



Improve Your Bottom Line with Little Expense

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Whether you are an integrated health system or a private practice, rising operating costs, changes in reimbursement and healthcare reform (however it ends up being structured) is affecting your bottom line. A basic accounting principle **Income – Expense = Profit** tells us there are two choices, reduce Expense or increase Income. The issue is often times it is difficult to significantly improve Profit by reducing Expense without hurting your ability to produce Income.

So, how difficult is it to increase Income? Assuming you have the patient demand, Practice Flow Solutions finds this fairly easy and often times can be accomplished with

surgery, etc. Let's look at the use of doctors' time for example.

How often are the doctors without a patient ready to see, performing tasks they could delegate, or having their time consumed with performing tasks that do not require a doctor to do? This happens in your practice more often than you realize.

For instance, below is a summary of a **PracticeWatch** time study that Practice Flow Solutions performed recently on several providers.

Each provider was observed and how their time was

PracticeWatch Study Summary

Doctor	Timing		Time Allocation			Total Time	Efficiency %
	Start Time	End time	Practice	Staff	Lost		
Dr. Clifton Richardson, PA	10:49:36 AM	4:23:06 PM	3:21:02	7:35	19:19	5:33:30	60.28%
Dr. Wohl DeWayne, PA	9:19:23 AM	12:32:35 PM	2:41:37	12:10	19:25	3:13:12	83.65%
Dr. McIntire	9:33:20 AM	12:12:03 PM	2:21:38	7:06	9:59	2:38:43	89.24%
	8:56:21 AM	12:40:51 PM	2:42:12	9:44	52:34	3:44:30	72.25%

little investment (increasing the Expense). The answer is to apply a real estate concept of "Highest and Best Use". Meaning use your doctors' and staff's time to their highest and best use. This will allow them to generate the most volume (both in patients and revenue) per unit of time. More often than not this is not being accomplished. This concept works for any part of your practice or System that processes patients, such as doctors, diagnostics, imaging,

consumed was tracked. The time was allocated to one of three categories:

Practice Time: Time consumed by tasks that only that provider could perform.

Staff Time: Time consumed by tasks the provider could delegate to support staff.

Lost Time: Time that was consumed that generated no benefit for the patient or practice.

The total time in each of these categories is the sum of bits of time throughout the day. It is the small things that add up to large quantities of time and really hamper the production of doctors and staff.

An Efficiency rating is applied to see how much of the doctors' time is Practice Time versus their Overall Time.

As the data indicates the amount of time that providers spend actually practicing medicine can be a fraction of the overall time they are in clinic.

So how does a Health System or practice go about recapturing this time? You first have to be able to identify the time that could be recaptured. This will require a detailed time study of the providers' and staff's time. While observing and performing the time study, each and every thing that consumes their time must be noted. These events and the time associated are allocated to one of the three categories above. This is where the saying "that is how we have always done it" needs to be challenged and the saying "yes, but do we have to do it that way?" needs to be adopted. If not, you will not be able to accurately identify events that could be corrected or removed and allow those events' time to be recaptured for the practice.

Once you have this data, two other pieces of data need to be developed from it:

How much more Income could be produced?

With the recaptured time how many more patient encounters, lab tests, MRIs, CTs, surgeries, etc. could be done?

What additional Expenses will I incur to recapture this time?

This list should be in three categories, staff, equipment and space.

You now have the data to objectively evaluate changes that need to be made within your Practice Flow. Everything will not be easy to accomplish. Many of the items Practice Flow Solutions discovers can be accomplished within practices' current space they have, some cannot. The above Expenses and Income data you develop should further be broken down into what could be achieved in the current facility and what would require new space. If new space is ultimately needed, often times the gains that can be achieved within the current space will pay for the new facility down the road when times allow new construction.

By not only looking at the Expense of becoming more efficient and productive, but also the Income side of the equation as well, you will see that small investments (Expense) in additional resources (staff, equipment, space) can drastically improve the bottom line of your Integrated Health System or Practice.



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