

KPIs FOR THE INDEPENDENT PRACTICE

*KPIs That Absolutely, Positively Make
a Difference for Your Practice*





Key Performance Indicators, or KPIs, are core to the success of any business, organization or independent practice.

Two roadblocks often deter practices from successfully utilizing KPIs to their full advantage: 1) Inability to focus on the right, very limited number of indicators and 2) Inconsistency in monitoring and taking action based upon KPI trends. Following a FedEx-like single-minded focus on key metrics can help turn KPIs into a super tool for independent physicians.

A business consultant tells of being in an intense, high-level meeting with Fred Smith, founder and then-CEO of FedEx and a number of his executive team members. Suddenly, Fred interrupted the meeting, “to hear the announcement.”

Not only did everyone in the meeting stop, everyone in the company stopped whatever they were doing, turned toward the nearest loudspeaker, and listened intently to hear the daily on-time overnight delivery report for packages delivered the night before. The breathless silence was suddenly shattered by cheers,

shouts and high-fives: the daily on-time rate had been exceeded. Fred and the team celebrated briefly, and then with the rest of the company returned to the work at hand.

The message was clear: from the CEO down, the company tagline “When it absolutely, positively has to be there overnight” was a metric that permeated and drove this multi-million dollar company to success – trickling out from daily performance tracking into effects on mid and longer-term customer focus, employee alignment, team building and corporate profitability.

Key Performance Indicators (KPIs): Why They Matter

Experience across millions of organizations, managers and individuals over extended time periods has reinforced this simple, powerful management axiom: We consistently focus on and improve only those things we consistently measure.

Ironically, the simplicity of the idea is likely the biggest contributor to it being ignored or poorly implemented in so many organizations worldwide.

As demonstrated by FedEx in the early days of its business, the success of your private practice will to a large degree depend on the consistency and focus you give to measuring and improving those activities with the greatest potential to move toward your goals.

Ignoring a consistent KPI focus always leads to sub-optimal performance, frustration and wasted effort in trying to figure out what's going wrong in the practice and how to fix it. Peak performers in independent practice create specific, actionable KPIs, religiously monitor them and take improvement actions accordingly.



Keep it Simple & Focused

In any medical practice there is a core set of activities that have the greatest impact on success. This may vary somewhat depending on factors such as specialty and population served, practice vision, and individual provider/owner styles and preferences.

However, the most efficient offices zero in on the activities that generate the greatest workflow efficiencies, the highest patient satisfaction, and the most revenue. This is what they measure and focus on. It is the path to a sustainable, successful and profitable practice.

The key is to start simply, focus on and manage a limited group of key metrics - no more than 15-20 KPIs. With today's technology, the amount of data available can be overwhelming if not properly managed. Many practices get sidetracked analyzing data and crunching statistics that aren't core to their success. This detailed information is useful for drilling into the "why" behind a core KPI that isn't measuring up, but must not cloud the key drivers of practice success.

The 15-20 essential KPIs should measure three key aspects of practice success: Financial/operational, clinical, and patient-focused activities. This breadth ensures that the organization stays balanced in delivering across the spectrum of activities that will lead to the best performance and outcomes overall, and not overly skewed to the financial side.

KPI

BREADTH

& TIMETABLE

Guidelines for these frequencies include:

Daily

Very short list of the key indicators that show the practice is thriving and on-track. Be religious about tracking, reporting and holding the whole organization accountable for these metrics. Taking a few minutes daily to review these KPIs can go a long way toward keeping a practice on a profitable, successful track. Practice leaders who don't take

this activity seriously or periodically blow it off soon find a lax attitude permeating their organization toward these key activities.

Weekly & Monthly

A bit longer list, but still simple and focused. Leadership should review these on a consistent, recurring schedule and share with organization members as needed.

Annually

Detailed look into all KPIs compared with annual plan and relevant benchmarks.

Additionally, to keep things consistently on track without bogging down, specific KPIs should be measured and reported on specific timetables: daily, weekly and monthly. All KPIs should also be reviewed annually against the yearly plan.

Finally, to provide greater perspective and value, KPIs should be tracked and compared for historical trends and direction, as well as being benchmarked against the results of other practices for your specialty, size and geography.

Essential KPIs for independent medical practices

This list of suggested core KPIs is based on input and experience with many successful practices across a range of specialties. It can serve as a starting point for building a system of metrics that will guide your practice success.



DAILY

Clinical

Number of patients scheduled & percentage of appointments slots filled

No-show rate

Financial/Operational

Cash receipts = money deposited into the bank

Patient

Patient reviews submitted. Read every one, positive and negative. Respond to negative reviews to address/resolve issues.

Many practices have a resource dedicated to managing this.



WEEKLY

Clinical

Revenue per staff hour

Financial/Operational

Clean claim submission percentage

Accounts receivable aging past 60, 90 days

Charges – gross and net collection

Self-pay balance
Patient

Percentage of education material downloaded by patients who were offered resources

Online reputation score and direction



MONTHLY

Clinical

New patients as a percentage of total visits

Referrals as a percentage of total visits

Financial/Operational

Payables balance

Denial rate by payer

Bad debt write-off percentage

Patient

Average score from patient satisfaction surveys



ANNUALLY

Detailed

A summary of all short-term KPIs and tracking vs. strategic goals

A word about wRVUs

Many independent physicians wonder whether to include Work Relative Value Units, or wRVUs, in their list of core KPIs. The consensus is that this measure doesn't fit well with the goals and motivations of most independent providers and therefore isn't extensively used in this setting. wRVUs were originally created for and have found their greatest usefulness in hospital and large healthcare delivery systems where organizations are working to optimize the effectiveness of their employed providers. Because most independent physicians are highly self-motivated and focused toward their own personally meaningful goals, the usefulness of wRVUs is greatly diminished.

The exception to the rule is in a practice situation where an additional outside benchmarking metric many add value.

This includes:

- Practice with a high-growth focus and multiple providers
- Independent practice seeking to merge with another practice
- Independent practice seeking to sell to a hospital or group system

Take Action

Measuring, reporting and reviewing key KPIs is only half the battle in making KPIs highly effective in your organization. The real magic happens when leaders take action based on what they're seeing. This is especially powerful with regard to the short-term KPIs. Making small course corrections along the way based on daily and weekly KPI can make a significant difference down the road as these improvements compound and permeate the organization.

Consistent KPI monitoring also presents an opportunity to tap into the creativity of your entire care delivery team. Assign responsibility and solicit their input on how to improve activities that will have an impact in moving key indicators in a positive direction.

Using KPIs in this fashion allows you to communicate more precisely about performance with your staff and to find

areas where each member of the staff can improve specific skills. In the process, you will not only improve performance, but job satisfaction and employee retention as well. And when goals are consistently met or exceeded, take the opportunity to celebrate as often as possible.



Absolutely, Positively Successful

Whatever your “absolutely, positively has to...” goals are for your patients and practice, mastering the “measure and focus” axiom implemented through focused KPIs will help put you in the rarified company of those who fly high and fast toward success.

AdvancedMD supports independent physicians and their staff with a comprehensive suite of solutions including financial, clinical and patient engagement. The business analytics and reporting capabilities of AdvancedMD allow practices to easily track and manage every KPI outlined in this document.

For more information, or to schedule a demo, contact us.