

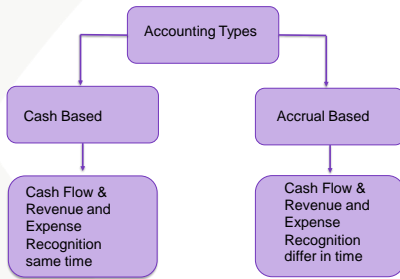


MGMA Body of Knowledge

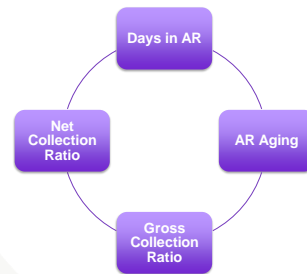
- Operations Management
- Financial Management**
- Human Resource Management
- Risk and Compliance Management
- Organizational Governance
- Patient Centered Care



Cash vs. Accrual Accounting



Accounts Receivable Overview



Accounts Receivable Aging

| Aged Trial Balance | | | | | | |
|----------------------|--------------|---------------|---------------|----------------|--------------|---------------|
| | AR 0-30 Days | AR 31-60 Days | AR 61-90 Days | AR 91-120 Days | AR 120+ Days | AR Total |
| Insurance | \$45,000.00 | \$25,000.00 | \$15,000.00 | \$10,000.00 | \$5,000.00 | \$100,000.00 |
| Patient | \$7,000.00 | \$2,000.00 | \$3,000.00 | \$5,000.00 | \$5,000.00 | \$20,000.00 |
| Credits | (\$1,000.00) | (\$2,000.00) | (\$3,000.00) | (\$4,000.00) | (\$5,000.00) | (\$15,000.00) |
| AR including Credits | \$45,000.00 | \$25,000.00 | \$15,000.00 | \$11,000.00 | \$5,000.00 | \$105,000.00 |
| AR without Credits | \$46,000.00 | \$27,000.00 | \$18,000.00 | \$16,000.00 | \$14,000.00 | \$120,000.00 |
| % of Total AR | 38.3% | 22.6% | 15.0% | 12.5% | 11.7% | 100.00% |

| Median | 0-30 | 31-60 | 61-90 | 91-120 | 120+ | Days in AR (Gross) | Total AR per physician |
|-----------------|------|-------|-------|--------|------|--------------------|------------------------|
| Row Labels | 0-30 | 31-60 | 61-90 | 91-120 | 120+ | | |
| Family Medicine | 57.5 | 10.9 | 6.6 | 5.2 | 14.3 | 33.0 | 97,061.7 |



Days in Accounts Receivable

- ◆ Average number of days it takes a practice to collect payments due.
- ◆ Below 50 days at minimum
- ◆ 30 to 40 days is preferable
- ◆ Calculation
 - Total AR-Credits/ Average Charge per Day
 - 105,000-(-15,000)/ (700,000/365)
 - 120,000/1917.80
 - 62.57



Chart of Accounts



Chart of Accounts Coding Structure

| Entity Field | Basic Field | Responsibility Center Field | Provider Field |
|--------------|-------------|-----------------------------|----------------|
| 00 | 0000 | 00 | 000 |

| Category | Number |
|-------------|-----------|
| Assets | 1000-1999 |
| Liabilities | 2000-2999 |
| Equity | 3000-3999 |
| Revenues | 4000-4999 |
| Expenses | 5000-9999 |

Income Statement

- ◆ Also called Profit and Loss
- ◆ Profitability over specified time period
- ◆ Measures
 - Revenues,
 - Expenses,
 - Gains
 - Losses



Income Statement – Wrong Way Peds

| Revenues | Current Month | Dec - YTD |
|------------------------------|----------------|------------------|
| Patient revenue received | 546,000 | 6,400,000 |
| Miscellaneous income | 1,000 | 14,000 |
| Refunds | (2,000) | (20,000) |
| Total Revenues | 545,000 | 6,394,000 |
| Expenses | | |
| Accounting & bookkeeping | 3,000 | 36,000 |
| Advertising and promotion | 1,400 | 24,000 |
| Bank Charges | 400 | 3,600 |
| Computer expense | 7,600 | 88,000 |
| Continuing medical education | - | 1,000 |
| Credit card fees | 1,600 | 20,000 |
| Depreciation | 1,500 | 18,000 |
| Dues and fees | 900 | 1,200 |
| Education | 200 | 1,200 |
| Insurance | 22,800 | 339,800 |
| Interest | 400 | 5,000 |
| Leased equipment | 1,200 | 14,800 |
| Legal fees | 500 | 5,000 |

Income Statement – Wrong Way Peds

| | | |
|-------------------------------|----------------|------------------|
| Meals and entertainment | 400 | 7,000 |
| Medical records | 400 | 8,000 |
| Medical supplies | 8,000 | 100,000 |
| Office expense | 4,000 | 60,000 |
| Payroll fees | 4,000 | 48,000 |
| Payroll taxes | 23,600 | 228,000 |
| Physician expenses | 10,000 | 25,000 |
| Publications | - | 3,600 |
| Rent | 32,000 | 384,000 |
| Reparis and maintenance | 1,900 | 8,600 |
| Retirement plan contributions | 22,000 | 320,000 |
| Salaries | 256,000 | 3,598,000 |
| Taxes -other | - | 2,400 |
| Telephone | 5,000 | 60,000 |
| Vaccinations and drugs | 130,000 | 970,000 |
| Waste removal | 700 | 4,400 |
| Total Expenses | 538,900 | 6,384,600 |
| Net Income/(Loss) | 6,100 | 9,400 |

Income Statement - Right Way Peds

| Revenues | Current Month | Year to Date |
|--|----------------|------------------|
| Professional fees | 456,000 | 5,300,000 |
| Vaccines & immunizations | 90,000 | 1,100,000 |
| Miscellaneous income | 1,000 | 14,000 |
| Refunds | (2,000) | (20,000) |
| Total Revenues | 545,000 | 6,434,000 |
| | 100% | 100% |
| Physician Expenses | | |
| Salaries | 120,000 | 1,800,000 |
| Physician Expense | 10,000 | 25,000 |
| Health Insurance | 5,000 | 60,000 |
| Payroll Taxes | 11,600 | 90,000 |
| Retirement plan Contribution | 8,000 | 150,000 |
| Total physician expenses | 154,600 | 2,125,000 |
| | 28% | 33% |
| Non Physician Provider Expenses | | |
| Salaries-Physician Assistants | 34,000 | 574,000 |
| Payroll taxes | 4,000 | 42,000 |
| Health insurance | 3,000 | 34,000 |
| Retirement Plan | 4,000 | 50,000 |
| Continuing medical education | - | 1,000 |
| Total Mid-Level Provider Expenses | 45,000 | 701,000 |
| | 8% | 11% |

Income Statement - Right Way Peds

| | | | |
|-------------------------------------|----------------|------------|----------------------|
| Staff Expenses | | | |
| Salaries - Medical Assts | 32,000 | 6% | 384,000 6% |
| Salaries - Nurses | 12,000 | 2% | 144,000 2% |
| Salaries - Receptionists | 28,000 | 5% | 336,000 5% |
| Salaries - Business Office | 30,000 | 6% | 360,000 6% |
| Health insurance | 8,600 | 2% | 103,200 2% |
| Retirement plan contribution | 10,000 | 2% | 120,000 2% |
| Payroll taxes | 8,000 | 1% | 96,000 1% |
| Total Staff Expense | 128,600 | 24% | 1,543,200 24% |
| General & Administrative | | | |
| Accounting & bookkeeping | 3,000 | 1% | 36,000 1% |
| Advertising and promotion | 1,400 | 0% | 24,000 0% |
| Bank charges | 400 | 0% | 3,600 0% |
| Computer expense | 7,600 | 1% | 88,000 1% |
| Credit card fees | 1,600 | 0% | 20,000 0% |
| Depreciation | 1,500 | 0% | 18,000 0% |
| Dues and fees | 300 | 0% | 1,200 0% |
| Education | 200 | 0% | 1,200 0% |
| Insurance - general | - | 0% | 2,600 0% |
| Insurance - professional liability | 5,000 | 1% | 126,000 2% |
| Insurance - workers compensation | 1,200 | 0% | 14,000 0% |
| Interest | 400 | 0% | 5,000 0% |



Income Statement - Right Way Peds

| | | | |
|---|----------------|------------|----------------------|
| Leased equipment | 1,200 | 0% | 14,800 0% |
| Legal fees | 500 | 0% | 5,000 0% |
| Meals and entertainment | 400 | 0% | 7,000 0% |
| Medical records | 400 | 0% | 8,000 0% |
| Medical supplies | 8,000 | 1% | 100,000 2% |
| Office expense | 4,000 | 1% | 60,000 1% |
| Payroll fees | 4,000 | 1% | 48,000 1% |
| Publications | - | 0% | 3,600 0% |
| Rent | 32,000 | 6% | 384,000 6% |
| Repairs and maintenance | 1,900 | 0% | 8,600 0% |
| Taxes - other | - | 0% | 2,400 0% |
| Telephone | 5,000 | 1% | 60,000 1% |
| Vaccinations and drugs | 130,000 | 24% | 970,000 15% |
| Waste removal | 700 | 0% | 4,400 0% |
| Total General & Administrative | 210,700 | 39% | 2,015,400 33% |
| Total Overhead | 339,300 | 62% | 3,558,600 55% |
| Total Expense | 538,900 | 99% | 6,384,600 99% |
| Net Income/(Loss) | 6,100 | | 49,400 |



Income Statement Benchmarked

| | Current | Budget | MDMA Median |
|---|-------------------------|---------------------------|--------------|
| | Dec FY17 | | |
| Revenues | 6,434,000 100.0% | 6,586,211 100.0% | |
| Total physician expenses | 2,174,400 33.8% | 2,299,300 34.9% | 40.6% |
| Total mid-level provider expenses | 701,000 10.9% | 701,000 10.6% | 4.9% |
| Total staff expense | 1,543,200 24.0% | 1,543,200 23.4% | 23.6% |
| General & Administrative | | | |
| Information technology | 156,000 2.4% | 156,000 2.4% | 1.4% |
| Drug supply | 970,000 15.1% | 999,947.63 15.1% | 17.1% |
| Medical and surgical supply | 100,000 1.6% | 102,365.74 1.6% | 0.9% |
| Building and occupancy | 397,000 6.2% | 397,000 6.0% | 5.5% |
| Furniture and equipment | 14,800 0.2% | 14,800 0.2% | 0.2% |
| Furniture/equipment depreciation | 18,000 0.3% | 18,000 0.3% | 0.4% |
| Administrative supplies and services | 83,600 1.3% | 85,577.75 1.3% | 0.8% |
| Professional liability insurance | 126,000 2.0% | 126,000 1.9% | 1.0% |
| Other insurance premiums | 16,600 0.3% | 16,600 0.3% | 0.4% |
| Outside professional fees | 89,000 1.4% | 89,000 1.4% | 0.4% |
| Promotion and marketing | 34,000 0.4% | 34,000 0.4% | 0.2% |
| Miscellaneous operating cost | 20,400 0.3% | 20,400 0.3% | 1.0% |
| Total General & Administrative | 2,015,400 31.3% | 2,042,691.12 31.0% | 36.7% |
| Total Overhead | 3,558,600 55.3% | 3,586,891 54.4% | 60.2% |
| Total Expense | 6,434,000 100.0% | 6,586,211 100.0% | |



Provider Compensation & Production Example

Provider Compensation

for Family Medicine (without OB)
2017 REPORT BASED ON 2016 DATA

Family Medicine (without OB)

| Specialty | Group Count | Count | All Practice Types | | | | | | |
|--------------------|-------------|-------|--------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| | | | Mean | Std Dev | 10th %ile | 25th %ile | Median | 75th %ile | 90th %ile |
| Collections 9% | 480 | 1,997 | \$454,905 | \$191,484 | \$249,236 | \$332,350 | \$434,971 | \$553,059 | \$677,048 |
| TC | | | | | | | | | |
| Gross Charges 9% | 392 | 1,947 | \$900,082 | \$352,587 | \$451,368 | \$588,190 | \$749,888 | \$931,272 | \$1,190,285 |
| 9% TC | | | | | | | | | |
| Total Compensation | 1,123 | 6,948 | \$254,734 | \$96,504 | \$163,808 | \$195,987 | \$233,770 | \$294,418 | \$373,019 |
| Total | 190 | 1,811 | 3,758 | 1,988 | 1,948 | 2,896 | 3,495 | 4,412 | 5,512 |
| Physicians | | | | | | | | | |
| Walk RVAs | 852 | 5,833 | 4,980 | 1,904 | 2,850 | 3,885 | 4,850 | 5,947 | 7,150 |



Cost & Revenue Example

Cost and Revenue

All Practices Expenses as a % of Total Medical Revenue for Group Type for Physician Owned

2017 REPORT BASED ON 2016 DATA

Expenses as a % of Total Medical Revenue for Group Type for Physician Owned

| Benchmark | Group Count | Mean | Std Dev | All Practice Types | | | | | |
|---|-------------|--------|---------|--------------------|-----------|---------|-----------|-----------|--|
| | | | | 10th %ile | 25th %ile | Median | 75th %ile | 90th %ile | |
| Total provider cost | 70 | 63.16% | 22.41% | 35.43% | 43.49% | 61.52% | 80.05% | 92.53% | |
| Total physician cost | 87 | 51.47% | 17.06% | 29.65% | 37.76% | 52.17% | 62.16% | 72.94% | |
| Total nonphysician provider cost | 70 | 13.84% | 14.03% | 1.84% | 4.74% | 6.61% | 14.93% | 39.74% | |
| Total support staff | 86 | 17.68% | 10.15% | 1.65% | 8.44% | 20.28% | 23.74% | 31.49% | |
| Total business operations support staff | 84 | 4.92% | 2.69% | 1.37% | 3.16% | 4.75% | 6.30% | 8.49% | |
| Total front office support staff | 68 | 3.91% | 2.00% | .85% | 2.54% | 3.79% | 5.61% | 6.60% | |
| Total clinical support staff | 64 | 4.74% | 2.61% | 1.37% | 3.25% | 4.49% | 5.77% | 8.57% | |
| Total ancillary support staff | 49 | 3.89% | 3.48% | 1.09% | 2.07% | 3.02% | 4.49% | 7.37% | |
| Total general operating cost | 90 | 18.97% | 14.96% | 4.25% | 8.14% | 15.68% | 25.56% | 36.35% | |
| Total operating cost | 90 | 35.78% | 21.38% | 7.23% | 12.26% | 38.08% | 51.61% | 62.69% | |
| Total cost | 87 | 98.96% | 10.13% | 92.17% | 97.94% | 100.00% | 101.15% | 105.35% | |



Management and Staff Example

Management and Staff

Total Compensation for
2017 REPORT BASED ON 2016 DATA

National

| Specialty | Group Count | Count | All Practice Types | | | | | | |
|--------------------------|-------------|-------|--------------------|---------|-----------|-----------|----------|-----------|-----------|
| | | | Mean | Std Dev | 10th %ile | 25th %ile | Median | 75th %ile | 90th %ile |
| Licensed Practical Nurse | 448 | 3,465 | \$39,994 | \$9,419 | \$29,994 | \$34,314 | \$39,270 | \$45,292 | \$52,085 |

Southern Section

| Specialty | Group Count | Count | All Practice Types | | | | | | |
|--------------------------|-------------|-------|--------------------|---------|-----------|-----------|----------|-----------|-----------|
| | | | Mean | Std Dev | 10th %ile | 25th %ile | Median | 75th %ile | 90th %ile |
| Licensed Practical Nurse | 152 | 1,697 | \$39,875 | \$9,343 | \$29,853 | \$33,331 | \$39,836 | \$45,588 | \$53,521 |

Tennessee

| Specialty | Group Count | Count | All Practice Types | | | | | | |
|--------------------------|-------------|-------|--------------------|---------|-----------|-----------|----------|-----------|-----------|
| | | | Mean | Std Dev | 10th %ile | 25th %ile | Median | 75th %ile | 90th %ile |
| Licensed Practical Nurse | 15 | 173 | \$33,790 | \$7,112 | \$26,368 | \$30,310 | \$34,278 | \$38,087 | \$41,314 |



Balance Sheet

- Snapshot of financial position at a point in time
- Identifies owns, owes and worth
- Measures liquidity and solvency

| | | | | |
|---------------------|---|--------------------|---|----------------------|
| Assets | = | Liabilities | + | Owners Equity |
| Cash | | Accounts Payable | | Stock |
| Accounts Receivable | | Lines of Credit | | Accumulated Earnings |
| Investments | | | | |
| Furniture | | | | |
| Equipment | | | | |



BALANCE SHEET

| ASSETS | | |
|-------------------------------|----------|----------|
| | 2016 | 2015 |
| CURRENT ASSETS | | |
| Checking Account | 45,800 | 36,600 |
| Petty Cash | 1,000 | 1,000 |
| Total current assets | 46,800 | 37,600 |
| PROPERTY AND EQUIPMENT | | |
| Computer hardware | 30,000 | 25,000 |
| Furniture and fixtures | 27,000 | 27,000 |
| Leasehold improvements | 66,000 | 66,000 |
| Medical equipment | 10,000 | 9,000 |
| Office equipment | 27,000 | 26,000 |
| Accumulated depreciation | (83,000) | (65,000) |
| Net property and equipment | 77,000 | 88,000 |
| OTHER ASSETS | | |
| Deposits | 4,000 | 4,000 |
| Investments | 3,000 | 3,000 |
| Total other assets | 7,000 | 7,000 |
| TOTAL ASSETS | 130,800 | 132,600 |



BALANCE SHEET

| LIABILITIES AND STOCKHOLDERS EQUITY | | |
|--|---------|---------|
| CURRENT LIABILITIES | | |
| Payroll taxes payable | 13,000 | 11,000 |
| Retirement plan contributions payable | 19,000 | 21,000 |
| Total current liabilities | 32,000 | 32,000 |
| LONG TERM LIABILITIES | | |
| Note Payable | 73,150 | 84,350 |
| Total Liabilities | 105,150 | 116,350 |
| STOCKHOLDERS EQUITY | | |
| Common stock | 5,000 | 5,000 |
| Retained earnings | 20,650 | 11,250 |
| Total stockholders equity | 25,650 | 16,250 |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | 130,800 | 132,600 |



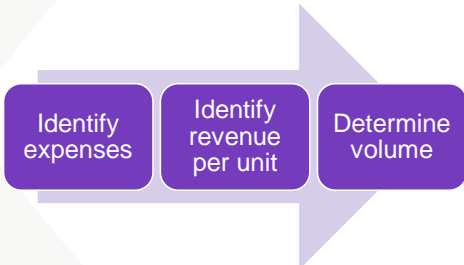
Balance Sheet Ratios

Liquidity - Ability to pay bills
 Current Ratio = Current Assets/Current Liabilities
 1.46 = \$46,800/\$32,000
 > 2 to 1 ratio is good

Solvency - Borrowing power
 Debt to Equity Ratio = Total Liabilities / Total Equity
 4.10 = \$105,150/\$25,650
 < 3 to 1 ratio is good



Proforma/Breakeven Analysis



Proforma/Breakeven Example

| | | | | |
|------------------------|-------------------------------|-------------------------|--------------|----------------|
| Office Charges | | | | |
| Weeks/Year | | 48 | | |
| Patients/ Day | | 11 | | |
| Days/week | | 4.5 | | |
| Incident To % | | 75% | | |
| CPT CODE | Medicare Reimbursement | CPT Distribution | Units | REV/YR |
| 99212 | \$ 40.18 | 8% | 143 | 5,515 |
| 99213 | \$ 68.05 | 80% | 1,901 | 124,499 |
| 99214 | \$ 100.47 | 10% | 238 | 22,976 |
| 11402 | \$ 151.23 | 2% | 48 | 6,917 |
| 11403 | \$ 175.13 | 2% | 48 | 8,010 |
| | | | 2,376 | 167,917 |
| Midlevel Salary | \$ 100,000.00 | | | |
| Midlevel Benefits 20% | \$ 20,000.00 | | | |
| LPN Exp | | | | |
| Employee Wage | \$ 16.00 | | | |
| Hrs/week | 40 | | | |
| Hrs/Yr | 2,080 | | | |
| Base Salary | \$ 37,440.00 | | | |
| Benefit % | 20% | | | |
| Benefits | \$ 7,488.00 | | | |
| LPN Annual Cost | \$ 44,928.00 | | | |
| Revenues | | | | |
| Collectors | \$ 167,917.00 | | | |
| Expenses | | | | |
| Direct NP Expenses | | | | |
| Salary | \$ 100,000.00 | | | |
| Benefits | \$ 20,000.00 | | | |
| Support Staff Expenses | | | | |
| LPN Salary | \$ 37,440.00 | | | |
| LPN Benefits | \$ 7,488.00 | | | |
| Total Expenses | \$ 164,928.00 | | | |
| Net Income | \$ 2,989.00 | | | |



US Proforma/Breakeven

| Code | Medicare Reimbursement | Units | Gross REV/YR | | | | | | | |
|---------------------|------------------------|-------|--------------|-----------|-----------|-----------|-----------|-----------|------------|--|
| 78801 | \$113.73 | 200 | \$ 22,746 | | | | | | | |
| 78805 | \$130.48 | 575 | \$ 75,026 | | | | | | | |
| 78815 | \$78.03 | 100 | \$ 7,803 | | | | | | | |
| 78830 | \$111.31 | 50 | \$ 5,566 | | | | | | | |
| | | | \$111,141 | | | | | | | |
| | | | | Yr.1 | Yr.2 | Yr.3 | Yr.4 | Yr.5 | Total | |
| | | | | \$111,141 | \$111,141 | \$111,141 | \$111,141 | \$111,141 | \$55,703 | |
| Lease US Equipment | \$105,300 | | | \$ 21,060 | \$ 21,060 | \$ 21,060 | \$ 21,060 | \$ 21,060 | \$ 105,300 | |
| Annual | | | | | | | | | | |
| Supply Main \$ | \$ 5,265 | | | \$ 5,265 | \$ 5,265 | \$ 5,265 | \$ 5,265 | \$ 5,265 | \$ 26,325 | |
| Service Agreement | \$ 9,490 | | | \$ 9,490 | \$ 9,490 | \$ 9,490 | \$ 9,490 | \$ 9,490 | \$ 47,450 | |
| Technician | \$ 62,400 | | | \$ 62,400 | \$ 62,400 | \$ 62,400 | \$ 62,400 | \$ 62,400 | \$ 312,000 | |
| Technician Benefits | \$ 12,480 | | | \$ 12,480 | \$ 12,480 | \$ 12,480 | \$ 12,480 | \$ 12,480 | \$ 62,400 | |
| Total Annual Exp | \$ 89,635 | | | \$ 89,635 | \$ 89,635 | \$ 89,635 | \$ 89,635 | \$ 89,635 | \$ 448,175 | |
| | | | | \$110,695 | \$110,695 | \$110,695 | \$110,695 | \$110,695 | \$53,475 | |
| | | | | \$ 446 | \$ 446 | \$ 446 | \$ 446 | \$ 446 | \$ 2,228 | |



E&M Benchmarking

Documentation

Comparison

Audits

Resources

- AAPC
 - https://www.aapc.com/resources/em_utilization.aspx
- MGMA
 - <http://data.mgma.com/EMProfile/rdPage.aspx>



E&M Coding Benchmarking

| Type | New | Est | | | | | | | | | | | | | | | | | | |
|------------------|---------|---------|---------|---------|---------|----------|----------|---------|---------|---------|-----------|--|--|--|--|--|--|--|--|--|
| ALLOWED SERVICES | Cardio | Derm | Endo | FP | GI | Gen Prac | Gen Surg | IM | Neph | Neuro | Neuro Sur | | | | | | | | | |
| 99201 | 0.18% | 5.07% | 0.09% | 0.70% | 0.56% | 1.07% | 2.37% | 0.42% | 0.14% | 0.23% | 1.27% | | | | | | | | | |
| 99202 | 1.85% | 42.79% | 0.02% | 13.44% | 7.73% | 11.85% | 13.47% | 5.25% | 1.58% | 1.26% | 7.26% | | | | | | | | | |
| 99203 | 17.47% | 49.65% | 14.27% | 49.95% | 37.49% | 44.93% | 41.73% | 29.66% | 15.17% | 10.28% | 40.46% | | | | | | | | | |
| 99204 | 59.95% | 2.35% | 61.33% | 31.25% | 47.73% | 34.00% | 33.00% | 48.12% | 55.66% | 50.89% | 39.59% | | | | | | | | | |
| 99205 | 20.45% | 0.14% | 23.39% | 4.65% | 6.50% | 8.16% | 9.43% | 16.54% | 27.44% | 37.55% | 11.41% | | | | | | | | | |
| Grand Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | | | | | | | | | |

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareFeeorSvcPartsAB/MedicareUtilizatonforPartB.html>



E&M Coding Benchmarking

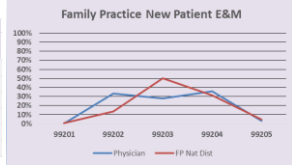
| Type | NP | OB/GYN | Oth | Ortho | ENT | Pain Mgmt | Peck | Palm | Rheum | Uro | Vas Surg |
|------------------|---------|---------|---------|---------|---------|-----------|---------|---------|---------|-----------------------|----------|
| ALLOWED SERVICES | NP | OB/GYN | Oth | Ortho | ENT | Pain Mgmt | Peck | Palm | Rheum | Uro <td>Vas Surg</td> | Vas Surg |
| 99201 | 1.96% | 1.52% | 0.32% | 0.59% | 0.57% | 0.24% | 1.10% | 0.12% | 0.18% | 0.54% | 1.52% |
| 99202 | 18.93% | 13.42% | 2.91% | 8.00% | 7.61% | 1.95% | 9.07% | 1.36% | 1.06% | 5.40% | 9.81% |
| 99203 | 46.99% | 39.84% | 19.55% | 67.40% | 65.14% | 28.60% | 39.59% | 15.00% | 13.72% | 35.54% | 41.86% |
| 99204 | 27.17% | 35.47% | 72.07% | 21.89% | 24.74% | 61.25% | 39.28% | 57.69% | 60.79% | 51.97% | 38.08% |
| 99205 | 4.95% | 9.75% | 5.15% | 2.00% | 1.94% | 7.96% | 10.90% | 25.83% | 24.25% | 6.55% | 8.73% |
| Grand Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareFeeorSvcPartsAB/MedicareUtilizatonforPartB.html>



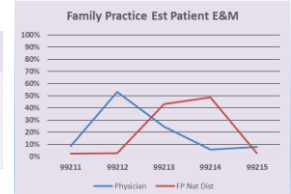
New Patient Benchmark Example

| Code | Current Frequency | National Distribution |
|--------|-------------------|-----------------------|
| 99201 | 0% | 0.70% |
| 99202 | 86.33% | 13.44% |
| 99203 | 72.28% | 49.95% |
| 99204 | 93.56% | 31.25% |
| 99205 | 8.3% | 4.65% |
| Totals | 259 100% | 100% |



Est Patient Benchmark Example

| Code | Current Frequency | National Distribution |
|--------|-------------------|-----------------------|
| 99211 | 206 9% | 2.39% |
| 99212 | 1,289 53% | 2.79% |
| 99213 | 592 24% | 43.29% |
| 99214 | 139 6% | 48.63% |
| 99215 | 194 8% | 2.90% |
| Totals | 2,420 100% | 100% |



One page financial report

| Statistic | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Yr to Date |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------------|
| 1 Total Charges | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Avg Daily Charges (ADC) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Charges - Physician #1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Charges - Physician #2 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Charges - Physician #3 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Charges - Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 Total Payments (or Receipts) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Refunds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3a Copayments Collected | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.00% |
| 3 Total Accounts Receivable (A/R) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total over 90 days | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4a Net 90 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 Gross collection ratio | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5 Net Receipts - Budget | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5 Net Receipts - Actual | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 Operating Expenses - Budget | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6 Operating Expenses - Actual | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7 Net Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 8 Total encounters | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Total new patient visits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 new patient visits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Full-time equivalent (FTE) staff | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



Source: American College of Physicians 31

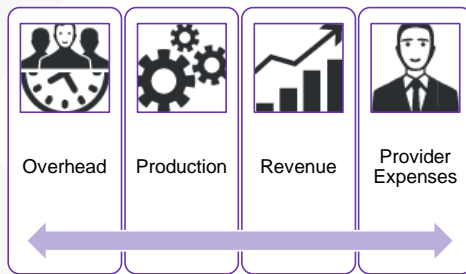
Budgeting Basics

- ◆ Part of the operational plan
- ◆ Should involve all stakeholders
- ◆ Aids in allocating resources
- ◆ Facilitates communication



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Budget Components



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Budgeting Process

- Review History
- Develop Assumptions
- Develop Statistics
- Be Realistic



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Budget Example – Right Way Peds

| Revenues | Current Month | Dec YTD | MGMA Median |
|--------------------------------------|----------------|------------------|-------------|
| Total revenues | 545,000 100.0% | 6,434,000 100.0% | |
| Total physician expenses | 269,700 49.5% | 2,174,400 33.8% | 40.6% |
| Total mid-level provider expenses | 45,000 8.2% | 703,200 10.9% | 4.9% |
| Total staff expense | 128,600 23.6% | 1,543,200 24.0% | 23.6% |
| General & Administrative | | | |
| Information technology | 13,000 2.4% | 156,000 2.4% | 1.4% |
| Drug supply | 130,000 23.9% | 970,000 15.1% | 17.1% |
| Medical and surgical supply | 8,000 1.5% | 100,000 1.6% | 0.9% |
| Building and occupancy | 34,600 6.3% | 397,000 6.2% | 5.5% |
| Furniture and equipment | 1,300 0.2% | 14,800 0.2% | 0.2% |
| Furniture/equipment depreciation | 1,500 0.3% | 18,000 0.3% | 0.4% |
| Administrative supplies and services | 6,000 1.1% | 83,000 1.3% | 0.8% |
| Professional liability insurance | 9,000 0.9% | 126,000 2.0% | 1.0% |
| Other insurance premiums | 1,200 0.2% | 16,600 0.3% | 0.4% |
| Outside professional fees | 7,500 1.4% | 89,000 1.4% | 0.4% |
| Promotion and marketing | 1,400 0.3% | 24,000 0.4% | 0.1% |
| Miscellaneous operating cost | 1,300 0.2% | 20,400 0.3% | 1.0% |
| Total General & Administrative | 210,700 38.7% | 2,013,400 31.3% | 36.7% |
| Total Overhead | 339,300 62.3% | 3,558,600 55.3% | 42.2% |
| Total Expense | 545,000 100.0% | 6,434,000 100.0% | |
| Net Income/(Loss) | | | |



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Budget Situation

- ◆ 9 physicians
- ◆ 5 advanced practitioners
- ◆ Current physician base is 211,000
- ◆ Physicians are not happy
- ◆ Peers down the street are making 230,000
- ◆ What do they do?



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Budget Strategy – Open Schedule

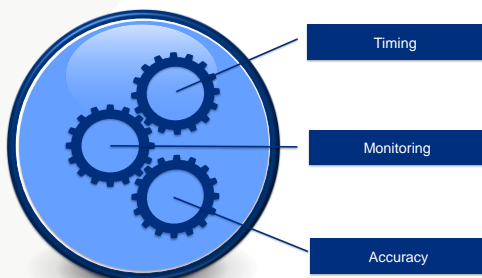
| Revenue | | |
|-----------------------------|-----|-------------------|
| Revenue per patient | | 67.38 |
| Working days per year | | 251 |
| Additional patients per day | | 9 |
| Total Revenue | | 152,211 |
| Expense | | |
| Medical Supplies | 2% | 2,366 |
| Drug Supplies | 15% | 22,948 |
| Administrative Supplies | 1% | 1,978 |
| Total Expense | | 27,291 |
| Total Profit/(Loss) | | 124,920 |
| Per Physician | | 13,880.03 |
| New Compensation | | 224,880.03 |



Budget

| Revenues | Current | | Budget | | MGMA Median |
|---|------------------|---------------|---------------------|---------------|--------------|
| | Dec YTD | | | | |
| Total revenues | 6,434,000 | 100.0% | 6,586,211 | 100.0% | |
| Total physician expenses | 2,174,400 | 33.8% | 2,299,120 | 34.9% | 40.6% |
| Total mid-level provider expenses | 701,000 | 10.9% | 701,000.00 | 10.6% | 4.9% |
| Total staff expense | 1,543,200 | 24.0% | 1,543,200.00 | 23.4% | 23.6% |
| General & Administrative | | | | | |
| Information technology | 156,000 | 2.4% | 156,000.00 | 2.4% | 1.4% |
| Drug supply | 970,000 | 15.1% | 992,947.63 | 15.3% | 17.2% |
| Medical and surgical supply | 300,000 | 4.7% | 302,366.16 | 4.6% | 0.9% |
| Building and occupancy | 397,000 | 6.2% | 397,000.00 | 6.0% | 5.5% |
| Furniture and equipment | 14,800 | 0.2% | 14,800.00 | 0.2% | 0.2% |
| Furniture/equipment depreciation | 18,000 | 0.3% | 18,000.00 | 0.3% | 0.4% |
| Administrative supplies and services | 83,600 | 1.3% | 85,577.75 | 1.3% | 0.8% |
| Professional liability insurance | 126,000 | 2.0% | 126,000.00 | 1.9% | 1.0% |
| Other insurance premiums | 16,400 | 0.3% | 16,400.00 | 0.3% | 0.4% |
| Outside professional fees | 89,000 | 1.4% | 89,000.00 | 1.4% | 0.4% |
| Promotion and marketing | 24,000 | 0.4% | 24,000.00 | 0.4% | 0.1% |
| Miscellaneous operating cost | 20,400 | 0.3% | 20,400.00 | 0.3% | 1.0% |
| Total General & Administrative | 2,015,000 | 31.3% | 2,042,951.12 | 31.0% | 36.7% |
| Total Overhead | 3,538,600 | 55.3% | 3,585,891 | 54.4% | 42.2% |
| Total Expense | 6,434,000 | 100.0% | 6,586,211 | 100.0% | |
| Net Income/(Loss) | | | | | |

Final Thoughts



Questions



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