

Vital Signs

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What are the vital signs for your medical practice?

Comparing your practice with your peers can help you discover your potential for improvement.

Comparing your business results with those of your peers can be a powerful diagnostic tool for discovering the potential for improvement. Examining your overhead structure, for example, and comparing it to the experience of other practices in your specialty, can yield insights about where to focus your cost-cutting efforts. Observations about production variances among physicians can lead to fresh ideas about incentive structures, peer review techniques and information system requirements.

The following measurements are valuable as the most basic vital signs for the vitality of a practice. You can use this form to compare your practice with you peers by referring to data from the most recent **Cost Survey** and **Physician Compensation and Production Survey** from the Medical Group Management Association:

- Average gross charges per physician (Total gross charges/number of full-time-equivalent (FTE) physicians)
- Average compensation per physician (Total physician compensation/number of FTE physicians)
- Overhead as a percent of net receipts (Total non-physician expenses/net receipts)
- Full-time-equivalent staff per physician (FTE staff/FTE physician, where FTE staff equals 40 hours per week)
- Gross collection ratio (Net receipts/gross charges)
- Net collection ratio (Net receipts/(gross charges - adjustments))
- Average age of receivables (Total accounts receivable/(annual gross charges/365))