

Leveraging Your Fixed Costs



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Much like airplanes, medical practices carry a multitude of fixed expenses. When a plane takes off, the airline must pay for the pilots, flight attendants, mechanics, and gas, regardless of whether every seat is taken – or just a handful. The nature of bearing these fixed costs makes selling a ticket for each seat of the airplane of vital importance to the business. Airlines have gotten creative – offering tickets at various prices based on the size and position of the seat as well as selling seats at higher prices as the plane fills. Medical practices don't have the luxury of using pricing tactics to boost profits, but there are overlooked opportunities to leverage the practice's fixed costs to boost revenue without adding additional expenses.

Office space represents a major expenditure of fixed costs; most practices use this investment about 25% of the time (typically 45 operating hours, as compared to 168 hours of the week). Consider ways to use space during the 75% downtime; early morning, weekend, and evening hours add patient convenience without an additional cost outlay for rent. These non-traditional hours are often a great solution to decompress a crowded day and may even save expenses related to staff overtime. Unless your practice features a walk-in clinic, your practice controls the hours that are used (via your scheduling

template). Therefore, there's no need to open every morning, evening, etc., but the additional 7:00 or 7:30 a.m. appointment slot(s) that can be added once a week will surely delight your patients, without increasing your rent expenses. Consider combining two part-time physicians to create a 12-hour, 7:00 a.m. to 7:00 p.m. template that optimizes space.

In addition to expanding hours, consider how your practice utilizes space today. Divide each area into two categories: revenue-producing and non-revenue-producing. Are there opportunities to transfer the latter into revenue-producing space? This may involve migrating staff positions to work-from-home (or rotating one week in/one week out, etc., so that two positions can share a workstation); or, you may find value from reducing the size of your waiting room to create another exam room or two, which may also improve patient flow (and patient experience potentially).

Medical practices have historically spent thousands of dollars on clipboards, paper, and printing, but the pre-visit workflow can be streamlined with readily available tools. Successful practices put these tools into the hands of their free employee – *the patient!* Forms are transmitted electronically in advance of the visit, reducing the time that a patient spends in the waiting room – and the staff time required to manage it. Don't limit your requests to demographic information; consider integrating your entire registration process, as well as past family social history.

Boost your patient flow efforts by improving your schedule management. Don't overbook: *book strategically*. There are opportunities to improve the distribution of appointments nearly every day. Consider the first appointments of the morning and afternoon, for example. If you give them to new patients, that protocol will cost you precious time. New patients naturally take longer to process through reception and result in a higher no-show rate. To start on time, commence each half-day session with an established patient. Add efforts such as identifying predictable no-shows through an advance review of tomorrow's schedule, convert cancelled slots through an automated waitlist function, and avoid booking routine follow-up visits on the day of your highest demand (e.g., Mondays). There are so many tips and tricks to improve the management of the schedule; engage with the experts on your team – your schedulers – to glean their ideas on improvement opportunities.

Your team of employees represents the single largest category of costs, but focusing solely on expenses disguises the opportunity to leverage this amazing resource. Consider the services that your team can perform – principal care management (PCM), for example, offers an often-overlooked opportunity to code and bill for the amazing work performed by your clinical team. (There are a host of “care management” CPT codes that are under used.) Find more information [here](#) and [here](#). CPT 99211, often referred to as the code for a “nurse visit” and confirmed by the description: “may not require the presence of a physician or other qualified health care professional,” is rarely used. There is a medley of overlooked coding opportunities; determine if any may work for your practice.

Don't reinvent the wheel; network with stakeholders to identify opportunities. Connect with your colleagues around the region; what services are they offering? Contact the practice

management advisors employed by your specialty society: what advice might they have to improve your practice? Reach out to the SVMIC team at ContactSVMIC@svmic.com or 800.342.2239. Commit a few hours to running a Web search on your specialty, along with terms like “revenue,” “business,” and “management.”

When an airplane takes off, there’s no turning around to accommodate more passengers – or reduce the costs associated with getting the plane in the sky. There’s no “turning around” at the end of the day for a medical practice either, so the time is now to consider opportunities to leverage your investment into fixed costs.

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