

Measure your actual deposits to the income from your billing team to compare reported vs. collected monthly income.

This report will not tie out monthly, but it should be very close.

Measure the variance between what is reported as collected vs. what was collected to run a YTD report – compare what ended up in your bank account vs. what your billing reports shows you received.

If there is significant variance, there may be other challenges – you'll want to investigate these.

Compare this income to the YTD income you had a year earlier. Did it change? Do you know why it changed?

This is important data for you to understand how your practice health is – think of it like the vitals of blood pressure and heart rate.

You know what numbers indicate patient health. Please take the time to understand your vital signs and rate your own practice health. By understanding this fundamental information, you will know how your practice stacks up against its potential.