

# Net Income Enhancement

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Center

Feel Better. Do More.

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# Overhead

- Overhead is a term frequently used and judged incorrectly.
  - We can make poor decisions “managing overhead.”
    - Short term vs. long term thinking.
- Key measurable is net income or shareholder income.

# Cost Containment

- Budget
  - Create a budget and use it!
  - Make the budget part of your financial review.
- Managing Cost
  - Staff costs
  - Other practice costs
    - Review by line item from your financial statements.

# Cost Containment

- Start with the big ticket items:
  - Malpractice – put to bid, risk retention groups.
  - Staff benefits – bid every year, look for savings.
    - Retirement Plan – evaluate your plan and look for options, it may be more expensive than you know.
  - Medical supplies – inventory control, standardize, GPO.
  - General supplies – inventory control, GPO.
  - Other Insurance – bid, create competitive environment with brokers.

# Cost Containment - Staff

- When staff asks for additional help, don't say yes – evaluate the work flow.
- Don't pay out of market rates because a staff member has been with you for 20 years.
- Evaluate staff ratios per FTE physician and provider to see how you are doing with efficiency.
  - Benchmarks from AMGA and MGMA.

# Cost Containment

You can make progress in this area, but don't be afraid to change vendor relationships, and know that staff will resist some changes. Stay the course, you can make real gains. Persistence is the key, and have patience with the results.

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# Cost Containment

Remember – you still need to invest in your practice with IT, marketing, staff development and infrastructure! You can manage your practice out of existence by only focusing on cost.

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# Financial Reporting

- Basics
  - Income Statement/Balance Sheet
  - Budget
- Dashboards
  - Summary data that is important for your practice
  - Include Benchmarks
    - AMGA, MGMA, AAOE, others



# Contract Negotiation

- Evaluate your position.
  - What creates strength?
- Have a clear understanding of your goals.
- Set a negotiation range you will accept – and stick with it.
- Know the process may be slow.

# Contract Evaluation

- Language
  - A few key areas to address. Don't get lost in the detail. Have a throwaway issue you can give back to the payor in trade on something you really want.
- Rates
  - Look at all revenue sources and how they are treated – E&M, surgery, injections, imaging, DME, etc.

# Marketing

- Where do your patients come from?
- How do your patients judge you?
- How do you connect with your referring physician base?
- What is the present and future for marketing a physician organization?

# How did the patient find you?

- Intake forms should ask how the patient found you. Often multiple items will be identified.
- Track outside referrals, and review trends.
- More patients are self-referring or are “taking control” of their referral.
- The overall patient experience is more important than the clinical outcome.
  - WHAT?

# Marketing

- Provide a great patient experience in the practice.
  - Perform patient satisfaction surveys.
  - Communicate effectively with patients and referring physicians.
  - Statistics show this is an area of weakness for Orthopedic Groups.

# Marketing

- Web presence is critical
  - Professional website.
  - Social media is important – facebook, twitter, blogs.
  - Google your practice, see what people are saying about you.

# Marketing

- Have a creative team work with you on your media, patient education materials, etc.
- If you undertake a broader marketing campaign, measure ROI.
  - This can be hard to do, but is critical.