



OHA 2009 Annual Meeting

Benchmarking The State of Physician Practices in Ohio



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Objectives

- Bring to light some of the pros and cons of benchmarking data so that you may become a better “consumer” of benchmarking information
- Provide a current “state of affairs” of physician practices in Ohio

Benchmarking The State of Physician Practices in Ohio

- Physician benchmarks- sources and what makes them meaningful
- Common benchmarks
 - Productivity
 - Profitability
 - Operational Benchmarks
- Using benchmarks to assess / compare 5 Ohio Family Practices
- Appendixes
 - Ohio comparative data for a sampling of Ohio specialties
 - Ohio staff salary data

Physician Benchmarks

- **Benchmarks per Medical Group Management Association (MGMA) - “an analytical tool that, when used correctly, can help convince an internal audience for the need to change”**
- **Internal vs. External benchmarks, both have been used, which is a better measure?**

Common Physician Benchmarks

- **Productivity**
 - Charges – (\$)
 - Production – units or relative value units (RVU's)
 - Payments - (\$) (AKA- collections, revenue, net revenue)
- **Profitability**
 - Wages / Benefits of Staff
 - Other Operating Expenses (facility, supplies, etc.)
 - Net Physician Benefit
- **Operational Benchmarks**
 - FTE staffing / physician
 - Billing analytics (DRO, A/R aging, etc.)

External Sources of Benchmarking Data

- **Medical Group Management Association (MGMA)**
 - **2008 Compensation and Production Survey**
 - *Reports on charges, collections, compensation*
 - *Published in November using previous years' data*
 - *2008 report, 1,991 practice's reported, 466 from the Midwest, 66 from Ohio, or 3.41%*
 - *(see next slide for practice composition)*

2008 MGMA Compensation and Production Survey Responses by FTE Physician Size

	Physicians		Practices	
	Count	%	Count	%
4 or fewer	1,655	4%	828	42%
5 - 10	3,802	9%	543	27%
11 - 25	4,695	11%	261	13%
26 - 50	5,946	14%	156	8%
51 - 75	4,080	9%	65	3%
76 - 100	2,943	7%	33	2%
101 - 150	3,872	9%	31	2%
151 or more	16,537	38%	92	5%
Total	45,820	100%	1,991	100%

Notes:

63% of all respondents to the survey are members of physician practices who have 51 or more members in their group, making per physician FTE for smaller practices (1-5 physician FTE's) difficult to compare

55% of Medical Practices responding where physician owned

Source:



2008 MGMA Physician Compensation and Production Survey based on 2007 data

External Sources of Benchmarking Data- continued

- **Medical Group Management Association (MGMA)**
 - **2008 Cost Survey for Single Specialty Practices**
 - *Provides a “mini-income statement” for many common specialties*
 - *Published in November using previous years’ data*
 - *2008 report, 1,470 reported, 227 from the Midwest, 53 from Ohio, or 4.7% of all entries*
- **Practice Support Resources, Inc. (PSR)**
 - A portion of the report is based on data obtained internally and from the MGMA
- **Ohio State Medical Association Salary Survey**

Using MGMA Data as a Benchmarking Resource

- **PROS**

- The information reported is generally accepted across the medical industry
- Good information for a baseline analysis of a medical practice nationally
- Production survey benchmarks most medical specialties
- Able to provide historical comparisons over many years

- **CONS**

- Relatively small sample sizes (geographically and specialty)
- 63% of respondents come from practices > 51 physicians
- 55% physician owned practices
- Survey done on a volunteer basis- does not provide a true representative sampling
- Data gathered is subject to the interpretation of the individual providing the information
- Compiled nationally, significant regional variances exist
- Production Survey and Cost Survey are result of two different surveys. Difficult to use the two surveys together without mathematically “adjusting” for the differences
- Use of median information difficult to reconcile arithmetically

MGMA Data A Comparison Between the Production and Cost Survey

Specialty- Family Practice w/o OB MGMA Median Data Comparison- Production Survey vs. Cost Survey 2008 Report based on 2007 data

	<u>2008 Production Survey</u>	<u>2008 Cost Survey</u>	<u>% of Cost Survey</u>
Charges	\$ <u>548,351</u>	\$ <u>849,172</u>	<u>65%</u>
<i>source</i>	<i>tbl 33</i>	<i>tbl 1.4b</i>	
<i>sample size</i>	<i>3,234</i>	<i>40</i>	
Payments	\$ <u>363,214</u>	\$ <u>600,430</u>	<u>60%</u>
<i>source</i>	<i>tbl 16</i>	<i>tbl 1.4b</i>	
<i>sample size</i>	<i>2,463</i>	<i>40</i>	
Gross Collection %	<u>66%</u>	<u>71%</u>	

Sources:

- 2008 MGMA Physician Compensation and Production Survey based on 2007 data
- 2008 Cost Survey for Single Specialty Practices based on 2007 data



Physician Benchmarking Productivity Measures: Charges

- **Charged-based benchmarking** is not a relevant measure when compared to external practices due to unknown differences in fee schedules between the data used to establish the benchmark and the subject physician
- **Charge-based benchmarking** can be used to compare productivity among physicians internally assuming the fee schedule is uniformly set. However, service mix variances among physicians can lead to misleading results. More relevant within the same practice specialty
- **Charged based benchmarking** is most meaningful if used to compare the same physician between years, assuming there are not significant fee schedule changes in the comparison period

Physician Benchmarking Productivity Measures: Relative Value Units

- The Relative Value Unit (RVU) scale is used nationally by Medicare to determine reimbursement rates for physician services
- RVU's are theoretically the most accurate means to measure physician productivity
 - The total RVU is composed of three components:
 - *Physician Work*
 - *Practice Expense*
 - *Malpractice Expense*
- The beauty of using the Physician Work Component (WRVU) is that the entire nation uses the same basis for measurement of physician productivity
 - Work RVU's provide an “apples to apples” comparison for physician productivity

Pro's and Con's of Using RVU's as a Benchmark

- **PROS**

- Provides a uniform basis that can compare results to practices across the nation
- RVU information is readily available, free, and can be used easily in Excel! – go to:
- <http://www.cms.hhs.gov/>

- **CONS**

- Need to exclude RVU's generated for service's charged, but which are not reimbursable – inflating one's performance (i.e.- denial charges)
- Need to consider charges that do not have a WRVU associated with them – inflating performance on a \$/WRVU scale (i.e.- allergy services, DME, etc)
- Over coding / under coding will manipulate total WRVU's reported

RVU Values Change Annually Be Careful When Benchmarking With Survey Data!

- 2008 MGMA survey uses 2007 RVU scale; 2007 MGMA survey uses 2006 RVU scale

Primary Care Physician Group- Cleveland Ohio
E and M CPT Code Comparison
For the Fiscal Years 2006, 2007, 2008 and 2009

CPT Code	Units	2006	2006	2007	2007	2008	2008	2009	2009
		WRVU	TWRVU	WRVU	TWRVU	WRVU	TWRVU	WRVU	TWRVU
99213	2,345	0.67	1,571	0.92	2,157	0.92	2,157	0.92	2,157
99214	793	1.10	872	1.42	1,126	1.42	1,126	1.42	1,126
99215	183	1.77	324	2.00	366	2.00	366	2.00	366
99204	301	2.00	602	2.30	692	2.30	692	2.30	692
99232	626	1.06	664	1.39	870	1.39	870	1.39	870
99223	139	2.99	416	3.78	525	3.78	525	3.78	525
99233	265	1.51	400	2.00	530	2.00	530	2.00	530
93307	102	0.92	94	0.92	94	0.92	94	0.92	94
Totals	4,754		4,943		6,361		6,361		6,361
WRVU / Visit			1.04		1.34		1.34		1.34
WRVU / Visit Variance 2007 vs 2006					28.7%		-		-
Comp/WRVU			\$ 41.04		\$ 38.89		NA		NA
Comp / WRVU Variance 2007 vs 2006					-5.2%		NA		NA

Source:

- 2006 – 2009 CMS PRRVU Tables
- 2007, 2008 Cost Survey for Single Specialty Practices



Physician Productivity Measures: Payments

- **Not often used to benchmark, because of significant differences in:**
 - Service mix differences within practice
 - Payer mix differences within practice
 - When used as an external benchmark, differences among regional reimbursements
- **To address the service mix issue, consider a benchmark of Revenue / RVU (or WRVU)**

Not All Reimbursement is Created Equally

A Sample of Medicare Payments Across the Country

Ohio Comparative Family Practice w/o OB
Top Procedure Code Comparison
Fiscal year 2009

CPT Code	CPT Code Description	Units	Charges	2009 WRVU	2009 TWRVU	2009 Medicare Allowable			
						OH	Detroit	LA	Boston
99213	Office/outpatient visit, est.	1,198	\$ 106,622	0.92	1,102	\$ 59.59	\$ 69.62	\$ 70.98	\$ 75.52
99214	Office/outpatient visit, est.	548	68,980	1.42	778	89.88	104.89	107.46	114.13
99212	Office/outpatient visit, est.	679	35,987	0.45	306	35.95	44.09	44.30	47.82
90471	Immunization admin	728	21,840	0.17	124	19.95	23.99	23.63	26.02
93000	Electrocardiogram, complete	271	20,325	0.17	46	20.17	27.65	30.16	33.3
99215	Office/outpatient visit, est.	82	17,220	2.00	164	121.83	142.39	144.95	153.28
99211	Office/outpatient visit, est.	446	13,380	0.17	76	17.94	23.12	24.59	27.13
99203	Office/outpatient visit, new	78	9,360	1.34	105	89.77	108.32	109.83	116.89
99204	Office/outpatient visit, new	27	5,400	2.30	62	138.77	163.98	165.80	174.96
69210	Remove impacted ear wax	104	5,210	0.61	63	43.95	54.23	54.90	58.74
90472	Immunization admin, each add	154	4,620	0.15	23	10.20	12.22	12.22	13.04
Total Top CPT Codes		4,315	\$ 308,944		2,848				
Estimated Medicare Reimbursement						\$ 199,901	\$ 238,137	\$ 242,837	\$ 260,050
Gross Collection %						65%	77%	79%	84%
% as compared to Ohio						100%	119%	121%	130%
Estimated Revenue / 07 WRVU						\$ 70.18	\$ 83.61	\$ 85.26	\$ 91.30
Variance from Ohio						\$ 13.42	\$ 15.07	\$ 21.12	

- 2009 CMS PRRVU tables



Ohio Comparative Practice: A Summary of Charges, Payments and WRVU's

Ohio Comparative Family Practice w/o OB
Summary of Charges and Payments by Provider
For the Twelve Months Ending December 31, 2007

For the Year Ending December 31, 2007

FTE- Physician Providers

1.0

<u>Provider</u>	<u>Charges</u>	<u>Payments</u>	<u>Gross Coll %</u>	<u>Total 07WRVU</u>	<u>Charge/ 07 WRVU</u>	<u>Payment / 07 WRVU</u>
Ohio Comparative Family Practice w/o OB	\$ 696,398	\$ 424,803	61%	5,799	\$ 120.09	\$ 73.25
MGMA Median (Family Practice w/o OB)	\$ 548,351	\$ 363,214	66%	4,600	\$ 119.21	\$ 78.96
<i>source</i>	<i>table 33</i>	<i>table 16</i>		<i>table 62</i>		
<i>Physicians in survey</i>	3,234	2,463		3,629		
Variance Physician vs. MGMA Median	\$ 148,047	\$ 61,589	-5%	1,199	\$ 0.88	\$ (5.71)
% of MGMA	127%	117%		126%	101%	93%

Sources:

- 2008 MGMA Physician Compensation and Production Survey based on 2007 data
- 2008 Cost Survey for Single Specialty Practices based on 2007 data



Physician Benchmarking: Practice Expenses

- Evaluate the practice's statistical performance to best practice standards.
 - One key consideration, in order to establish meaningful data, is to break expenses down between non-physician expense and physician expenses
 - *Non Physician Expenses:*
 - Staff Wage and Benefits Expense
 - Facility Expense
 - Purchased Services Expense
 - Supplies Expense
 - Physician Malpractice Expense
 - Taxes- other than payroll
 - Miscellaneous Non-Physician operating expenses
 - *Physician expense components include:*
 - Physician Wages
 - Physician CME/dues/licensure
 - Physician Payroll taxes
 - Employer retirement contributions
 - Practice interest expense – financing decision
 - "Soft expenses" – OSU tickets, cars, etc.

Physician Benchmarking: Physician Income / “Physician Net Benefit”

Revenues - Non Physician Expenses = “Physician Net Benefit”

- Helps illustrate what money is left over after all non-physician expenses have been paid for the physician to take home as compensation in one form or another (Salary, Benefits, Pension, Fringe Benefits, etc.)

Pulling it all together.....

**And this is where it gets
interesting!!!!!!!**

Example: Revenues and Expenses as Reported by MGMA-Family Practice

FTE'S	1.0		1.0		1.0		
Survey Size Range	28 - 40		3,234 - 5,959				
	Cost Survey MGMA Median per FTE	%	Production Survey MGMA Median per FTE	%	Adjusted Production/ Cost Survey per FTE	%	Notes
Revenues:							
Patient Service Revenue	\$ 600,430	100%	\$ 363,214	99%	\$ 363,214	99%	tbl 16
Refunds	-	0%	-	-	-	0%	
Miscellaneous Revenue	-	0%	4,104	1%	4,104	1%	1.4B
Total Revenues	600,430	100%	367,318	100%	\$ 367,318	100%	
% of Cost Survey					61%		
Expenses:							
Non-Physician Expenses:							
Staff Expense	185,231	31%	-	0%	\$ 113,317	31%	tbl 1.4c
Facility Expense	51,490	9%	-	0%	31,499	9%	tbl 1.4c
Medical and Office Supplies	52,052	9%	-	0%	31,843	9%	tbl 1.4c
Purchased Services	58,498	10%	-	0%	35,787	10%	tbl 1.4c
Insurance- Malpractice	9,805	2%	-	0%	5,998	2%	tbl 1.4c
Miscellaneous	7,735	1%	-	0%	4,732	1%	tbl 1.4c
Total Non-Physician Expenses	\$ 364,811	61%	\$ -	0%	\$ 223,176	61%	
Physician Net Benefit	\$ 235,619	39%	\$ 367,318	100%	\$ 144,142	39%	
Physician Compensation	171,451	29%	173,812	47%	173,812	47%	tbl 1
Physician Benefits and Taxes	27,740	5%	11,743	3%	11,743	3%	tbl 14
Total Physician Compensation	199,191	33%	185,555	51%	185,555	51%	
Net Income (Loss)	\$ 36,428	6%	\$ 181,763	49%	\$ (41,413)	-11%	
Work RVU's (Physician's Only)	-		4,600		4,600		tbl 62
Physician Comp per WRVU and Profit	\$ -		\$ 38.89		\$ 38.89		tbl 66

Sources:

- 2008 MGMA Physician Compensation and Production Survey
- 2008 Cost Survey for Single Specialty Practices



SO.....What Do We Do???????

Example: An Ohio Family Practice Summary of Revenues and Expenses Compared to MGMA

FTE'S	1.0		1.0		1.0							
Survey Size Range	28 - 40		3,234 - 5,959									
	Cost Survey		Production Survey		Ohio Family Practice		Variance					
	MGMA Median	%	MGMA Median	%	Notes	2007	%	Ohio FP vs. MGMA Cost	%	Ohio FP vs. MGMA Production	%	
	per FTE		per FTE									
Revenues:												
Patient Service Revenue	\$ 600,430	100%	\$ 363,214	99%	tbl 16	\$ 424,803	100%	\$ (175,627)	-29%	\$ 61,589	-48%	
Refunds	-	0%	-	-		-	0%	-	0%	-	0%	
Miscellaneous Revenue	-	0%	4,104	1%	1.4B	-	0%	-	0%	(4,104)	0%	
Total Revenues	600,430	100%	367,318	100%		424,803	100%	(175,627)	-29%	57,485	-48%	
Expenses:												
Non-Physician Expenses:												
Staff Expense	185,231	31%	-	0%	tbl 1.4c	98,698	23%	86,533	47%	-	-	
Facility Expense	51,490	9%	-	0%	tbl 1.4c	29,719	7%	21,771	42%	-	-	
Medical and Office Supplies	52,052	9%	-	0%	tbl 1.4c	41,189	10%	10,863	21%	-	-	
Purchased Services	58,498	10%	-	0%	tbl 1.4c	44,974	11%	13,524	23%	-	-	
Insurance- Malpractice	9,805	2%	-	0%	tbl 1.4c	29,076	7%	(19,271)	-197%	-	-	
Miscellaneous	7,735	1%	-	0%	tbl 1.4c	-	0%	7,735	100%	-	-	
Total Non-Physician Expenses	\$ 364,811	61%	\$ -	0%		243,656	57%	121,155	33%	-	#DIV/0!	
Physician Net Benefit	\$ 235,619	39%	\$ 367,318	100%		\$ 181,147	43%	\$ (54,472)	-23%	\$ (186,171)	-15%	
Physician Compensation	171,451	29%	173,812	47%	tbl 1	153,667	36%	(17,784)	-10%	(20,145)	-10%	
Physician Benefits and Taxes	27,740	5%	11,743	3%	tbl 14	27,480	6%	(260)	-1%	15,737	-2%	
Total Physician Compensation	199,191	33%	185,555	51%		181,147	43%	(18,044)	-9%	(4,408)	-10%	
Net Income (Loss)	\$ 36,428	6%	\$ 181,763	49%		-	0%	\$ (36,428)	-100%	\$ (181,763)	-20%	
Work RVU's (Physician's Only)	-		4,600		tbl 62	5,799		5,799	0%	1,199	126%	
Physician Comp per WRVU and Profit	\$ -		\$ 38.89		tbl 66	\$ 26.50		\$ 26.50	0%	\$ (12.39)	68%	

Sources:

- 2008 MGMA Physician Compensation and Production Survey
- 2008 Cost Survey for Single Specialty Practices



Other Key Operational and Billing Benchmarks

- Payer Mix
- % of AR > 90 Days
- Days Revenue Outstanding (DRO)
- Staff FTE / MD FTE
- Rental Expense / Sq. Ft.

A Tale of Five Ohio Family Practices

A look at the drivers for profitability
in a practice

How are Practices Making Money in Ohio?

- **Favorable payer mix-** ability to keep Medicaid/Self Pay to a minimum
- **High productivity-** at or above MGMA Median
- **Economies of Scale-** more than 1 provider in a practice
- **Provide services to a “niche” market**
- **Provide ancillary services**
 - Lab
 - DME
 - Testing (MRI, CT, PET, etc.)
 - Cosmetic
 - Allergy
- **Receive income from other business ventures**
 - Ambulatory Surgery Centers
 - Diagnostic Imaging Centers
- **Receive support from outside sources**
 - Medical Directorships
 - Educational Directorships
- **Utilize strong expense management skills**

Five Ohio Family Practices

Practice	1	2	3	4	5
Provider FTE's	1.0	1.0	1.0	2.5	2.0
Medicare Products	13.5%	12.5%	35.7%	14.0%	24.5%
Medicaid Products	31.5%	27.9%	9.8%	9.4%	16.6%
Self Pay	8.4%	5.9%	4.7%	2.0%	3.4%
Commercial	46.5%	53.7%	49.8%	74.6%	55.5%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Medicaid and Self Pay	39.9%	33.8%	14.4%	11.4%	20.0%
Production:					
WRVU's	3,255	5,661	3,974	14,497	12,096
WRVU's / Provider	<u>3,255</u>	<u>5,661</u>	<u>3,974</u>	<u>5,799</u>	<u>6,048</u>
MGMA	<u>4,600</u>	<u>4,600</u>	<u>4,600</u>	<u>12,650</u>	<u>9,200</u>
% of MGMA	71%	123%	86%	115%	131%
Revenues:					
Net Patient Service Revenues	175,691	317,087	237,969	1,062,007	745,028
Other	-	-	-	-	-
Total Revenues	175,691	317,087	237,969	1,062,007	745,028
Expenses:					
Staff	57,546	78,353	75,305	246,745	185,615
Facilities	10,031	27,604	35,148	74,297	112,249
Supplies	8,399	10,382	8,674	102,972	27,559
Purchased Services:	58,316	89,626	57,571	112,435	139,786
Malpractice	22,509	23,231	22,591	72,690	50,666
Total Non-Physician Expenses	156,801	229,196	199,289	609,139	515,875
Physician Net Benefit	\$ 18,890	\$ 87,891	\$ 38,680	\$ 452,868	\$ 229,153
Physician Compensation	140,000	140,000	140,000	350,000	280,000
Physician Benefits	20,000	20,000	20,000	50,000	40,000
Total Physician Compensation	160,000	160,000	160,000	400,000	320,000
Net Income (LOSS)	\$(141,110)	(72,109)	\$(121,320)	\$ 52,868	\$ (90,847)



Analysis by WRVU

Practice	1	2	3	4	5
Medicare Products	13.5%	12.5%	35.7%	14.0%	24.5%
Medicaid Products	31.5%	27.9%	9.8%	9.4%	16.6%
Self Pay	8.4%	5.9%	4.7%	2.0%	3.4%
Commercial	46.5%	53.7%	49.8%	74.6%	55.5%
	100.0%	100.0%	100.0%	100.0%	100.0%
2009 Bad Debt	7.5%	8.8%	5.4%	1.3%	4.7%
Denials	\$ 4,283	\$ 2,513	\$ 1,170	\$ 3,045	\$ 25,533
Charity	\$ 4,898	\$ 2,728	\$ 140	\$ 1,718	\$ 2,206
Production:					
WRVU's	3,255	5,661	3,974	14,497	12,096
MGMA	4,600	4,600	4,600	12,650	9,200
% of MGMA	71%	123%	86%	115%	131%
Baseline Collections / WRVU (Practice 4)	\$ 73.26	\$ 73.26	\$ 73.26	\$ 73.26	\$ 73.26
Adjustments / WRVU					
Immunization Revenues	(6.09)	(6.09)	(6.09)		(6.09)
Medicaid Differential	(4.73)	(3.93)	(0.08)		(1.71)
Denials	(1.53)	(0.65)	(0.50)		(2.32)
Charity	(1.62)	(0.60)	(0.16)		(0.30)
Bad Debt Differential	(5.33)	(6.40)	(4.93)		(3.15)
Other	0.03	0.43	(1.62)		1.91
Total Adjustments	(19.27)	(17.24)	(13.38)		(11.66)
Adjusted Collection / WRVU	53.98	56.01	59.88	73.26	61.59
Total Revenues	53.98	56.01	59.88	73.26	61.59
Expenses:					
Non-Physician Expenses:					
Staff	17.68	13.84	18.95	17.02	15.35
Facilities	3.08	4.88	8.84	5.12	9.28
Supplies	2.58	1.83	2.18	7.10	2.28
Purchased Services	17.92	15.83	14.49	7.76	11.56
Malpractice	6.92	4.10	5.68	5.01	4.19
Total Non-Physician Expenses	48.17	40.49	50.15	42.02	42.65
Physician Net Benefit	\$ 5.80	\$ 15.53	\$ 9.73	\$ 31.24	\$ 18.94
Physician Compensation	43.01	24.73	35.23	24.14	23.15
Physician Benefits	6.14	3.53	5.03	3.45	3.31
Total Physician Compensation	49.16	28.26	40.26	27.59	26.46
Net Income (LOSS)	\$ (43.35)	\$ (12.74)	\$ (30.53)	\$ 3.65	\$ (7.51)

Reasons Why Hospitals Lose Money Employing Physicians

- **Poorer payer mix**
 - As part of mission of hospital, provision of services will be for all, not just those who can pay.
- **Ancillary Service Revenue “stripped” from practice to provide greater downstream revenue to the hospital- this needs to be added back into the practice’s financial proforma to determine the practice’s “net impact” on the system**
- **Practices placed in locations that are not very populous**
 - Often the hospital service area is dotted with practices to protect service area boundaries, inpatient admissions and provide access to care. But you have to ask, “Is there a reason why there isn’t an independent physician practicing here right now?”
- **Despite low volume and poor payer mix, physician compensation has to be market competitive – that will be costly**
- **Physicians interested in employment typically are not as motivated to see every last patient, looking for an employment situation that fits their lifestyle- “let employer assume the risk of profitability”**
- **Wrong or poorly designed physician compensation plans**

A sampling of Ohio practices vs. MGMA data

Practice Financial Benchmarking Ohio Comparative Internal Medicine

Practice	1	2	3		MGMA Data		
Physicians:	3.0	5.5	1.0	9.5	1.0		
Payer Mix (Gross Charges)				Per FTE	Median	Variance per FTE vs MGMA	%
Medicare Products	30.0%	43.6%	32.0%	37%	42%	-5%	
Medicaid Products	1.0%	8.5%	3.0%	5%	1%	4%	
Self Pay	5.0%	3.3%	2.0%	4%	6%	-2%	
Commercial	64.0%	44.6%	63.0%	54%	51%	3%	
	100.0%	100.0%	100.0%	100%	100%	0%	
Medicaid and Self Pay	6.0%	11.8%	5.0%	9.0%	7.0%	2.0%	
WRVU's	20,278	53,498	3,785	8,164	4,554	3,610	79%
% of MGMA Median (4,554)	148.4%	213.6%	83.1%	117.2%	100%		
Revenues:				Per FTE			
Patient Services	\$ 1,610,883	\$ 2,158,972	\$ 299,543	\$ 428,358	\$ 550,279	\$ (121,921)	-22%
Misc Revenue	463,774	12,447	5,166	50,672	-	50,672	100%
Net Patient Service Revenues	2,074,657	2,171,419	304,709	479,030	550,279	(71,249)	-13%
Expenses:							
Non-Physician Expenses:							
Staff	611,857	411,356	58,941	113,911	170,489	56,578	33%
Facilities	106,364	159,854	27,228	30,889	29,375	(1,514)	-5%
Supplies	239,811	76,679	11,169	34,490	17,148	(17,342)	-101%
Purchased Services	58,372	293,893	12,457	38,392	59,892	21,500	36%
Malp / Other	111,256	148,300	24,773	29,929	16,630	(13,299)	-80%
Total Non-Physician Expenses	1,127,660	1,090,082	134,568	247,612	293,534	45,922	16%
Physician Net Benefit	946,997	1,081,337	170,141	231,418	256,745	(25,327)	-10%
Physician Compensation	890,127	1,050,231	136,949	224,927	190,547	34,380	18%
Physician Benefits	57,422	125,556	33,192	22,755	13,959	8,796	63%
Total Physician Compensation	947,549	1,175,787	170,141	247,682	204,506	43,176	21%
Net Income (Loss)	\$ (552)	\$ (94,450)	\$ -	\$ (10,000)	\$ 52,239	\$ (62,239)	-119%
Compensation / WRVU	\$ 46.70	\$ 20.21	\$ 44.95	\$ 28.35	\$ 40.88	\$ (12.53)	-31%

Sources:

- 2008 MGMA Physician Compensation and Production Survey based on 2007 data
- 2008 Cost Survey for Single Specialty Practices based on 2007 data



Practice Financial Benchmarking Ohio Comparative Internal Medicine / WRVU

Practice	1	2	3		MGMA Data		
Physicians:	3.0	5.5	1.0	9.5	1.0		
Payer Mix (Gross Charges)				Per FTE	Median	Variance per FTE vs MGMA	%
Medicare Products	30.0%	43.6%	32.0%	36%	42%	-6%	
Medicaid Products	1.0%	8.5%	3.0%	5%	1%	4%	
Self Pay	5.0%	3.3%	2.0%	4%	6%	-2%	
Commercial	64.0%	44.6%	63.0%	55%	51%	4%	
	100.0%	100.0%	100.0%	100%	100%	0%	
Medicaid and Self Pay	6.0%	11.8%	5.0%	9.2%	7.0%	2.2%	
WRVU's	20,278	53,498	3,785	8,164	4,554	3,610	79%
% of MGMA Median (4554)	148.4%	213.6%	83.1%	117.2%	100%		
Revenues:				Per FTE			
Patient Services	\$ 79.44	\$ 40.36	\$ 79.14	\$ 66.31	\$ 120.83	\$ (54.52)	-45%
Misc Revenue	22.87	0.23	1.36	8.16	-	8.16	100%
Net Patient Service Revenues	102.31	40.59	80.50	74.47	120.83	(46.37)	-38%
Expenses:							
Non-Physician Expenses:							
Staff	30.17	7.69	15.57	17.81	37.44	19.63	52%
Facilities	5.25	2.99	7.19	5.14	6.45	1.31	20%
Supplies	11.83	1.43	2.95	5.40	3.77	(1.64)	-43%
Purchased Services	2.88	5.49	3.29	3.89	13.15	9.26	70%
Malp / Other	5.49	2.77	6.55	4.93	3.65	(1.28)	-35%
Total Non-Physician Expenses	55.61	20.38	35.55	37.18	64.46	27.28	42%
Physician Net Benefit	46.70	20.21	44.95	37.29	56.38	(19.09)	-34%
Physician Compensation	43.90	19.63	36.18	33.24	41.84	(8.61)	-21%
Physician Benefits	2.83	2.35	8.77	4.65	3.07	1.58	52%
Total Physician Compensation	46.73	21.98	44.95	37.89	44.91	(7.02)	-16%
Net Income (Loss)	\$ (0.03)	\$ (1.77)	\$ -	\$ (0.60)	\$ 11.47	\$ (12.07)	-105%
Compensation / WRVU	\$ 46.70	\$ 20.21	\$ 44.95	\$ 37.29	\$ 56.38	\$ (19.09)	-34%

Sources:

- 2008 MGMA Physician Compensation and Production Survey based on 2007 data
- 2008 Cost Survey for Single Specialty Practices based on 2007 data



Practice Financial Benchmarking Ohio Comparative General Surgery

Practice	1	2	3		MGMA Data		
Physicians:	1.0	1.0	1.0	3.0	1.0		
Payer Mix (Gross Charges)				Per FTE	Median	Variance per FTE vs MGMA	%
Medicare Products	15.9%	21.0%	56.6%	39%	37%	2%	
Medicaid Products	3.3%	5.7%	9.2%	7%	5%	2%	
Self Pay	0.9%	1.4%	2.2%	2%	3%	-2%	
Commercial	79.9%	71.9%	32.1%	53%	56%	-3%	
	100.0%	100.0%	100.0%	100%	100%	0%	
Medicaid and Self Pay	4.2%	7.2%	11.4%	8.7%	7.8%	0.9%	
WRVU's	8,468	7,011	15,059	10,179	6,964	3,215	46%
% of MGMA Median (6,964)	121.6%	100.7%	216.2%	146.2%	100%		
Revenues:				Per FTE			
Patient Services	\$ 490,188	\$ 314,969	\$ 802,534	\$ 535,897	\$ 535,803	\$ 94	0%
Misc Revenue	72,924	55,836	-	42,920	27,981	14,939	53%
Net Patient Service Revenues	563,112	370,805	802,534	578,817	563,784	15,033	3%
Expenses:							
Non-Physician Expenses:							
Staff	78,284	72,462	88,207	79,651	95,685	16,034	17%
Facilities	73,760	29,923	44,328	49,337	22,971	(26,366)	-115%
Supplies	9,348	10,466	12,885	10,900	18,356	7,456	41%
Purchased Services	37,480	13,164	38,438	29,694	15,019	(14,675)	-98%
Malp / Other	78,982	79,819	89,887	82,896	31,985	(50,911)	-159%
Total Non-Physician Expenses	277,854	205,834	273,745	252,478	184,015	(68,463)	-37%
Physician Net Benefit	285,258	164,971	528,789	326,339	379,769	53,430	14%
Physician Compensation	265,434	157,418	492,671	305,174	316,909	(11,735)	-4%
Physician Benefits	19,824	7,553	43,654	23,677	24,780	(1,103)	-4%
Total Physician Compensation	285,258	164,971	536,325	328,851	341,689	(12,838)	-4%
Net Income (Loss)	\$ -	\$ -	\$ (7,536)	\$ (2,512)	\$ 38,080	\$ 40,592	107%
Compensation / WRVU	\$ 33.69	\$ 23.53	\$ 35.11	\$ 32.06	\$ 45.42	\$ (13.36)	-29%

Sources:

- 2008 MGMA Physician Compensation and Production Survey based on 2007 data
- 2008 Cost Survey for Single Specialty Practices based on 2007 data



Practice Financial Benchmarking Ohio Comparative General Surgery / WRVU

Practice	1	2	3		MGMA Data		
Physicians:	1.0	1.0	1.0	3.0	1.0		
Payer Mix (Gross Charges)				Per FTE	Median	Variance per FTE vs MGMA	%
Medicare Products	15.9%	21.0%	56.6%	39%	37%	2%	
Medicaid Products	3.3%	5.7%	9.2%	7%	5%	2%	
Self Pay	0.9%	1.4%	2.2%	2%	3%	-2%	
Commercial	79.9%	71.9%	32.1%	53%	56%	-3%	
	100.0%	100.0%	100.0%	100%	100%	0%	
Medicaid and Self Pay	4.2%	7.2%	11.4%	8.7%	7.8%	0.9%	
WRVU's	8,468	7,011	15,059	10,179	6,964	3,215	46%
% of MGMA Median (6,964)	121.6%	100.7%	216.2%	146.2%	100%		
Revenues:				Per FTE			
Patient Services	\$ 57.89	\$ 44.92	\$ 53.29	\$ 52.03	\$ 76.94	\$ (24.90)	-32%
Misc Revenue	8.61	7.96	-	5.53	4.02	1.51	38%
Net Patient Service Revenues	66.50	52.89	53.29	57.56	80.96	(23.40)	-29%
Expenses:							
Non-Physician Expenses:							
Staff	9.24	10.34	5.86	8.48	13.74	5.26	38%
Facilities	8.71	4.27	2.94	5.31	3.30	(2.01)	-61%
Supplies	1.10	1.49	0.86	1.15	2.64	1.49	56%
Purchased Services	4.43	1.88	2.55	2.95	2.16	(0.80)	-37%
Malp / Other	9.33	11.38	5.97	8.89	4.59	(4.30)	-94%
Total Non-Physician Expenses	32.81	29.36	18.18	26.78	26.42	(0.36)	-1%
Physician Net Benefit	33.69	23.53	35.11	30.78	54.53	(23.76)	-44%
Physician Compensation	31.35	22.45	32.72	28.84	45.51	(16.67)	-37%
Physician Benefits	2.34	1.08	2.90	2.11	3.56	(1.45)	-41%
Total Physician Compensation	33.69	23.53	35.61	30.94	49.07	(18.12)	-37%
Net Income (Loss)	\$ -	\$ -	\$ (0.50)	\$ (0.17)	\$ 5.47	\$ (5.63)	-103%
Compensation / WRVU	\$ 33.69	\$ 23.53	\$ 35.11	\$ 32.06	\$ 45.42	\$ (13.36)	-29%

Sources:

- 2008 MGMA Physician Compensation and Production Survey based on 2007 data
- 2008 Cost Survey for Single Specialty Practices based on 2007 data



Ohio Staff Salary Summary As Compiled by Alta Partners January 2006 through April 2009

<u>Position</u>	<u>Count</u>	<u>Minimum Hourly Rate</u>	<u>Maximum Hourly Rate</u>	<u>Median Hourly Rate</u>
Administrator	6	\$ 19.24	\$ 42.28	\$ 29.84
APN	6	\$ 37.50	\$ 46.73	\$ 42.39
Asst Office Manager	1	\$ 16.00	\$ 16.00	\$ 16.00
Billing	38	\$ 9.00	\$ 21.00	\$ 13.49
Billing Coordinator	1	\$ 18.75	\$ 18.75	\$ 18.75
Billing Manager	2	\$ 16.10	\$ 16.50	\$ 16.30
Clerical	167	\$ 6.85	\$ 21.00	\$ 11.87
Clinical Manager	2	\$ 16.26	\$ 22.05	\$ 19.16
Coding	1	\$ 15.82	\$ 15.82	\$ 15.82
Finance Manager	1	\$ 24.04	\$ 24.04	\$ 24.04
HR	1	\$ 26.00	\$ 26.00	\$ 26.00
IT	2	\$ 22.59	\$ 23.08	\$ 22.83
Lab Tech	3	\$ 11.00	\$ 22.69	\$ 18.79
LPN	16	\$ 11.43	\$ 18.00	\$ 14.21
MA	114	\$ 8.00	\$ 29.77	\$ 12.53
Med Records	25	\$ 5.85	\$ 14.00	\$ 9.65
Med Tech	43	\$ 10.50	\$ 40.00	\$ 17.49
NP	5	\$ 31.25	\$ 40.13	\$ 35.42
Office Manager	18	\$ 16.81	\$ 25.07	\$ 19.53
PA	2	\$ 20.53	\$ 34.50	\$ 27.51
Payroll	1	\$ 15.00	\$ 15.00	\$ 15.00
Rad tech	14	\$ 13.50	\$ 28.00	\$ 18.93
RN	66	\$ 11.85	\$ 30.00	\$ 21.36
Surgery Scheduler	4	\$ 12.36	\$ 30.29	\$ 17.55
Transcription	8	\$ 10.00	\$ 16.07	\$ 13.09

“Often, the greatest challenge facing an organization is recognizing and acting on opportunity rather than solving a problem.”

~Peter Ginter

Thank You!

presented by:

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