

The background of the slide is a dense, overlapping pattern of US one hundred dollar bills. The bills are oriented in various directions, creating a textured, financial-themed backdrop. The text is overlaid on this background.

KNOW YOUR MONEY *BENCHMARKING*

**PRESENTED BY
PETER F. LYLE, SR.
J. DOUGLAS HESLEP, JR.**

PERFORMANCE STATISTICS

How do you make money?

PERFORMANCE STATISTICS

- **Patient Volume**
- **Services**
- **Charges**
- **Collections**

CHARGES

- **Gross Charges = service type x fee**
- **Adjustments**
 - **Contractual**
- **Gross Charges – Adjustments = Net Charges**
- **Net Charges = Real \$\$\$\$\$**

COLLECTIONS

- **Know your benchmarks / metrics**
- **Unadjusted Collection Ratio**
 - **Net Payments / Gross Charges**
 - **Why national averages don't matter**
- **Adjusted Collection Ratio**
 - **Net Payments / Net Charges**
 - **Achievable Adjusted Collection Ratio**

COLLECTIONS CONT.

- **Months (Days) in AR**
- **% of AR greater than 90 days**
- **Know your payer mix and impact on gross collection rate**
- **Know what services Plans won't pay for**

PERFORMANCE STATISTICS REPORT

	Gross Chrgs.	Adj.	Net Chrgs.	Gross Pay	Refund	Net Pay	AR	MAR	Unadj. Coll. Rate	Adj. Coll. Rate
2010										
Jan	\$96,000	\$45,500	\$50,500	\$45,500	-\$50	\$45,450	\$5,000	0.1	47.3%	90.0%
Feb	\$96,500	\$47,000	\$49,500	\$45,000	-\$65	\$44,935	\$9,500	0.1	46.6%	90.8%
Mar	\$97,000	\$48,500	\$48,500	\$44,000	-\$80	\$43,920	\$14,000	0.1	45.3%	90.6%
Apr	\$98,500	\$49,000	\$49,500	\$46,000	-\$75	\$45,425	\$17,500	0.2	46.6%	92.8%
May	\$98,000	\$48,000	\$50,000	\$46,500	-\$90	\$46,410	\$21,000	0.2	47.4%	92.8%
Jun	\$97,500	\$46,500	\$51,000	\$46,000	-\$85	\$45,915	\$26,000	0.3	47.1%	90.0%
Jul	\$98,500	\$49,000	\$49,500	\$45,000	-\$100	\$44,900	\$30,500	0.3	45.6%	90.7%
Aug	\$99,000	\$50,000	\$49,000	\$46,000	-\$110	\$45,890	\$33,500	0.3	46.4%	93.7%
Sept	\$100,500	\$51,000	\$49,500	\$45,000	-\$130	\$44,870	\$38,000	0.4	44.6%	90.6%
Oct	\$99,500	\$50,500	\$49,000	\$45,500	-\$95	\$45,405	\$41,500	0.4	45.6%	92.7%
Nov	\$100,000	\$51,500	\$48,500	\$44,000	-\$100	\$43,900	\$46,000	0.5	43.9%	90.5%
Dec	\$99,500	\$50,500	\$49,000	\$44,500	-\$150	\$44,350	\$50,500	0.5	44.6%	90.5%
YTD 2010	1,180,500	587,000	593,500	543,000	-1,130	541,870	50,500	1.2	44.6%	90.5%

PERFORMANCE STATISTICS BENCHMARKS

	Practice	MGMA
Gross Charges	\$1,180,500	\$1,180,000
Collections	\$543,000	\$540,000
Collections Ratio	90.5%	> 90%
Ambulatory Encounters	1,400	1,300
Hospital Encounters	300	250

PERFORMANCE STATISTICS DETAILED BENCHMARKS

Visits

Service Mix

Work RVU

Charges Per Visit

Payments Per Visit

PERFORMANCE STATISTICS

DETAILED BENCHMARKS

	<u>MD #1</u>	
	<u>2009</u>	<u>2010</u>
<u>Visits</u>		
New Patients	120	115
Established Patients	1,300	1,400
Deliveries	90	100
OB Visits	700	750
Total	2,210	2,365

PERFORMANCE STATISTICS DETAILED BENCHMARKS

	<u>MD #1</u>	
	<u>2009</u>	<u>2010</u>
<u>Charges</u>		
Office Service GYN	220,000	180,000
Office Procedure	75,000	60,000
Laboratory	60,000	40,000
Obstetrics	360,000	400,000
Surgery- Hospital	135,000	240,000
Other Services	7,000	7,000
Drugs	20,000	9,500
Miscellaneous	100	200
Radiology	0	0
Other	5,000	5,500
Total	\$882,100	\$942,200

PERFORMANCE STATISTICS

DETAILED BENCHMARKS

	<u>MD #1</u>		<u>Practice Average</u>
	<u>2009</u>	<u>2010</u>	
<u>Visits</u>			
New Patients	120	115	135
Established Patients	1,300	1,400	1,350
Deliveries	90	100	100
OB Visits	700	750	750
Total	2,210	2,365	2,335
<u>Charges</u>			
Office Service GYN	220,000	180,000	230,000
Office Procedure	75,000	60,000	100,000
Laboratory	60,000	40,000	60,000
Obstetrics	360,000	400,000	375,000
Surgery- Hospital	135,000	240,000	180,000
Other Services	7,000	7,000	8,000
Drugs	20,000	9,500	41,000
Miscellaneous	100	200	60
Radiology	0	0	0
Other	5,000	5,500	7,000
Total	\$882,100	\$942,200	\$1,001,060
<i>Per Visit</i>	\$399	\$398	\$429

PERFORMANCE STATISTICS

DETAILED BENCHMARKS

	<u>MD #1</u>		<u>Practice Average</u>	<u>MGMA</u>	<u>NSHBC</u>	<u>OBNET Average</u>
	<u>2009</u>	<u>2010</u>				
<u>Visits</u>						
New Patients	120	115	135			400
Established Patients	1,300	1,400	1,350			1,800
Deliveries	90	100	100			96
OB Visits	700	750	750			900
Total	2,210	2,365	2,335	2,837		3,196
<u>Charges</u>						
Office Service GYN	220,000	180,000	230,000			450,000
Office Procedure	75,000	60,000	100,000			150,000
Laboratory	60,000	40,000	60,000			160,000
Obstetrics	360,000	400,000	375,000			385,000
Surgery- Hospital	135,000	240,000	180,000			210,000
Other Services	7,000	7,000	8,000			19,000
Drugs	20,000	9,500	41,000			6,000
Miscellaneous	100	200	60			0
Radiology	0	0	0			20,000
Other	5,000	5,500	7,000			0
Total	\$882,100	\$942,200	\$1,001,060	\$1,492,182	\$1,294,729	\$1,500,000
<i>Per Visit</i>	\$399	\$398	\$429	\$526		\$469

PERFORMANCE STATISTICS

DETAILED BENCHMARKS

	<u>MD #1</u>		<u>Practice Average</u>	<u>MGMA</u>	<u>NSHBC</u>	<u>OBNET Average</u>
	<u>2009</u>	<u>2010</u>				
<u>Payments</u>						
Office Service GYN	120,000	95,000	120,000			270,000
Office Procedure	37,500	30,000	75,000			90,000
Laboratory	30,000	20,000	30,000			96,000
Obstetrics	200,000	225,000	187,500			231,000
Surgery- Hospital	70,000	120,000	90,000			126,000
Other Services	3,500	3,500	4,000			11,400
Drugs	10,000	4,750	20,500			3,600
Miscellaneous	50	100	30			0
Radiology	0	0	0			12,000
Other	2,500	2,750	3,500			0
Total	\$473,550	\$501,100	\$530,530	\$899,748	\$734,034	\$840,000
<i>Per Visit</i>	\$214	\$212	\$227	\$317		\$263

PERFORMANCE STATISTICS DETAILED BENCHMARKS

	<u>MD #1</u>		<u>Practice Average</u>	<u>MGMA</u>	<u>NSHBC</u>	<u>OBNET Average</u>
	<u>2009</u>	<u>2010</u>				
<u>Charges Per Visit</u>						
Office Service GYN	99.55	76.11	98.50			140.80
Office Procedure	33.94	25.37	42.83			46.93
Laboratory	27.15	16.91	25.70			50.06
Obstetrics	162.90	169.13	160.60			120.46
Surgery- Hospital	61.09	101.48	77.09			65.71
Other Services	3.17	2.96	3.43			5.94
Drugs	9.05	4.02	17.56			1.88
Miscellaneous	0.05	0.08	0.03			0.00
Radiology	0.00	0.00	0.00			6.26
Other	2.26	2.33	3.00			0.00
Total	\$399	\$398	\$429	\$526	\$1,294,729	\$469

Payments Per Visit
Units of Service Per Visit

PERFORMANCE STATISTICS DETAILED BENCHMARKS

<u>CPT Code</u>	<u>Description</u>	<u>MD Units</u>	<u>OBNET Units</u>
51726	Complex cystometrogram	2	4
51741	Electro-uroflowmetry, first	5	13
51797	Intraabdominal pressure test	0	1
56420	Drainage of gland abscess	2	7
56441	Lysis of labial lesion(s)	9	18
56501	Destroy, vulva lesions, sim	12	19
56605	Biopsy of vulva/perineum	0	1
56620	Partial removal of vulva	0	1
57061	Destroy vag lesions, simple	5	14
57150	Treat vagina infection	1	1
57160	Insert pessary/other device	1	1
57421	Exam/biopsy of vag w/scope	2	2
57452	Exam of cervix w/scope	2	6
57455	Biopsy of cervix w/scope	1	2
57460	Bx of cervix w/scope, leep	1	3
57500	Biopsy of cervix	2	4
57800	Dilation of cervical canal	5	7
58100	Biopsy of uterus lining	1	2
58300	Insert intrauterine device	3	3
58340	Catheter for hystero-graphy	2	2
58356	Endometrial cryoablation (Ablation)	0	21
58565	Hysteroscopy, sterilization (Essure)	0	11
64435	N block inj, paracervical	2	6
76831	Echo exam, uterus	1	2

PERFORMANCE STATISTICS CASE STUDY

1 Additional Patient Per Day

Assume 240 Workdays (20 Per Month)

240 Additional Patients

Collections Per Patient \$426

Additional Collections \$102,240

Variable Expenses 15%

Additional Compensation \$86,904

PERFORMANCE STATISTICS

OTHER ANCILLARY SERVICES

Lab

Ultrasound

Dexascan

Her Option (*Ablation*)

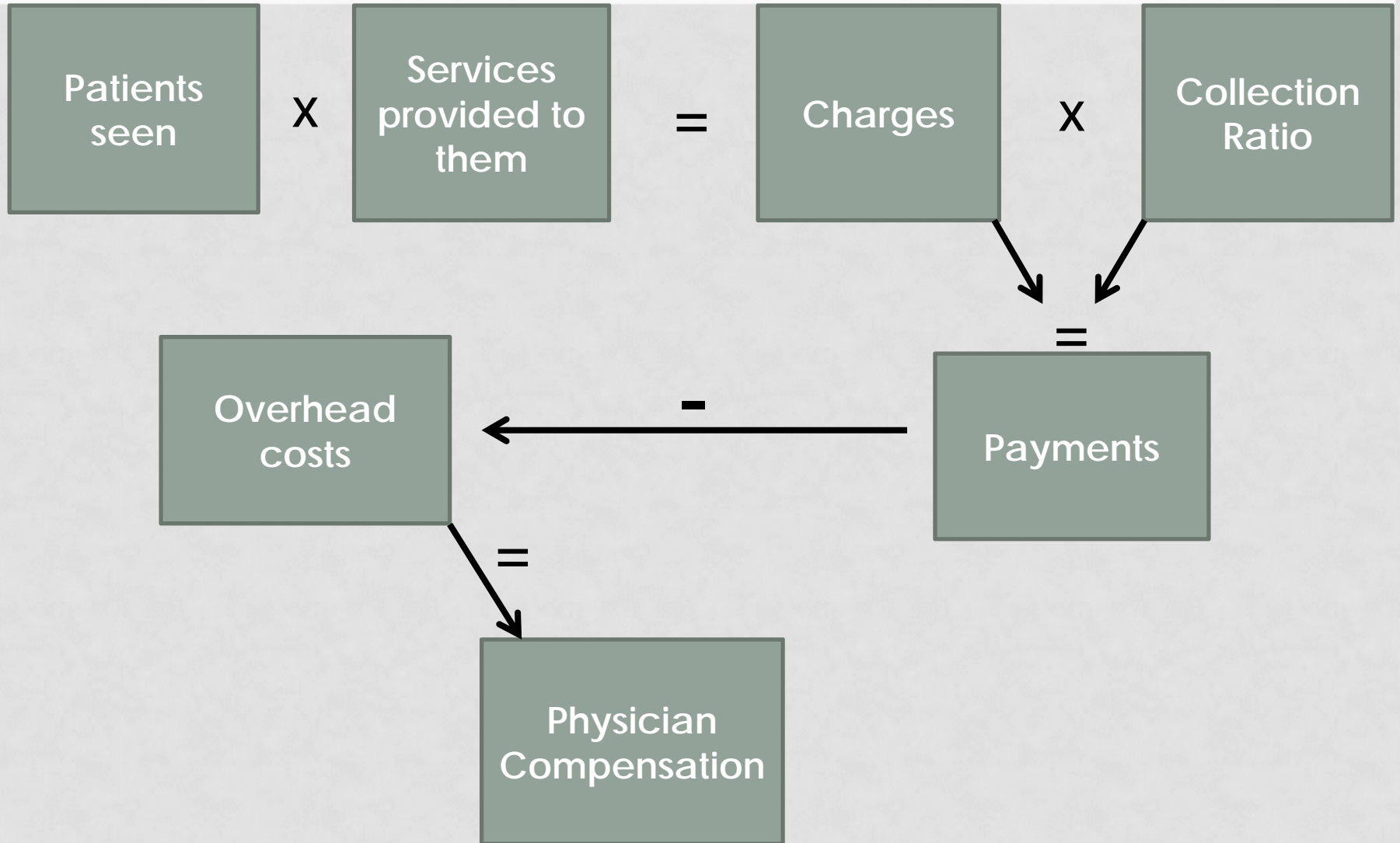
Essure

UroDynamics

Sonohysterogram

IUD

SO WHAT DOES ALL THIS MEAN?



PETER F. LYLE

DIRECTOR OF PRACTICE MANAGEMENT

- Mr. Lyle holds a degree in Industrial and Systems Engineering and a Certificate in Health Systems Planning from Georgia Tech and has completed an Executive Program in Management at The Wharton School. Mr. Lyle has been in management consulting and healthcare planning since 1988 and has expertise in all areas of practice management. His areas of concentration include mergers; employment, buy-sell and compensation agreement planning; total practice management including organizational re-engineering, operations, business financial planning, information systems, compliance programs, personnel management and managed care contracting.
- **Publications**
- Lyle, Peter. "Truce", Managed Care, August (1998): 17-19.
- Lyle, Sr., Peter F. "Optimizing the Revenue Management Cycle", GMGMA, 4.3 (2005): 7-8.
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OVERHEAD ANALYSIS

- **Income**
- **Expenses**
- **Profit**

TYPES OF EXPENSES

Fixed

- **Employee**
- **Occupancy**
- **Administrative**

Variable (Increases with Increased Visits)

- **Medical**
- **Administrative**

BENCHMARKS FOR EMPLOYEE EXPENSES

	2008		2009		Change		MGMA	NSCHBC
	\$	%	\$	%	\$	%		
Salaries	\$250,000	25%	\$300,000	30%	\$50,000	20%	18%	21%
Payroll taxes	\$37,500	3.8%	\$45,000	4.5%	\$7,500	20%	2.7%	2.6%
Benefits	<u>\$62,500</u>	6.3%	<u>\$75,000</u>	7.5%	<u>\$12,500</u>	20%	<u>4.5%</u>	<u>4.3%</u>
Total	\$350,000	35%	\$42,000	42%	\$70,000	20%	34%	30%

*Based on \$1,000,000 of income

BENCHMARKS FOR OCCUPANCY EXPENSES

	2008		2009		Change		MGMA	NSCHBC
	\$	%	\$	%	\$	%		
Rent	\$72,000	7.2%	\$74,000	7.4%	\$2,000	2.8%	7.0%	7.2%
Utilities	\$9,000	0.9%	\$8,000	0.8%	-\$1,000	-11.1%	1.0%	0.5%
Janitorial	<u>\$7,000</u>	0.7%	<u>\$6,500</u>	0.7%	<u>-\$500</u>	-7.1%	<u>0.5%</u>	<u>0.5%</u>
Total	\$88,000	8.8%	\$88,500	8.9%	\$500	0.6%	8.5%	8.2%

*Based on \$1,000,000 of income

BENCHMARKS FOR MEDICAL EXPENSES

	2008		2009		Change		MGMA	NSCHBC
	\$	%	\$	%	\$	%		
Drugs	\$10,500	1.1%	\$11,000	1.1%	\$500	4.8%	2.0%	1.0%
Supplies	\$60,000	6.0%	\$70,000	7.0%	\$10,000	16.7%	3.0%	3.0%
Equipment Lease	<u>\$4,000</u>	0.4%	<u>\$3,500</u>	0.4%	<u>-\$500</u>	-12.5%	<u>N/A</u>	<u>0.5%</u>
Total	\$74,500	7.5%	\$84,500	8.5%	\$10,000	13.4%	5%	4.5%

*Based on \$1,000,000 of income

BENCHMARKS FOR ADMINISTRATIVE EXPENSES

	2008		2009		Change		MGMA	NSCHBC
	\$	%	\$	%	\$	%		
Accounting	\$1,500	0.2%	\$2,000	0.2%	\$500	33.3%		1.4%
Advertising	\$9,000	0.9%	\$7,500	0.8%	-\$1,500	-16.7%	1.0%	1.0%
Bank Charges	\$2,500	0.3%	\$2,500	0.3%	\$0	0%		0.4%
Comp. Maint.	\$1,000	0.1%	\$1,000	0.1%	\$0	0%		
Depreciation	\$31,000	3.1%	\$25,000	2.5%	-\$6,000	-19.4%	4.0%	4.1%
Legal Fees	\$4,000	0.4%	\$5,000	0.5%	\$1,000	25%		
Malpractice	\$25,000	2.5%	\$24,500	2.5%	-\$500	-2%	3.0%	4.8%
Office Supp.	\$20,000	2.0%	\$22,000	2.2%	\$2,000	10%	2.0%	1.7%
Printing	\$500	0.1%	\$500	0.1%	\$0	0%		
Taxes&Licen.	\$5,000	0.5%	\$5,000	0.5%	\$0	0%	1.0%	1.0%
Telephone	<u>\$10,200</u>	1.0%	<u>\$10,400</u>	1.0%	<u>\$200</u>	2%	<u>2.0%</u>	<u>1.3%</u>
Total	\$109,700	11%	\$105,400	10.5%	-\$4,300	-3.9%	13%	15.7%

*Based on \$1,000,000 of income

COST ALLOCATION BY % INCOME

	Total		Location 1 (Office)		Location 2 (Lab)		Location 3 (Satellite)	
	\$	%	\$	%	\$	%	\$	%
Income	\$1,000,000	100%	\$700,000	70%	\$200,000	20%	\$100,000	10%
Employee	\$420,000	42%	\$294,000	42%	\$84,000	42%	\$42,000	42%
Occupancy	\$88,500	8.9%	\$61,950	8.9%	\$17,700	8.9%	\$8,850	8.9%
Medical	\$84,500	8.5%	\$59,150	8.5%	\$16,900	8.5%	\$8,450	8.5%
Admin.	<u>\$105,400</u>	10.5%	<u>\$73,780</u>	10.5%	<u>\$21,080</u>	10.5%	<u>\$10,540</u>	10.5%
Total op.	\$698,000	69.8%	\$488,880	69.8%	\$139,680	69.8%	\$69,840	69.8%

SHARED COST SAVINGS IDEAS

- Health Insurance
- Lease negotiations
- Group Purchasing
- Telephone / Internet Options
- Merchant Services

OTHER HOT TOPICS

- Meaningful Use
- eRX
- PQRS
- 5010

J. DOUGLAS HESLEP, JR.

SENIOR ASSOCIATE

Mr. Heslep received his degree in Industrial and Systems Engineering from Georgia Tech and has been working at MMA since 1998. His areas of expertise involve all aspects of medical practice management including practice operations, start-ups, financial analysis and compensation planning, managed care reimbursement and electronic medical records (EMR) systems. In addition, Mr. Heslep is responsible for management of MMA's medical office building development projects. Mr. Heslep is a certified healthcare business consultant and a member in the National Society of Certified Healthcare Business Consultants.

Contact information:

Medical Management Associates, Inc.
3330 Cumberland Boulevard , Suite 200
Atlanta, Georgia 30339
Voice: (770) 951-8427, Ext 46
Facsimile: (770) 951-2157
jd@medicalmanagement.com
<http://www.medicalmanagement.com>