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PCC Users' Conference 2023

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# **WHY YOU NEED DATA and GETTING THE DATA YOU NEED**

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At the conclusion of the presentation, participants should be able to:

- Illustrate how to turn a “word problem into a math problem,” just like in middle school
- Identify appropriate sources of the data required to make an Evidence Based Practice Management Decision
- Construct a plan and collect the data required to make an important assessment of the practice

## **Learning Objectives**

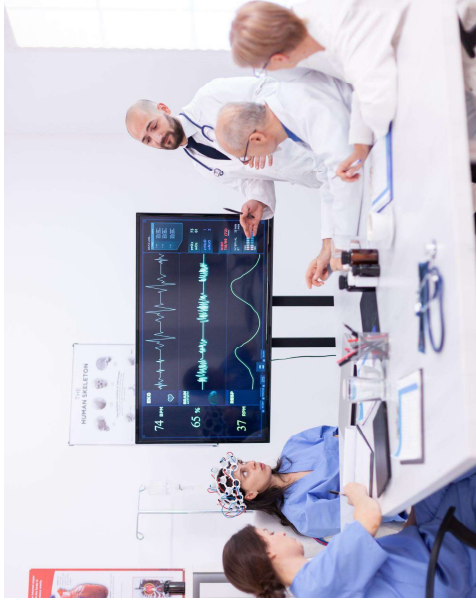
Our 4 doctor/3 NP practice has been **getting slammed online** about our practice being inefficient and **having long wait times** as well as visits taking forever in the office. 2 of our pediatricians have been practicing in the community for more than 20 years and believe that patients should just have to wait for us and stop complaining as the **4** pediatricians are in demand and their time is valuable (although one of them **notoriously shows up 30 minutes after** their first scheduled appointment). One of our most recently added pediatricians and 2 of our NPs **want to go to 20 minute visits** for all sick patients and they also **want more vacation and a raise**. Our office manager says we are having a **hard time making payroll**. Should we just go to 20 minute appointments for all sick kids?

# The Problem



# Content

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- 1 No Data vs. Evidence Based Practice Management
- 2 Important Data Sources
- 3 Let's Dig Into This Case

# Evidence Based Practice Management

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## **Compensation Modeling**

What happens when you depend on “industry standards” to set the salaries for your clinicians? Do you know your overhead, your revenue, RVUs?

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## **Scheduling Management**

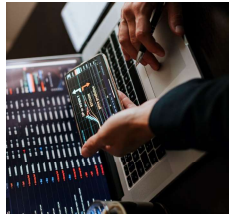
Do you really know how many patients each clinician sees daily? What your demand is for different visits? How many visits do you need in a day to break even?

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## **Patients Smatients**

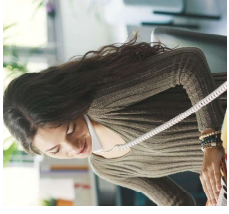
What do your patients really think about you? Has the demand for your practice changed over time?

# Important Data Sources



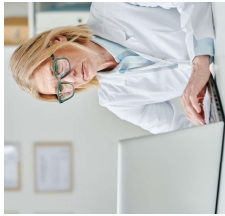
## **Your Billing System – PCC!** Well, duh.

This is SOAPM - **no margin, no mission.**  
CPT volume, RVUs, charges, payments,  
provider productivity, *the Dashboard...*



## **Your Staff** The People Closest To The Work

They have their eyes on your workflow in places you didn't realize exist. They can count and track and provide insight.



## **Your EHR – PCC!** So obvious, but often overlooked.

Overdue patient lists, missing clinical opportunities, quality KPIs - a lot of the missing links!



## **Your Patients** Also known as “The Customer”

The only way to really understand your patients is to *ask them.*

# Important Data Sources

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## You will need to dig deeper

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- ✓ *Why is your doctor always late? And really always?*
- ✓ *How profitable are your clinicians?*
- ✓ *What changes have occurred in the practice?*
- ✓ *Where are your patients coming from and going to?*
- ✓ *How much is your EHR contributing to your time woes?*

# “...they also want more vacation and a raise...”

*How much can you afford to pay your employed clinicians?*

Unless you are willing to subsidize your clinicians and run your practice at a loss, the calculation to determine how much you can pay your clinicians, including yourself, is very straightforward.

**Expected Revenue**

- **Expected Overhead**

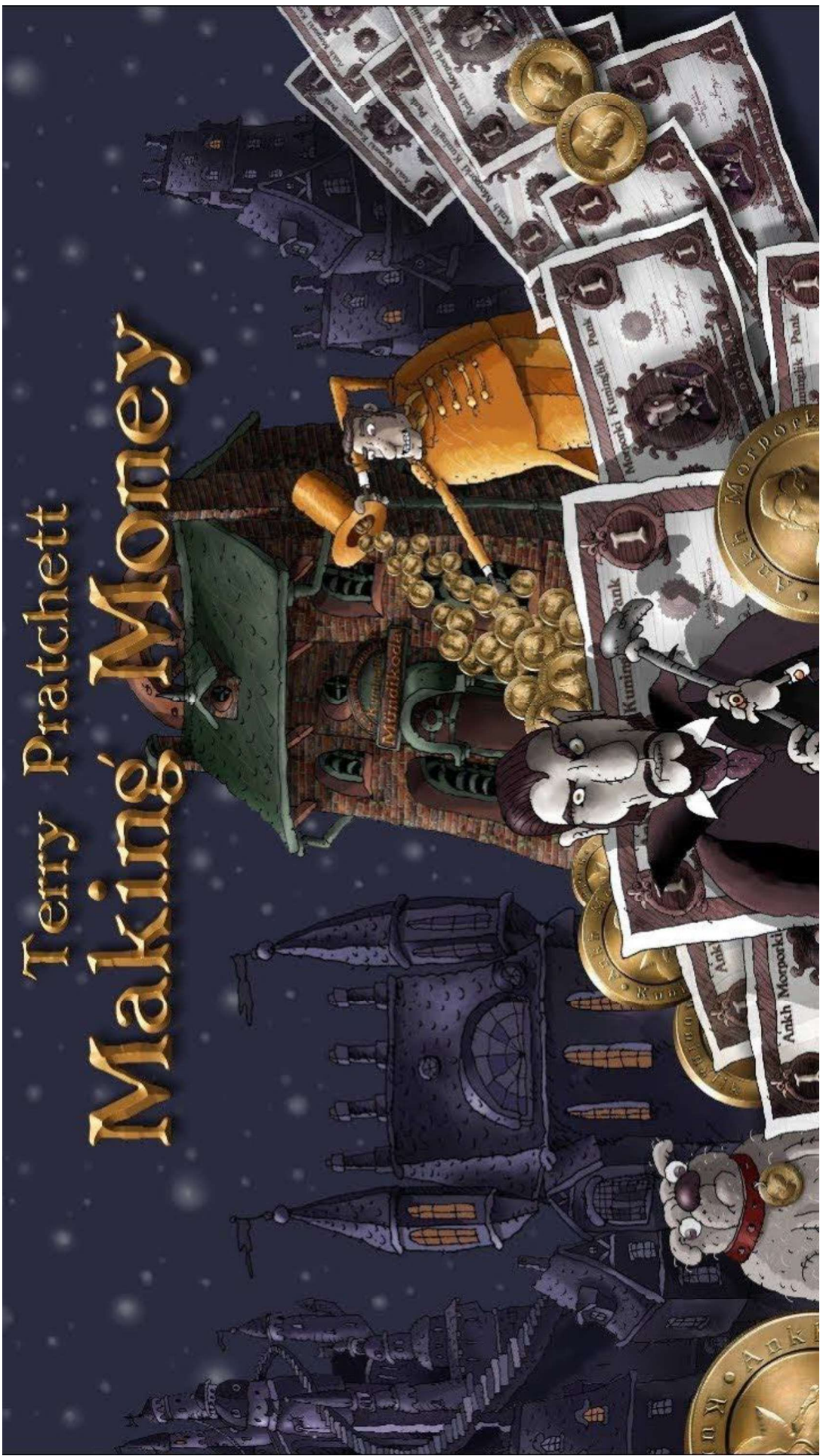
- **Practice Margin**

***What's Left?***

= **Total Compensation Package**



# Terry Pratchett Making Money



# Expected Revenue

How much revenue do you expect your clinician to generate on behalf of your practice? Broadly speaking, it is a simple calculation: the number of patients seen multiplied by the average revenue-per-visit.

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## Patients Per Day

Calculate average patients per day

## Days Per Week

Days per week worked

## Weeks Per Year

52 weeks in year - CME/PTO/Federally Paid

## Visits Per Year

Equals Patients Per Day x Days Per Week x Weeks Per Year

## Revenue Per Visit

**Gross Annual Revenue/# annual visits**

## Revenue Per Year

Total Visits x Revenue Per Visit

# Expected Revenue

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20.9 (patients/day) x

3 (days/week) x

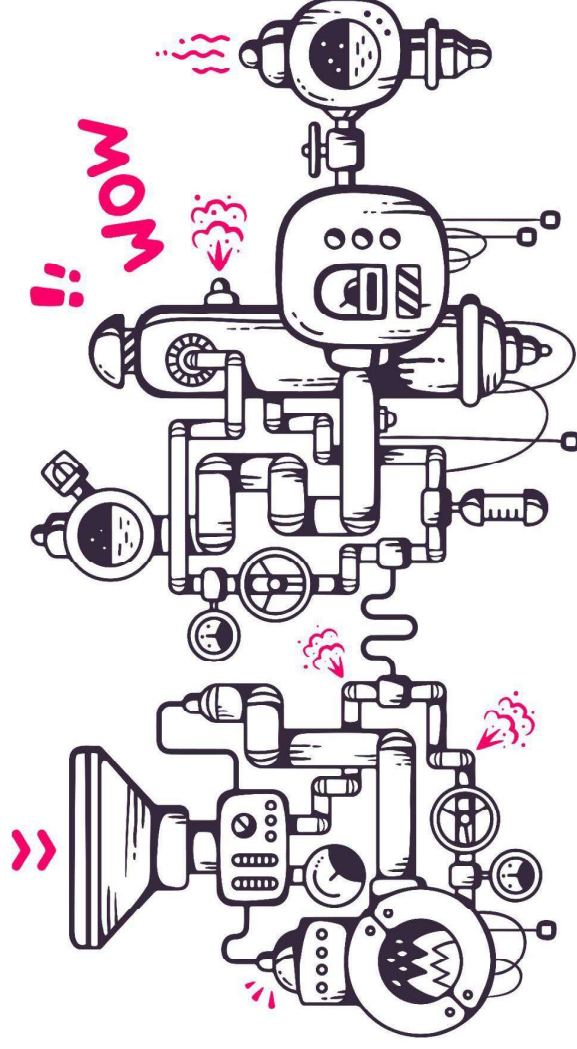
48 (weeks a year) =

**3008 visits/year**

3008 (visits) x

\$151 (rev/vis) =

**\$455,000 Revenue/Year**





# PCC Example

A	B	C	D	E	F	G	H	I	J	K
Title: Total Visits, Charges, and Payments by Provider										
Service Provider Name	Number of Visits	Charge Amount	Avg Charge Per Visit	Amount Deposited (all pmts)	Avg Deposited Per Visit	Amount Due	Amount Collected (all pmts + all adjs)	Percent Collected (all pmts + all adjs)	Number of Procedures	Charges Per Visit
Example Doctor!	3008	\$945,319.09	\$314.27	\$453,671.27	\$150.82	\$0.00	\$945,319.09	100.00%	12238	4.07
Owner Doctor	4427	\$1,455,745.70	\$328.83	\$795,372.60	\$179.66	\$824.56	\$1,454,921.14	99.94%	19326	4.37
None	19	\$867.84	\$45.68	\$867.84	\$45.68	\$0.00	\$867.84	100.00%	19	1.00
Nurse	946	\$98,273.86	\$103.88	\$57,892.12	\$61.20	\$60.00	\$98,213.86	99.94%	2136	2.26
Office	37	\$11,599.30	\$313.49	\$11,599.30	\$313.49	\$0.00	\$11,599.30	100.00%	37	1.00
	8437	\$2,511,805.79	\$297.71	\$1,319,403.13	\$156.38	\$884.56	\$2,510,921.23	99.96%	33756	4.00

SRS -> Provider Productivity Reports -> Total Visits, Charges, Payments By Provider

# Expected Overhead

## Practice Expenses

**Non-clinician expenses, 45-70%**

Rent, vaccines, staff salaries, EHR, billing, bookkeeping, insurance

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## Revenue Generating Clinician Expenses

**Revenue Generating Clinicians, 15-40%**

Salary, malpractice insurance, CME, Payroll expenses, 401K

## Practice Margin

**Practice profit/Rainy day money, 5-20%**

Roof leak, pandemic, vaccine price increases

Note the range of 65% to 130%. Expenses plus margin will always equal 100%...margin can be negative!

# Expected Overhead

<b>Income</b>	\$1,112,000	<b>100%</b>	<b>100%</b>
<b>Practice Expenses</b>	\$691,000	<b>62%</b>	<b>~65%</b>
<b>Clinician Expenses</b>	\$281,000	<b>25%</b>	<b>25%</b>
<b>Practice Margin</b>	\$140,000	<b>13%</b>	<b>10%</b>

Subtract the expenses of all the clinicians from the budget...

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✓ Salaries

✓ Benefits, CME, etc.

✓ Malpractice Insurance

✓ Taxes

✓ Usually between 40-70% of the budget, 55-65% as a rule of thumb.

# Practice Margin

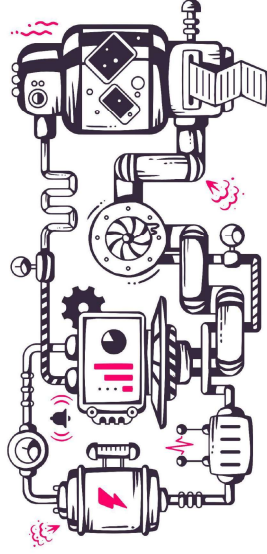
## Risk budget + Owner Compensation

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- ✓ Required for all business contingencies, from repairs to price hikes to pandemics.
- ✓ If all goes well, the owners get to keep what's left.
- ✓ This is the cost of sleepless nights and dinner alone.
- ✓ No margin, no mission. Your practice isn't viable without it.
- ✓ Depending on the market, often ranges from 5-20%, usually around 10%.



# A Real World Example For an NP



**\$345,000**

**Expected Revenue**

From your practice management data

**-\$224,250**

**Expected Overhead**

65% of Expected Revenue

**-\$34,500**

**Practice Margin**

10% of Expected Revenue

*What's Left?*

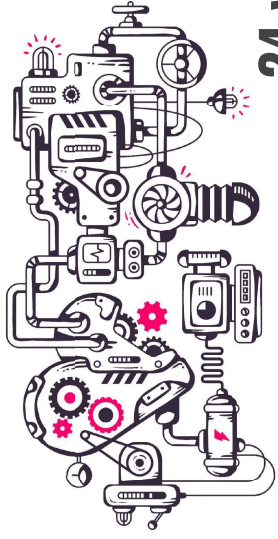
**\$86,250**

**Total Compensation Package**

...or 25% of generated revenue (100% - 65% - 10%)



**...and she  
wants to  
make  
\$100,000!**



**Desired Salary**

**\$100,000**

**Benefits, etc.**

**+\$20,000**

10-20% of Compensation

**Required Revenue**

**\$480,000**

Compensation / (1-(overhead remainder + margin))  
\$120,000 / (1-(.65 + .10))

***Where does this leave us?***

**Patient Volume Required**

**24 visits per day**

(\$490K / \$140 = 3500 patients per year/144 days worked  
Alternatively, increase Revenue/Visit to \$200

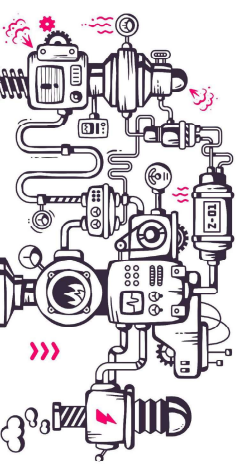
**...or wants  
more  
vacation.**

**Present Total Compensation**

**\$86,250**

**Present Revenue**

**\$345,000**



**Present Volume**

17/day x 3/days-week x 48/weeks-year

**2447 Visits**

*Where does this leave us?*

**3 Additional Weeks of Vacation**

144 Work Days vs. 135 Work Days

9 Days x 17 patients/day = 153 visits distributed over 135 days = 1.13

**1 More Visit A Day**

**...or both?**

**Expected  
revenue  
*should not  
drop!***

**Just add about 8  
visits/day!**

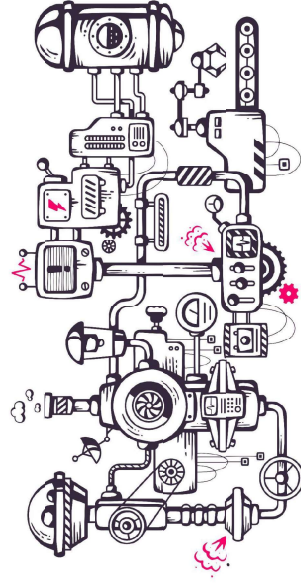
## Calculating Visits Needed Per Day To Meet Salary

A	\$\$ / Visit	\$140	← Estimate	
B	Days Worked	135	← Estimate	
C	Practice Overhead	65%	← Estimate	Usually 45-75%
D	Practice Margin %	10%	← Establish	Usually 5-20%
E	Desired Salary	\$100,000.00	← Establish	
F	Benefits, Taxes, etc.	20%	← Estimate	Usually 10-20%
G	Benefits	\$20,000	E x F	
H	Total Compensation Package	\$120,000	G + H	
I	Required Revenue	\$480,001	$H / (1 - (C + D))$	
J	Patient volume required per year	3429	I / A	
K	Number of Visits per day	25	J / B	

<https://bit.ly/ClinicianCompensationCalc>

# “...our NPs want to go to 20 minute visits for all sick patients...”

*What impact does changing your schedule have on your revenue?*



## 5 Why's

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Why? NP is falling behind with seeing patients

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Why? Patient work-ups are taking too long

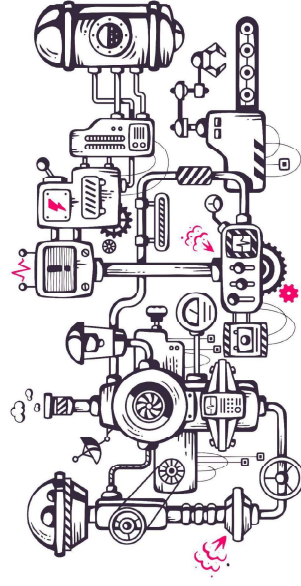
Why? Vitals room is being used, so nurses have to wait

Why? Nurses are not using the 2nd vitals room

Why? They have trouble with the stadiometer in the room

# “...our NPs want to go to 20 minute visits for all sick patients...”

*What impact does changing your schedule have on your revenue?*



## **Present Schedule Configuration**

The existing schedule features 20 minute well visits and 10 minute sick visits for all clinicians. This results in 3 to 6 visits per hour, depending on the visit mix..

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## **Present Visit Payment Distribution**

The average payment per visit for the practice is \$150. Well visits are \$255 and sick visits are \$110. Are they the same for the NPs as well?

## **Visit Ratios**

Over the course of the year, the NPs have a 2:1 Sick:Well Ratio.

## **What's Left?**

## **What happens to my revenue?**

Time to do the math! On average, for the NP, that's 6 sick and 3 wells every 2 hours ((6 x 10min) + (3 x 20min) = 120min).

## NEW Model

### Schedule Configuration *Impact*

20 minute sick visits means the sick volume will be cut in half. This results in 3 visits per hour, regardless of the mix.

### Present Visit Payment Distribution

The average payment per visit for the practice is \$150. Well visits are \$255 and sick visits are \$110. Are they the same for the NPs as well?

### Visit Ratios *Impact*

The visit ratio would now be 1:1 due to a decrease in sick visit volume.

## What happens to my revenue?

The NP now averages between \$330 - \$765 per hour (3 sick or 3 well per hour). Average is \$450 (\$150x3). Over a 6-clinical hour day, **that's a loss of \$1350 per day.**

## OLD Model

### Present Schedule Configuration

The existing schedule features 20 minute well visits and 10 minute sick visits for all clinicians. This results in 3 to 6 visits per hour, depending on the visit mix..

### Present Visit Payment Distribution

The average payment per visit for the practice is \$150. Well visits are \$255 and sick visits are \$110. Are they the same for the NPs as well?

### Visit Ratios

Over the course of the year, the NPs have a 2:1 Sick:Well Ratio.

## What happens to my revenue?

The NP averages between \$660 - \$765 per hour in total revenue (6 sick visits or 3 well visits, per hour). Average is \$630 (\$140x4.5).

## Expected Revenue, Converted to Hourly

What data do we need?

Average hourly revenue, average overhead, no-show rate.

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## Let's Convert The Word Problem

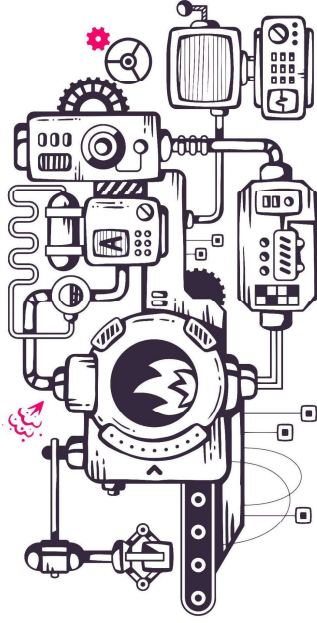
NP generates an average of \$630/hour when fully booked. Overhead is 65%, margin is 10%, so...  
 $\$630 \times .25 = \$158$  / hour when appointments are full. Subtract 20% benefits to get \$126 / hr. An 8% no-show-rate drops that to \$116 / hour.

## What happens to my revenue?

If you can keep her relatively full, the practice can afford to pay her \$100 an hour and generate a larger margin! Payroll is now variable based on how much she works with near-guaranteed profit.

“...having trouble making payroll...”

*What happens if you move the NP to hourly?*





# Critical Reasoning Skills:

“ ...the pediatricians are in demand and their time is valuable (although one of them notoriously shows up 30 minutes after their first scheduled appointment)...”

## **Patient Demand and Volume**

Active patient counts. Age distribution of patients. Patient surveys, online reviews.

1

## **Scheduling Data**

Real visit volume. Appointment depth. Appointment mix. Payor mix. Waiting times. Starting times.

2

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## **Clinical Data**

Bright Futures periodicity coverage - well visits, vaccines, screening, etc.

3

## **Financial Data**

Revenue/Visit over time. Clinician productivity. Practice overhead and profitability.

4

**But wait, there's more!**

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# Critical Reasoning Skills:

**“ ...the pediatricians are in demand and their time is valuable (although one of them notoriously shows up 30 minutes after their first scheduled appointment)...”**

## Workflow Data

Are most patients arriving late? Is front desk not verifying insurance before the day of service? Is front desk too busy answering phones? Does the EHR make checking-in difficult?

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Are there not enough rooms? Are there not enough nurses to work-up the patients? Are there bottlenecks with the vitals room? Are there not enough nurses to give shots? Is the lab too small and can have only one nurse at a time?

Is the clinician perpetually late from patient #1? Is the clinician taking 30 minutes per room no matter what kind of visit it is? Does the clinician have more complicated patients? Does the clinician spend more time surfing the web/checking emails then working? Is the EHR slowing down the clinician?

# Changes You May Wish To Make In Practice

- Before your next business decision, commit to approaching the challenge with an Evidence Based Practice Management Perspective
- Gather real data from your practice to predict what the outcome of your decisions will be
- Review your business decisions after-the-fact to determine how accurate your predictions were