

Measuring Medical Practice Performance

Project Background

Although a wealth of financial information and reports had always existed within the medical practice, physician leadership often found it too time consuming to decipher and analyze. As a result, the medical practice was lacking real insight into the financial health of the practice. Perceived revenue/expense related trends were not always corroborated by financial reports which made it nearly impossible to make the most beneficial business decisions. The medical practice leadership decided to address these issues by improving their financial reporting process and related supporting activities.

Current State

At this Podiatry office, the office manager was responsible for identifying and entering patient related transaction data (e.g., insurance payments, patient charges, balance owed) and internal expenditure data (e.g., drugs & supplies, rent) associated with conducting business. Transaction data would then be summarized into a single spaced tabular view that was distributed to the physician for review and interpretation. Due to the level of detail, report length, format and availability, the physician was unable to utilize the information to track trends, assess status of key revenue and cost metrics.

Key Changes

- Developed a standard process to collect and produce a simplified graphical representation of key financial metrics that illustrate current financial performance of the practice.
- Developed a standard process to collect and produce a simplified graphical representation of key financial trends.
- Provided coaching to office management on how to interpret, analyze and spot financial metric trends before they shifted out of statistical control.
- Facilitated end-of-month financial review meetings on behalf of office management and physician to illustrate how to effectively communicate key issues that require further examination or decisions.
- Identified one employee to dedicate time solely to billing and insurance collection matters.

Example Page of Monthly Report

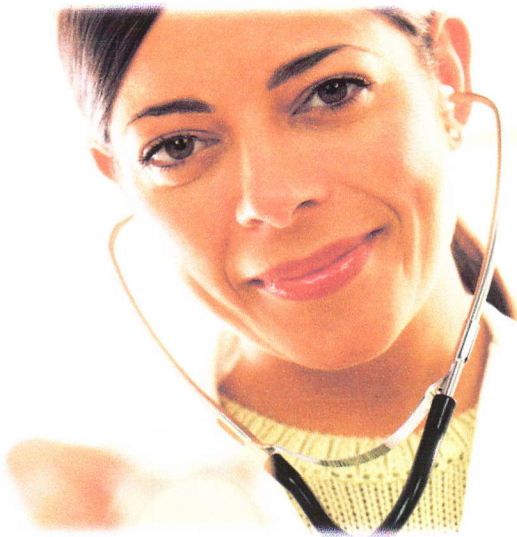


Controlling the Gains

After implementation, office management continued to adhere to the new process that solicits the type of action required to manage and understand practice performance. Providing analysis and insight as opposed to tables of raw data, caused office management to focus on delivering key metrics that fostered better communication and insight into the financial health of the practice. Making improvements to a process is often straightforward. Changing the behavior and adhering to a new process is more difficult but key to success. Sustaining the new process requires support and accountability from the entire practice. What gets measured often gets changed.

“I’ve been in business for over 30 years and never had this level of insight into my financials. I finally have a clear picture into the health of my practice and where improvements are needed.”

- Physician



Conclusions & Results

Office management now develops and utilizes monthly performance reporting to assist physician leadership in understanding key performance indicators as well as trends that may require action. The process has provided the physician with a higher level of confidence that guides office management to areas that require possible improvement.

About Qualmentus Inc.

Qualmentus is a consulting group comprised of certified efficiency specialists dedicated to the improvement of business operations within the healthcare community. Clients experience an increase in net income, staff productivity and patient satisfaction. Working closely with the office staff, Qualmentus designs and implements solutions with measurable results using an approach based on Lean Six Sigma.

Co Founder Patrick Widhelm — Seven years experience in process engineering and program management at USAA and in the US Air Force Space Program. Patrick holds a Masters in Public Policy from Harvard University and graduated Summa Cum Laude from the US Air Force Academy with a BS in Management. He is Six Sigma Black Belt certified and specializes in statistical analysis and data modeling.

Co Founder Sergio Trevino — Seven years of process engineering experience in the field of Health Care, Property & Casualty Insurance, Life Insurance, Banking, Financial Services and Grocery Supply Chain Management. Sergio earned an MBA from Our Lady of the Lake University in e-Commerce Management, graduating with honors. Lean Six Sigma Black Belt trained, Sergio specializes in strategic business planning and the implementation of lean operations.