



BENCHMARKING ANALYSIS

Benchmarking provides you with the ability to identify opportunities for improvement and provides you with a tool that will enable you to track historical performance effectively. The following illustrations are offered to highlight the many areas a practice can monitor through benchmarking.

Accounts Receivable

- Are we carrying more AR than normal?
- Do we send more to collections than national averages for my specialty?
- How much do we collect on the dollar? Are we doing better or worse than our peers?

Example:

| *Per FTE Physician - Charges and Revenue | Practice | Median | Variance |
|--|-----------|-----------|----------|
| Bad debts due to FFS activity | \$ 40,531 | \$ 13,438 | 201.62% |

Action:

This practice sends 200 percent more to collections than the median. Having completed the benchmark analysis, the practice was able to focus on improving collection rates by implementing a monitoring process and by retraining the staff to ensure that they have the skills and procedures in place to improve collections in-house without additional expense.

Revenue

- Are we in better or worse shape than comparison groups?
- Are our managed care contracts providing reasonable reimbursements?
- Do we spend more on staff salaries or physician salaries as a function of revenue?

Example:

| *Per FTE Physician - Charges and Revenue | Practice | Median | Variance |
|--|--------------|--------------|----------|
| Net fee-for-service revenue | \$ 715,692 | \$ 690,978 | 3.58% |
| Gross FFS charges | \$ 1,861,365 | \$ 1,387,309 | 34.17% |
| Adjustments to FFS charges | \$ 1,105,142 | \$ 635,659 | 73.86% |

Action:

Revenue is close to the median for this group. Adjustments are higher than expected which may indicate a high fee schedule or low reimbursements. This practice has renegotiated eight major managed care contracts, which has driven increased revenues and normalized adjustments.

*Source: Medical Group Management Association Cost Survey 2003 Report Based on 2002 Data



Many practices complete a benchmarking analysis annually in order to measure progress towards revenue and expense goals. Dixon Hughes can provide you with a detailed report and spreadsheet analysis along with specific recommendations.

Staffing

- Are the staffing levels appropriate at the front desk?
- Do we employ similar numbers of billing personnel as our peers?
- Are we employing more Registered Nurses than our peers?
- Do similar practices employ Medical Assistants as frequently?

Example:

| *Employee Counts by Job Group | Practice | Median | Variance |
|-------------------------------|----------|--------|----------|
| Patient Accounting | 0.50 | 0.92 | -45.49% |

Action:

This group employs half as many billing representatives as their peers. With added staff, collections are now increasing and activity is shifting from reactionary to proactive.

Operational Expense

- Am I paying more for malpractice than my peers?
- Do I spend more on employee benefits?
- Is our lab a profit enhancer or detractor?

Example:

| *Per FTE Physician - Operating | Practice | Median | Variance |
|--------------------------------|-----------|-----------|----------|
| Promotion and marketing | \$ 16,527 | \$ 7,105 | 132.61% |
| Building and occupancy | \$ 56,730 | \$ 47,009 | 20.68% |

Action:

This practice invests heavily in marketing. They are now trying to calculate the return on this investment to identify if it is the most efficient use of resources. Additionally, they have more building & occupancy expense than comparison groups. They are now determining the value of multiple locations to the practice.

*Source: Medical Group Management Association Cost Survey 2003 Report Based on 2002 Data

For More Information

Many practices complete a benchmarking analysis annually in order to measure progress towards revenue and expense goals. Dixon Hughes can provide you with a detailed report and spreadsheet analysis along with specific recommendations. We can present our findings to you and your staff and in many cases, we can assist you in developing action plans and reaching practice improvement goals. To discuss benchmarking analysis with us, please contact:

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