

How

financial reporting

is

**changing
the game**

for

private practice

Abstract

Hospitals leverage the power of big data to increase revenue by using sophisticated analytical technologies that traditionally are unavailable to small, independent practices. Private practices have been relegated to using less-expensive, less-effective reporting platforms that require hours of manual analysis and compilation. Often reports are produced in an untimely fashion, if at all, which jeopardizes the practice's long-term financial success.

Without a clear financial view, physicians lack the ability to make informed, real-time decisions to benefit the practice. Many decisions are made with limited data or on instinct alone.

New innovations in reporting technologies have provided private practices with hospital-grade technologies at a fraction of the cost. Financial reporting will become a key component in saving private practice amidst major shifts in the healthcare industry.

This guide illustrates common problems private practices face without access to comprehensive financial reporting. It also highlights how financial reporting can unlock hidden revenue, eliminate billing leaks, and inform nearly every business decision for an independent practice.

➤ Introduction

Hospitals can spend millions of dollars each year in gathering, analyzing, and organizing data to reduce financial waste and increase profits. Unfortunately, the independent medical office lacks the same sophisticated analytical ability of larger corporations, making it more difficult to gauge performance.

Private practices face the daunting challenge of employing limited resources to secure accurate financial data—a critical key to long-term sustainability. In a 2011 MGMA survey, an alarming 74% of the participating physicians claimed they felt as if they had no control over their finances.

All too often private-practice physicians feel as if they have to make financial decisions based on “gut” instinct alone. Or, for the practices that do have financial reporting mechanisms in place, hours of staff and physician time is wasted each month on tedious manual processes to compile patient and financial data.

In a time when an increasing number of physicians are eyeing the seemingly safe shelter of hospital employment, sound financial reporting has gained supreme importance in saving private practice. Powerful reporting tools are the key to ensuring an independent practice not only survives but thrives during challenging economic times.

“All too often private-practice physicians feel as if they have to make financial decisions based on ‘gut’ instinct alone.”

Without sound reporting tools, physicians don't have a clear picture of financial performance.

What does that mean for private practice?

Operating on instinct & flying blind

There is no doubt that physicians must know what is best for their patients; however, it can be tricky to decide what's best for an independent practice's finances. In fact, many doctors admit they don't measure key metrics critical to revenue cycle management. For example, in a recent survey, 50% of physicians reported they do not use benchmarking to compare their financial performance to their peers.

Then how is it that decisions are made without data? That's right: many are made simply on "gut" instinct.

Many doctors feel forced to make management decisions instinctually rather than based on accurate analytical assessment. Without the same analytical ability of larger corporations, private practices often lack a high-level, real-time view of financial health. As a result, it is difficult—or impossible—to make informed decisions about practice management to fuel immediate, sustainable improvement.

Research department? Yeah, right!

Unlike a large hospital, the small medical office doesn't have the luxury of a team of database experts and financial analysts trained to drill away at complicated data reports. Rather, in an environment where everyone is required to wear many hats, the heavy burden of financial reporting often falls to office managers or the physicians themselves.

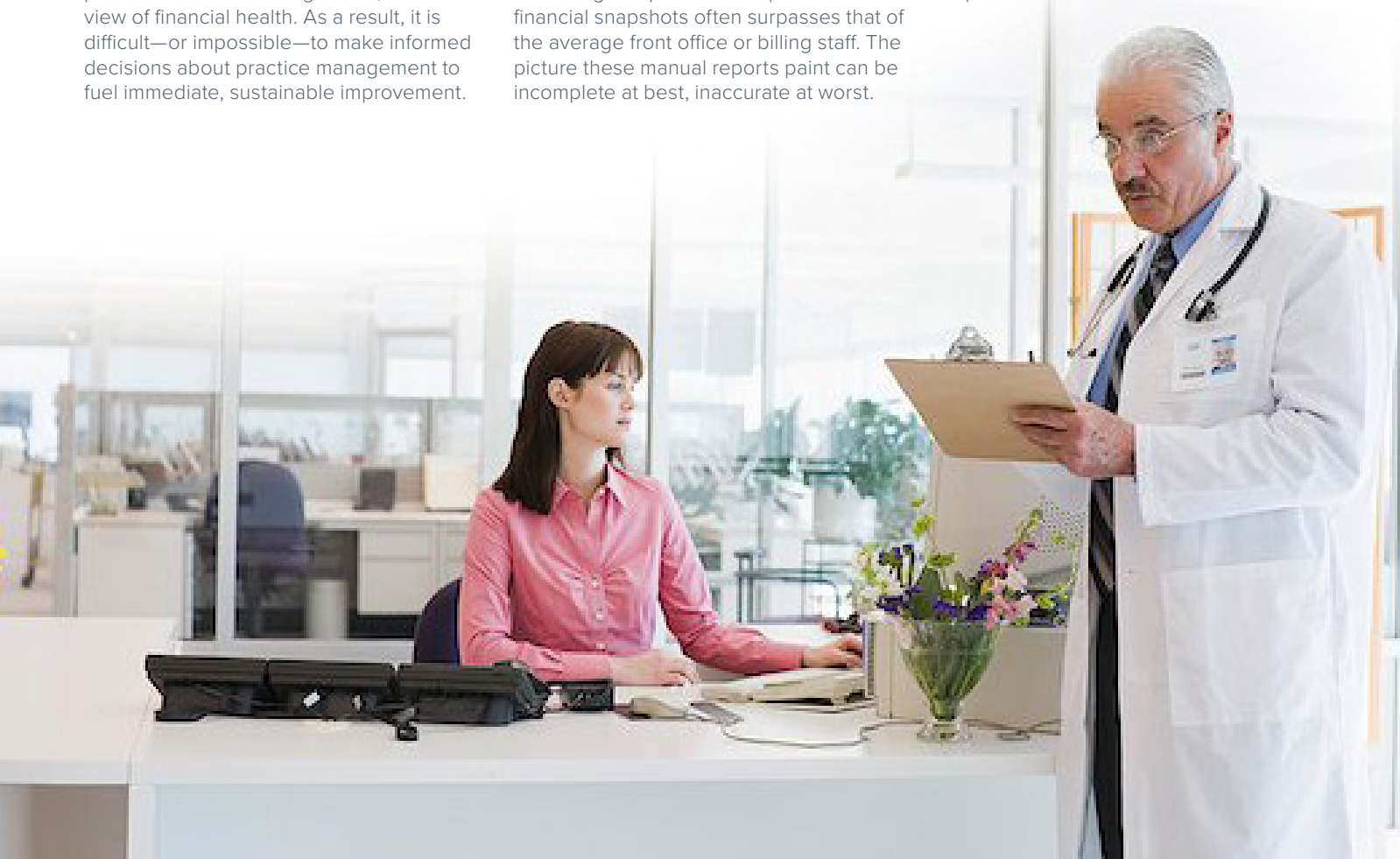
It is not that private practices lack data; they have droves of it. But rarely does a private practice have the level of sophistication or the technological tools to extract and organize existing data in a meaningful way—quickly. Compiling financial reports manually takes hours each month, ciphering away staff resources better allocated to patient care.

Additionally, the level of expertise and knowledge required to compile these financial snapshots often surpasses that of the average front office or billing staff. The picture these manual reports paint can be incomplete at best, inaccurate at worst.

No decision can be the worst decision

The status quo is a very tantalizing option: it is easier and cheaper to keep things the same—right? Quite the opposite! Maintaining the status quo can quickly drag down a private practice during challenging economic times.

The lack of accurate data is a common reason physicians decide to just keep doing what they are doing—while seeing their financial performance plateau or slowly decline. Without a dedicated team of administrators like their hospital-employed counterparts, independent physicians can find themselves without the time or resources to implement operational adjustments or properly plan for future growth. But ever-changing regulations, new pay structures, and coding conversions will overwhelm an independent medical office that refuses to adopt more efficient and sophisticated solutions.



Financial reporting changes the game for private practice

While your practice may not have the budget or staff resource of a large healthcare organization, good financial reporting can cross that gap. It can deliver the high value information needed to identify financial problems, pinpoint solutions, discover new financial opportunities and lead the way towards profitable change.

Finances in focus

Comprehensive financial reporting offers a physician or physician-group a 360-degree view of a practice's financial health. Access to this data empowers independent practices to identify revenue leaks, pursue revenue opportunities, and compare financial performance.

Producing financial reports should be as easy as a few clicks. What used to take hours can be done in just minutes—automatically. Key metrics can be instantly reported for the entire practice, one location, or one physician. Reports can be customized and saved with preferred data and formatting for an even more in-depth look at financial health.

Real-time decisions for timely change

Financial reporting allows physicians to make informed decisions about the management of their practice, eliminating the gut instinct of the past. Making decisions can be done in real-time, which can translate to an immediate lift to the bottom line.

Additionally, physicians can immediately measure the value of organizational changes such as comparing the historic performance of in-house billing to partnering with a third-party billing service—or vice versa. No need to wait for months to identify profitable opportunities or financial leaks—timely changes can be made to improve outcomes.

Dare to compare

Comprehensive financial reporting enables physicians to compare their financial performance to that of their peers. The top 25% of earners make up to \$50,000 more than the average-earning physicians ; many cited financial reporting as a key to increased profits. Peer benchmarking can uncover where a practice is leaving money on the table and identify potential areas of growth.

Level the playing field with payors

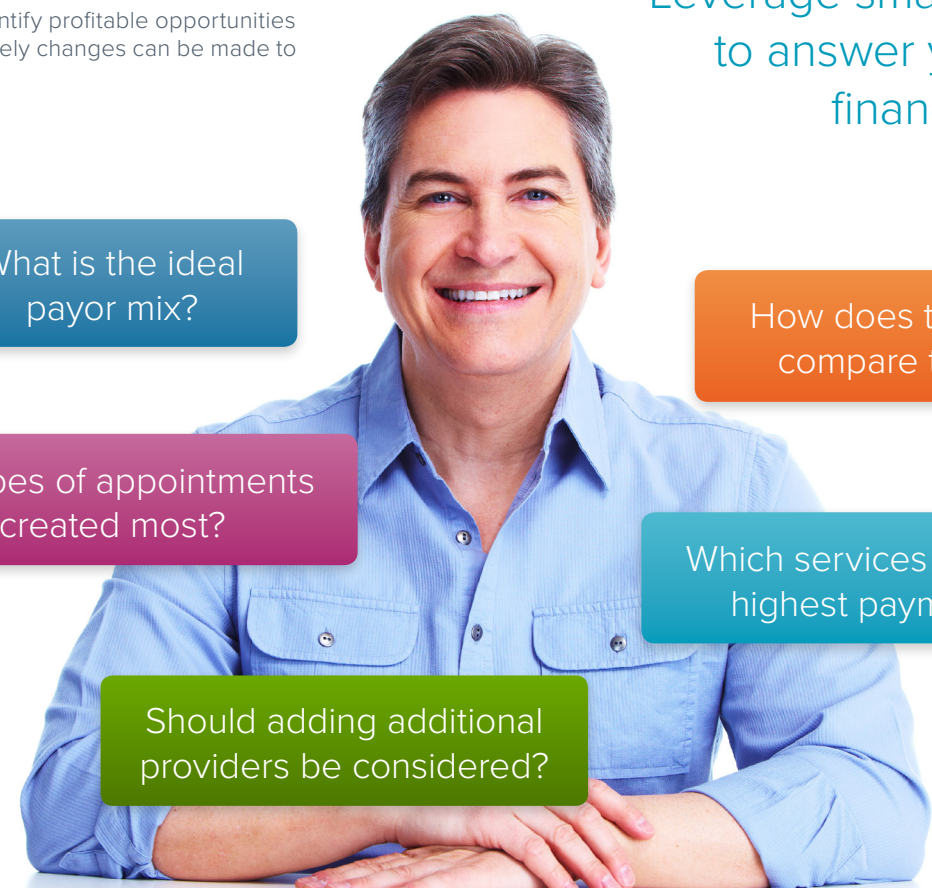
Financial reporting allows small private practices to negotiate payor agreements as if they had the resources of a large hospital. Data becomes power when consulting with insurance companies, which means more dollars for the bottom line. Find your ideal payor mix with a closer look at payment turnaround times and collection information.

Grow the practice, grow profits

Reporting involves more than just dollar amounts. The data held in your practice management platform can be leveraged to grow your patient population. As a key to optimizing marketing efforts, current patient data can be extracted to target specific geographical areas or patient populations through direct mailings and other media channels. Marketing dollars make the most impact with the support of sound data.

Also, current patient information can help determine if your practice is ready to hire on another physician. Instantly run reports for most used CPT codes, appointment types, and average time spent with patient to identify which areas of the practice need additional provider support.

Leverage smarter reporting to answer your toughest financial questions



What is the ideal payor mix?

How does the practice compare to others?

Which types of appointments are created most?

Which services yield the highest payments?

Should adding additional providers be considered?

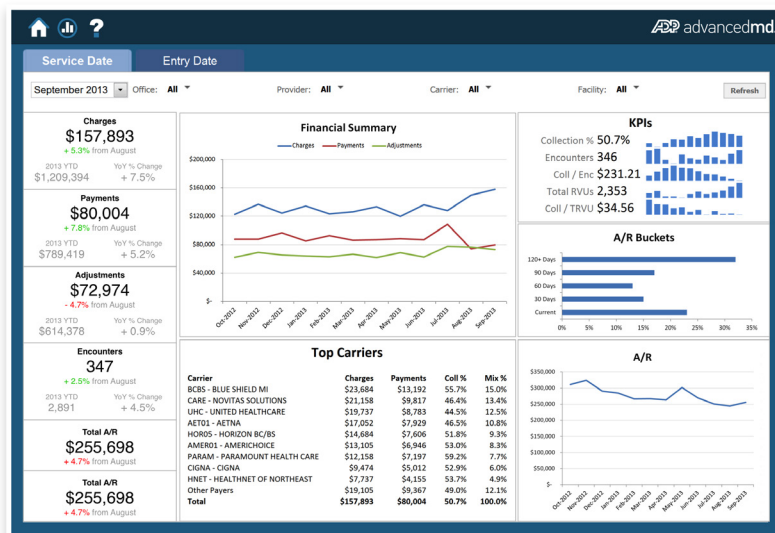
Gain control with AdvancedInsight™ from AdvancedMD

It is our goal to help our clients operate as efficiently as possible and maximize their financial performance. With that in mind, we painstakingly developed the AdvancedInsight business intelligence and reporting suite to be the best in the business.

As a central part of our all-in-one practice management and EHR platform, AdvancedInsight offers a 360-degree view of your practice's financial health. Everything about it is engineered to give the independent physician practice maximum visibility and information to control the financial aspects of their business. We have created the user interface to be straight forward and simple enough for anyone to immediately become a financial wizard.

Why is AdvancedInsight the best?

- More than 150 standard reports can be run in seconds
- You can measure the entire spectrum of your practice from scheduling and patient management to marketing and referrals, to diagnosis codes and procedure codes
- Schedule when and how often reports are run and securely delivered in a customizable reporting portal
- Quickly and easily define a highly customized search that delivers a report with hundreds of data points
- Review financial performance at a glance with dashboard summaries of crucial key performance indicators updated daily with MTD, YTD and period comparisons



➤ Conclusion

Hospitals have long benefited from sophisticated analytic technologies, something that was just unobtainable for most small medical offices. However, sound financial reporting is the key to reinventing the modern private practice during challenging economic times. New healthcare information technology innovations are finally leveling the playing field by delivering meaningful data instantly.

With the ability to wield accurate, real-time data, physicians can identify opportunities for financial growth, eliminate drains to the bottom line, and improve patient care through increased efficiency. No longer do physicians need to feel left in the dark about the business side of their practice—the financial outlook just got better.

Challenge the status quo with the best financial reporting suite in the industry, AdvancedInsight from AdvancedMD.