

PHYSICIANS PRACTICE[®]

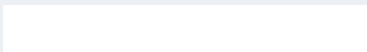
TOP CHALLENGES

SURVEY RESULTS



TOP CHALLENGES SURVEY RESULTS

Practicing medicine has never been easy, but some challenges are greater than others. With this in mind, *Physicians Practice* asked our audience to tell us what's getting in the way of their practice's financial success and providing the care their patients deserve. See to the right for the results, and then take a look at some of our expert authored articles that confront some of these challenges, and provide insight into what practices can do to solve them.

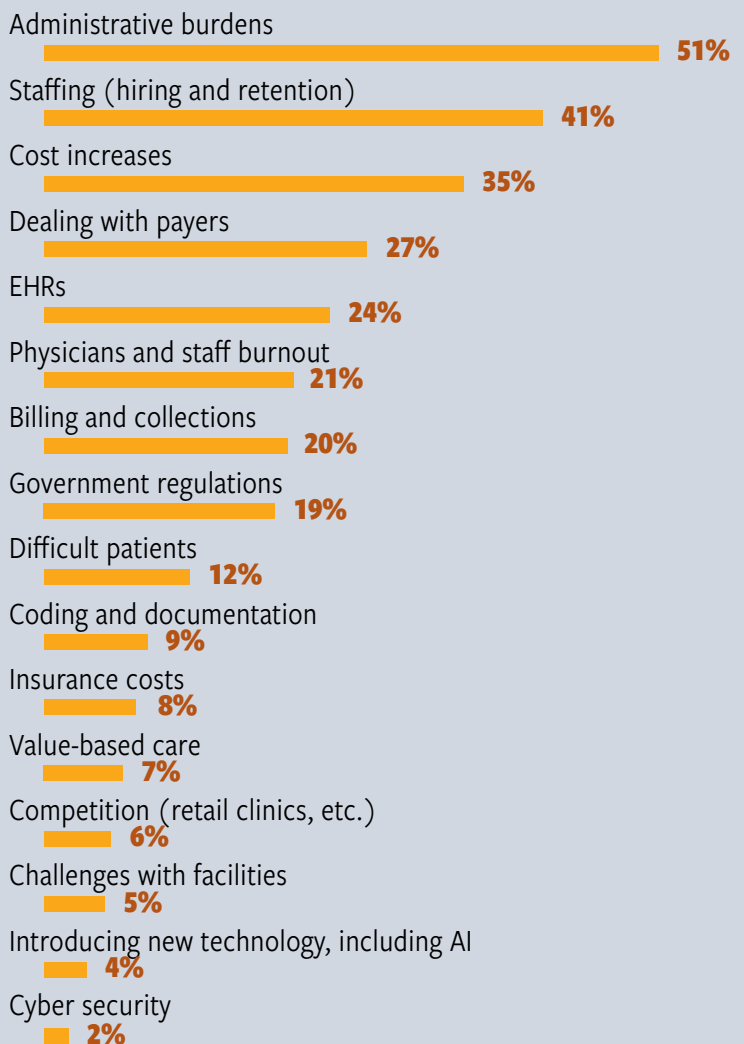


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Table. Top Challenges Facing Medical Practices

Q: What are the top challenges you have faced in your medical practice in the past year?



Respondents sound off

To get a view of the real effect these challenges have had on practices across the country, Physicians Practice asked respondents how they impacted their organization. Here are some of their answers:

“As I am at the end of my career, I have avoided doing what these ‘thought leaders’ and elected [officials] who practice medicine have shoved down our throats. By adopting unproven technology with [electronic medical records] and being forced or driven into indentured employment, we have unwittingly caused our own demise. My colleagues should have stepped up to protect our patients and save our profession. So, like Nancy Reagan, I just said no and have done quite well as a family doctor. Talk is cheap except when the lawyers or politicians open their mouths. Then it costs us all a fortune. Stay healthy. You cannot afford to get sick.”

“Rising costs and dropping reimbursements have squeezed our ability to operate. On top of that, the salary competition is fierce, and staff have no loyalty, leaving to find better salaries regardless of how well they may be treated. However, when administrative issues factor in, staff just leave, grinding patient throughput to a halt [and] worsening the entire problem. It’s a downward death spiral for medical practices.”

“Lack of autonomy and schedule control. More work for less compensation. Considering future career options.”

“Shame on our Congress. Physicians haven’t had a reimbursement increase since 2001. All of our expenses have gone up. Who else gets pay cuts? Not our staff!”

“Our challenges have been difficult. We had come to the point that our practice and the hospital system for which we work were in an incredible financial

burden from post-COVID-19 care costs, a switch to a new EHR system and a cybersecurity event that we were unable to survive on our own. We were bought out by a University Health system, and that has been stressful for staff and physicians due to all the changes, both foreseen and unforeseen.”

“I discontinued my rural solo private practice and retired. I sold the practice to a federally qualified clinic where the nurse practitioners get paid more to see patients by the government than I ever [paid them].”

“Waste too much time with prior authorizations for procedures, labs and especially for necessary medications.”

patients when there are so many unnecessary obstacles put in the way of patient care. Billing and collections affect the bottom line. When we are not being paid appropriately for services provided, it hinders our ability to offer pay increases and thus leads to retention issues. We are, after all, a business, and we have to be paid in order to retain staff and operate our practice, thus, providing care to patients.”

“Additional time [is necessary] to address multiple issues. Prior [authorizations are often] needed for common or generic medications. [Having to meet] quality measures that are beyond our control. Where is patient autonomy these days?”

“Complete burnout of physicians and staff.”

“Insurers are crushing us with increased costs and work for prior authorizations and decreased reimbursement.”

“Being able to recruit and retain staff has always been a challenge. However, retaining great staff is increasingly difficult due to competition offering higher salaries, benefits, perks, etc. It seems every contract increases costs, as well as [for] commodities. Everything is so much more expensive, which impedes investment for growth. The demand for services has not slowed down. Without optimization and morale boosters, staff feel like they are being asked to do more and more with little payoff for them. This could be in terms of salary, professional development, work-life balance, etc.”

“A great deal of stress and frustration occur with existing staff due to our issues with hiring and retention. It is impossible to compete with hospital wages for nurses. Dealing with payers ties up a tremendous amount of the staff’s time. It also creates a lot of frustration for the

“There is no time. So much of what we have to do is a waste of time.”

“Can’t add services due to the Stark [law] and antikick-back laws that make surviving as a primary care physician difficult. ... Burdensome prior authorization costs and low reimbursement (for example, \$12 for an [electrocardiogram] and \$2 for a blood draw). ... Have had to increase by 50% what we pay Medical assistants and the front desk and still can’t find enough people.”

“We continue to be coerced and abused by insurance companies to do more for much less reimbursement. They continue to find new sneaky and underhanded ways to deny more and more payments for services by constantly changing specialty pharmacies and removing things from their formularies without telling patients or providers. Many are hiring middlemen companies that are being paid to deny everything the doctors try to prescribe, while increasing the insurance profit margins and bonuses for their CEOs to obscene levels.”



Staff shortages

— root cause of the problem

By Neil Baum, MD

The general employee exodus following the COVID-19 pandemic has been referred to as “The Great Resignation.” The resulting shortage has affected the health care profession and will ultimately affect the care that physicians provide their patients. Many medical practices and hospitals need to fill positions, placing stress on the existing staff. This article will discuss the health care shortage, and the second article in this series will describe possible solutions.

Employee turnover, which includes physicians, nurses and allied health care professionals, is one of the costliest challenges in health care and threatens to worsen as the demand for care exceeds the supply of workers. If a practice only focuses on employee retention, it will experience understaffing, financial insolvency, deterioration in patient satisfaction, reduced online reputation,

increased malpractice claims, increased absenteeism and perhaps a negative impact on patient outcomes.

The sobering statistics of the shortage of health care workers

- About 1 in 5 health care workers have left medicine since the pandemic began.
- Since the pandemic started, 18% have quit, 12% have been laid off, and 31% have considered leaving.
- In 2022, nearly 1.7 million people quit their health care jobs – equivalent to almost 3% of the health care workforce.
- It is estimated that the cost to replace a health care employee averages the amount of a year’s salary for that position.

8 reasons for employee departure from health care

1. Concerns about health care administration and leadership

During the pandemic, employees worked erratic schedules with mandatory overtime. Fitting

available square pegs into shift holes resulted in some good employees being turned off to the health care profession. Unfavorable shifts may be unavoidable, but flexibility and timely communication from office managers and other health care administrators can make a difference. A lack of consideration by leaders is a sign of disrespect toward health care workers. Providers aren’t exiting the field because they can’t handle their jobs – they’re quitting because they can’t handle being unable to do their jobs.

2. Lack of recognition

Health care workers often complain about not being valued by management. They know they play an essential role in the health care system. Yet, doctors, office managers and hospital administrators tend to undervalue their work. This underappreciation may spill over to the workers developing expectations that patients need to appreciate their extra work and challenging conditions.



STAFF SHORTAGES – ROOT CAUSE OF THE PROBLEM

Health care workers do not expect to be thanked for every task they perform. Still, employees want to be recognized as valuable health care team members. But if the rationale behind an award, such as “employee of the month,” or a perk, such as a convenient parking space, isn’t well explained, those rewards are meaningless to employees.

3. Lack of advancement opportunities

This is another management deficit for health care workers. They often don’t want to remain in their current position even if it is highly specialized. Many practices need to offer more opportunities for advancement or a path to get there. These opportunities can mean more to employees than better pay or compensation packages. Employees are leaving the profession because they desire more from their current role. With the flexibility of their medical background and knowledge, many employees can realize their income potential in a related field, not clinical medicine.

4. Burnout

Before the pandemic, between 35% and 54% of U.S. nurses and physicians experienced one or more symptoms of burnout. Now, burnout has increased in frequency, resulting in mental and physical issues for workers, so more health care employees are leaving the field. A

recent survey of 1,000 health care professionals showed that 28% quit a job because of burnout.

5. Work-life balance issues

Many employees are evaluating their work-life balance, contemplating why they continue to clock into a job that does not fit their desired lifestyle. Medicine is a great career, but it may not be worth the time away from home compared with other professions. Allowing more time away from work can provide workers the clarity to figure out what they want their careers to look like.

The pandemic allowed many health care providers to work remotely, and now many are deciding they want a position, even if it is in another area or profession, that will enable them to work in such a way. Childcare is a significant concern for some employees. Depending on a worker’s family situation, it might make more sense for one parent to stay home or work part time.

A health care career can be exhausting. The exhaustion makes it easy to lose sight of why men and women entered this profession. When employees can’t take care of themselves, they find it harder to care for others.

6. Mental health issues

Medicine is a mentally exhausting career. Many employees are put into difficult situations and often have little time to process or cope with work-related stress. Over time, it can take a toll on the employee’s mental well-being, and the person may leave the health care profession. For many health care employees, it is often difficult to seek guidance or help if they are struggling.

7. Employer prioritization of profits before patients

Health care workers need help justifying situations where profits are prioritized before patients. Most health care workers enter medicine as a calling and are idealistic and altruistic. They want to help patients, and their inability to adequately do so takes a toll on them.

I have noted disappointment in middle-aged and older physicians who are employed by hospitals or large medical groups. In these settings, their productivity is measured in relative value units, and they are told how many patients they need to see in an hour or day to reach quotas set by their employer.

Many health care workers believe their employers fail to look out for their best interests and the interests of the patients. Instead, they complain that the employers only care about the monthly profit and loss spreadsheet. Providers aren’t exiting the field because they can’t handle their jobs – they’re quitting because they can’t handle being unable to do their jobs.

8. Salary dissatisfaction

A medical career is gratifying, and doctors and other health care workers can earn a lot of money. Still, an outside offer of more money is sometimes the only reason a worker leaves the health care profession. In some areas of the country, employees must work multiple jobs to make ends meet. The low pay and high student debt overwhelm many people who wanted to be health care workers. Some are making moves that could allow for a more sustainable career that pays more than their health care salary.

BOTTOM LINE The health care industry’s workforce shortage is a significant problem. If one-third to one-half of nurses and physicians express their intentions to reduce their work hours and work part-time or leave, there won’t be enough staff to meet patients’ needs.

Patients, providers (and payers)

By **Lucien W. Roberts, III, MHA, FACMPE**
& **Brooke L. Clinebell, RN, BSN, CPN**

Let's start with the obvious: Your biggest gripes about practicing medicine have little to do with practicing medicine. That's what this year's Physicians Practice survey — and all its previous surveys — show.

We've just gone through the annual Medicare fee cut debacle; we're recovering from a United Healthcare cyber ripple (via Change Healthcare) that impacted 1 of every 3 claims; we've seen prior auth requirements placed on commonplace care as never before; and we are witnessing vertical and horizontal integration galore. It's dizzying, distracting and demoralizing. There isn't time to do what you — and we — love most: caring for patients.

Our background

We work in a small ambulatory infusion center: Brooke is a nurse, and I am co-founder and mascot. We care for patients with lifelong chronic conditions; we help keep their illnesses at bay to keep them out of the hospital and boost healthy lifestyles. We also care for patients with acute conditions, offering same-day infusions as an alternative to emergency room visits. You would think the payors would want to make this an easy

task. Sadly, administrative walls stand in the way of caring for these patients.

We care for patients — it's what we do, and it's what we love. We strive to keep the behind-the-scenes fights — prior authorizations, denials, formulary changes and incumbent stresses — away from our patients. Despite having two employees dedicated to the authorization process, the whack-a-mole nature of obtaining approvals for the care and resulting payment of those who need it is a daunting chore.

We — nurses, doctors, managers and the rest of our teams — must work together to effect change. The Davids must come together to battle Goliath.

What can we do? What can you do? Sit on the sidelines and complain about it? Or mobilize and empower employees and patients to call state and federal legislators demanding administrative simplifications? It is astounding that United Healthcare has grown without restraint to control 1 of every 3 claims and to employ 1 of every 16 doctors in the United States. And most of us sat on our hands while it happened, if we even knew it was occurring.

PATIENTS, PROVIDERS (AND PAYERS)

Along those lines, some providers send the dunning e-mails drafted by our specialty organizations about the annual Medicare cuts. But how many health care leaders and workers providers spend time fighting for permanent changes? Not enough. And those of us who do fight these fights need more help.

If you don't speak, your voice won't be heard. It's that simple.

Legislation is a contact sport; you have no voice if you sit on the sidelines — and will have no one to blame but yourself. All of us are affected at some level, at some point, whether it be through our child, mother, co-worker, brother, or friend.

That's it. Nothing new, simply another call to action. Administration simplification will only happen with you.

Invest your time and effort into shaping the future of our health care system. Or don't — it's your choice. Unless multitudes of us get off the sidelines and stay involved, the choices will continue to be made for us, and administrative burdens will continue to be at the top of surveys of what we like least in the jobs we love.

Here are 11 ways you can, and should, engage in grassroots advocacy for your practice, your patients and yourself.

1. Voter registration. Provide voter registration forms for employees. Prominently display the forms in your waiting room for patients. Legislators know unregistered voters do not affect their electability.

2. Take a head count. Count the potential votes your practice represents. The results may be surprising. Including your providers, employees and their families, your organization represents a significant number of constituents.

3. Engage your staff. Share the grim facts. Medicare cuts cut deep. United Healthcare has billions of dollars in revenue, but its cybersecurity breach has threatened your ability to meet payroll. Ask your employees and their families to call their legislators and let them know it's personal. On Election Day, make sure each employee has time to vote.

4. Engage your patients. Your patients' care is at stake. While you would never compromise patient care, providing the same level of care or spending the same amount of time with each patient when the bottom line sinks is tough. Ask for your staff's help with contacting legislators.

5. Vote. Yes, vote. Studies show that medical professionals are much less likely to be registered voters or vote than any other professional class. Politicians know this well. And while we are on this topic, if we had a nickel for every physician who tried to get out of jury duty and a dime for every physician who griped about uneducated juries, we would have retired a decade ago. When you're called for jury duty, serve. Period.

6. Educate your legislators. Get to know your legislators. One effective tactic is to invite your legislators to spend time in your clinic. Most do not understand all the red tape in the way between good care and your patients. Have them sit and watch an employee wait on hold on the phone for an hour to get authorization approval. Your legislator may send an aide to your office in their place; this step remains a worthwhile endeavor because having the support of these aides is critical. Become a resource for them.

7. Contact your legislators. Send e-mails and letters and call your legislators. Whenever your professional society asks that you contact your legislator, do so. Ask your staff to do so as well. Make your voice heard.

8. Wear all the hats that fit. You are more than just a nurse or a doctor. You also wear the hat of primary advocate for your patients and are responsible for the livelihood of your employees and their families. Ensure your legislators understand that your responsibilities extend far beyond your family and have tentacles that extend deep into the district they represent.

9. Don't forget the little guys. Local and state elected officials carry weight with their federal counterparts — and sometimes replace them. Ensure your local and state officials understand how federal legislation affects medical care in their district.

10. Know the costs. Ask your manager to summarize your direct and indirect patient care costs. Share this information with legislators.

11. Share this article. Without a sustained and collective effort, progress won't be made.



Resolving the employee shortage in medical practices

By Neil Baum, MD

In American health care, we are experiencing declining reimbursements and rising overheads. The modern health care provider faces the challenge of balancing efficient health care with the tsunami of paperwork that is increasing staff burnout and motivating doctors to take early retirement. The health care industry faces an

unprecedented challenge: staffing shortages in medical practices. This crisis, exacerbated by factors such as an aging population, increased demand for available health care services, and the COVID-19 pandemic of 2020-21 prompted a need for solutions to this crisis, which is impacting many practices. In this article, I will explore practical strategies

to address staffing shortages in medical practices and ensure the delivery of quality patient care.

Embracing technology and the use of the virtual assistant

One promising solution is the integration of technology into practices to streamline administrative tasks and improve



efficiency. Implementing electronic health records (EHR) systems, telemedicine platforms and automated scheduling tools can reduce the burden on administrative staff, freeing up their time for more critical tasks. Additionally, artificial intelligence can be used for tasks such as data entry, allowing staff to focus on patient-facing responsibilities.

The pandemic brought an alternative solution for the delivery of health care: telemedicine. Since 2020, doctors have become comfortable treating patients virtually and have realized that good care can be provided without a patient being eyeball-to-eyeball with a doctor.

The pandemic also made it possible for health care employees to work remotely. With the pandemic now posing less risk to workers, many employees wish to continue to work outside of the office. Hiring a virtual assistant (VA) is now an option that practices are embracing, and many practices have found that efficiency and productivity are maintained when employees are in the office.

Using a VA

VAs are trained to manage all administrative tasks for a medical office. They can manage incoming calls. They can answer patient billing

questions, provide information, manage prescriptions and referrals, and perform other administrative tasks. This increases practice efficiency, patient satisfaction and productivity.

One of the most beneficial aspects of VAs is their ability to handle appointment scheduling with fewer errors than an on-site receptionist or scheduler who is multitasking and managing multiple patients simultaneously. Patients don't have to leave messages to schedule, reschedule, or cancel appointments, thus reducing the number of missed calls and decreasing the workload of the front desk staff, who can concentrate on other aspects of patient care.

A well-trained VA can follow up with patients after their visit, including scheduling recall appointments, and perform social media management and reputation management. Also, tasks such as medical transcription, administrative support, faxing, and general appointment scheduling can be handled efficiently by a skilled VA.

A VA is available at a fraction of the cost of hiring an additional staff member, but these cost savings maintain the quality of service you provide to your patients. It can even enhance the patient experience.

The benefits of a VA also accrue with the patient's experience with the practice. With a VA, patients have shorter telephone hold times and quicker access to information, leading to higher patient satisfaction. Appointment accuracy and efficiency improvement translate to shorter waiting times to gain access to the practice, thus increasing the overall patient experience.

Hiring a VA

Key points to consider when hiring a VA for a medical practice include the following:

1. Tasks and responsibilities.

Provide the VA with a clear job

description. Consider listing the specific tasks and responsibilities you want the VA to handle. This could include appointment scheduling, answering phone calls, managing emails, updating patient records, and handling other administrative duties.

2. Medical knowledge and training. We suggest hiring a VA with a health care or medical administration background. Familiarity with medical terminology and processes can help the assistant integrate seamlessly into the practice. Consider hiring a previous employee who knows your practice, your process of care, and the other employees.

3. Health Insurance Portability and Accountability Act compliance. Given the sensitive nature of health care information, ensure that the VA understands and complies with Health Insurance Portability and Accountability Act regulations. Protecting patient confidentiality is crucial, so the VA should be well-versed in privacy and security measures.

4. Technology proficiency. Ensure the VA is proficient in the technology and software used in your medical practice. This may include EHR systems, appointment scheduling software, telehealth platforms, and other relevant tools.

5. Communication skills. Effective communication is essential in a medical practice. The VA should have excellent written and verbal communication skills to interact with patients, colleagues, and referring physicians.

6. Availability and time zone considerations. The VA does not need to be located near your practice. A VA might be a new parent who wants to work from home, a recently retired employee,

or a previous receptionist or coder from your practice. If your medical practice serves patients across time zones, consider these factors when establishing a work schedule to ensure adequate coverage. If your practice has patients who speak a language other than English, consider looking for a multilingual VA.

7. Trial period. Consider starting the VA with a trial period to assess their performance and compatibility with the medical practice. This will allow you to adjust, if needed, and ensure that the arrangement meets your expectations.

8. Remote work setup. Ensure the VA has a secure and private workspace for handling medical information. Discuss technical requirements, such as a reliable internet connection and specific software or hardware needs.

9. Training and onboarding. Provide comprehensive training and onboarding to familiarize the VA with your medical practice's policies, procedures and workflows. This may involve virtual training sessions, documentation and ongoing support.

10. Virtual attendance. If you have regular staff meetings, invite the VA to attend them. Just because they are not physically in the office doesn't mean they are not part of your team.

Hiring a VA for a medical practice can increase efficiency and

cost-effectiveness, allowing health care personnel to focus on patient care. However, careful consideration of the medical field's unique needs and regulatory requirements is essential throughout the hiring process.

Although I don't have any data to support the possibility that a VA will reduce the no-show rate of patients, I believe that this possibility should motivate practices to consider hiring a VA, especially if they are experiencing a high no-show rate.

Cross-training and skill diversification

To mitigate staffing shortages, medical practices can invest in cross-training employees to perform multiple roles. For instance, administrative staff could receive basic clinical training to assist with nonspecialized patient care tasks. This approach helps fill immediate gaps and fosters a more versatile and resilient workforce.

Competitive compensation and benefits

Competitive compensation packages and comprehensive benefits are crucial to attracting and retaining skilled health care workers. Practices should regularly review their salary structures and benefits offerings to remain competitive in the health care job market. This includes financial incentives and perks like professional development opportunities, wellness programs, mental health screenings and work-life balance initiatives.

BOTTOM LINE The staffing shortages at medical practices present a challenge that requires a multifaceted solution. Medical practices can navigate this crisis more effectively by embracing technology, encouraging cross-training, providing competitive compensation, and implementing recruitment and retention initiatives. By addressing the root causes of staffing shortages and fostering a resilient health care workforce, we can ensure that medical practices continue to deliver high-quality patient care in the face of ongoing challenges.



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Payer negotiations

By **Lucien W. Roberts, III, MHA, FACMPE**

When considering negotiations with payers, I look to the puffer fish for inspiration. Also called the blowfish or toadfish, the puffer fish is a slow little fish with undersized fins ... more of an appetizer than main course for bigger fish. Remarkably, the species has survived for more than 90 million years. The puffer fish, although tiny and slow, knows how to use its limited strengths to its advantage.

Strengths? Yes, strengths. The puffer fish has three secret weapons.

1. It can expand to twice its normal size in an instant.
2. As it expands, its hidden barbs flare out. Imagine a balloon covered with rose thorns.
3. It is incredibly poisonous to predators.

Puffer fish know how to thrive in a sea of faster, bigger fish.

Private practice is a puffer fish. Payers are the predators. They are bigger and used to getting their way without a challenge. Payers define the playing field, using what they know about your practice to define the terms of engagement, always making the first move, and accepting your submission as a forgone

conclusion. You need to understand your practice's uniqueness to have leverage in the game of payer negotiations.

Before I start, I want to be crystal clear about one critical point: If you don't ask for better rates or terms, you will never get them. Far too many practices just take what they are given; that's a critical mistake.

LEVERAGE

Let's find your leverage with some questions.

- **Does your practice have a backlog of patients?**
For example, is your first available new patient appointment more than a month off, or do you constantly overbook, yet never have enough appointments to meet the demand? If your answer is yes, you have leverage.

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- **Do you know how many employees of each payer are your patients? Do you have senior executives or board members or their family members as patients?**

That's leverage. You don't need to name names and breach privacy to get that leverage; it's enough to let the payer representative know these negotiations have broad implications.

- **Do you know if your practice cares for key leaders or large numbers of employees of local major employers?** That's leverage.

- **Which payers make life easier or harder for you and your staff?**

If it costs you more to work with payer A than payer B, payer A should be paying you more. There's a tool I have used called the payer report card that can guide you. Another perk of the payer report card is that you will be asking your employees for their opinions. That's a big deal because it helps with employee retention, especially when you go to bat with a payer for the things that are making your employees' days miserable.

- **Have you ever terminated a payer agreement?**

Sometimes, it takes more than saber-rattling to effect positive change. I have found that terminating an agreement every five or so years reverberates in the payer community (oftentimes, a payer has declined to negotiate until I sent them a termination letter).

- **Fifth question: Do you know what each payer pays you relative to other payers?**

It's appropriate to share variances without sharing names. If a payer is paying you less and is difficult to deal with, your margin with that payer is lower than what the fee schedule reflects.

- **Do you know your payer mix?**

How much of your pie does each payer represent? I have often pointed out to a payer that while it may consider itself a big fish, it's a pretty small fish in my pond.

- **How are you better than your competition?**

Differentiation is critical to getting a payer's attention. You should know your competition better than they know themselves and especially how you are better than them.

It is incumbent upon you to do your homework and find your leverage. You want to define the playing field to your advantage.

The leverage list can get pretty long. Other points to consider include the following:

- Your practice may have much better screening rates than the norm.
- It may get a lot of disgruntled patients who left other practices.
- Your practice may count influential people as patients or fans.
- You can terminate a payer agreement yet still have more patients than you can treat.
- The practice may have better hours or walk-in clinics that keep patients out of the emergency room.
- Your practice consistently uses lower cost testing and/or treatment

options, whereas your competition uses higher cost alternatives.

- Doctors, nurses and their families are your patients. There are a lot of ways to measure quality in health care, but my key measure remains where do those in the know go for their health care. Don't name names, but let the payer know your practice is bigger (i.e., more influential) than it seems on the surface.

- The administrative burden of the payer gets in the way of patient care and employee retention. Something has to give ...

- You — not the payer — define your leverage; remember that. Find strength in knowing your strengths in the marketplace.

Calmer heads prevail. Negotiations are a nuanced dance, so don't bring hotheads to the meeting. I have seen negotiations blown off course by someone getting on their soapbox. Don't let it happen.

In entering negotiations, know your "ask." Know precisely what you are asking for, and why the payer should give it to you. Always include an annual inflation factor among your asks. Know your lines in the sand, both what you are willing to accept and when you will walk away if needed to protect your patients, your employees and your practice.

Puffer fish know themselves better than their predators do. For your practice to survive, it's time to channel your inner puffer fish. Find your points of leverage, link them directly to your ask and refuse to be intimidated. It's your ocean, they are your patients, and it's your opportunity to define the playing field.



Controlling overhead costs

By Neil Baum, MD

Controlling overhead costs is a challenge for health care medical staff and administrators alike. Overhead costs range from 50% to 60% of revenues. Since overhead represents one of the most significant costs in a medical practice, this is an excellent place to find ways to reduce the bloated overhead in most practices. While the primary focus remains on providing exceptional patient care, a medical facility's financial health is crucial for its sustainability and growth. In this article, I discuss the strategies medical staff can adopt to manage overhead costs effectively without compromising patient care quality.

Analyze and understand overhead costs: The first step in controlling overhead costs is thoroughly analyzing and understanding where the expenditures lie. This involves categorizing expenses such as rent, utilities, administrative salaries, medical supplies and equipment maintenance. By clearly showing where the money is being spent, medical staff can identify areas for reductions or optimizations.

Implement lean practices: Lean management principles derived from manufacturing industries can be applied to health care settings to eliminate waste and inefficiencies. Encourage staff to identify unnecessary workflow steps, streamline processes and optimize resource utilization. Medical facilities can significantly reduce overhead costs by minimizing waste without sacrificing quality.

Negotiate with suppliers: Building solid relationships with suppliers and negotiating favorable terms

can lead to substantial cost savings. Explore options for bulk purchasing, negotiate discounts and consider alternative suppliers who offer competitive pricing without compromising on quality. Additionally, keep an eye on market trends and be open to switching suppliers if better deals become available.

Embrace technology: Investing in technology can streamline operations and reduce overhead costs in the long run. Electronic health records, telemedicine platforms and automated billing systems can improve efficiency, reduce paperwork and minimize administrative costs. While the initial investment may seem daunting, the long-term benefits of technology adoption far outweigh the costs.

Optimize staffing levels: Staffing costs typically represent a significant portion of overhead expenses in medical facilities. Analyze patient volumes and staffing requirements to ensure

optimal staffing levels. Avoid overstaffing during slow periods and utilize flexible staffing models such as per diem or temporary staff to manage fluctuations in patient demand.

Focus on preventive maintenance: Equipment breakdowns can result in unexpected expenses and disrupt patient care. Implement a preventive maintenance schedule for medical equipment to prolong its lifespan and minimize repair costs. Regular inspections, servicing and calibration can prevent costly downtime and ensure equipment operates efficiently.

Reduce energy consumption: Energy costs can be a substantial overhead expense for medical facilities, especially for practices that own their facility and for those practices operating around the clock. Implement energy-saving initiatives such as installing energy-efficient lighting, optimizing HVAC systems and promoting staff awareness about energy conservation practices. Small changes in energy consumption can lead to significant cost savings over time.

Outsource nonclinical functions: Evaluate whether certain non-core functions, such as janitorial services, IT support or billing and coding, can be outsourced to specialized service providers. Outsourcing can often be more cost-effective than maintaining in-house capabilities, particularly for functions that do not directly impact patient care.

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Monitor and benchmark performance: Establish key performance indicators to track overhead costs and monitor performance over time. Compare your facility's performance against industry benchmarks to identify areas of improvement and set realistic targets for cost-reduction initiatives. Regularly review financial reports and adjust strategies as needed to stay on course.

Empower staff engagement: Engage frontline staff in the cost-saving process by encouraging them to

identify opportunities for improvement and implement cost-saving initiatives. Foster a cost-conscious culture where staff members are empowered to suggest ideas for reducing waste, improving efficiency and controlling overhead costs. Consider a financial reward for anyone who can offer suggestions for reducing overhead costs. For example, one of my staff suggested cutting urine dipsticks in two, which was a small cost-saving measure but rewarding in that the employee demonstrated our commitment to controlling overhead costs.

BOTTOM LINE Controlling overhead costs is essential for the financial sustainability of medical practices. Still, it should never come at the expense of patient care. By adopting a strategic approach focused on analyzing expenses, implementing lean practices, leveraging technology and optimizing resource utilization, medical staff can effectively manage overhead costs while maintaining the highest standards of patient care. Through collaboration, innovation and a commitment to continuous improvement, medical facilities can achieve cost savings without compromising quality, ultimately benefiting patients and the organization.

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