

Improving Practice Delivery

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Practice Health Metrics

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Outline

- Types of measures (accounts receivables, referral patterns, productivity, etc.)
- Keeping it simple, pertinent and doable
- Using a dashboard
- Loss prevention
- Improving patient care
- Strategic planning

Why have practice metrics?

- The importance of knowing what you are doing
- The problem of the “seat of your pants approach”
- The problem of intuition
- A strong practice is able to be sustainable and provide services to the community
- Loss prevention
- A practice that is aligned with its values has providers that “fit” and are more present and motivated in their work, which can impact outcomes

Types of measures

- Clinical outcomes
- Referral patterns
- Utilization and demographics
- Productivity
- Accounts receivable

Keeping it simple, pertinent and doable

- The importance of careful thought around design
- Getting compliance
- Using the data

Improving patient care

- Using outcome measures tailored to the work you are doing (do the research)
- Client/patient satisfaction
- Using easily available data

Using a dashboard

- What is a dashboard?
- Advantages
- Disadvantages

Dashboard examples

(From Zimmerman and Libby (2015) Financial Management for Your Mental Health Practice: Key Concepts Made Simple)

Figure 3.1 Dashboard

Line #	INCOME AND EXPENSES		BILLINGS AND COLLECTIONS		ACCOUNTS RECEIVABLE		
1	Total Collected	\$300,000	Total Billed	\$400,000		Dollars	Percent
2	Total Expenses (not including owner's compensation)	\$200,000	Total Adjusted	\$100,000	0-30 Days	\$4,500	24%
3	Total Compensation to Professional Staff	\$86,750	Total Collected	\$300,000	31-60 Days	\$3,500	18%
4	Total Compensation to Administrative Staff	\$50,000	Collection Ratio (3/1)	75%	61-90 Days	\$2,000	11%
5	Other Office Overhead Expenses	\$63,250	Write-off Ratio (2/1)	25%	91-120 Days	\$4,000	21%
6	Net (1-2)	\$100,000			>120 Days	\$5,000	26%
7	Overhead Ratio (2/1)	67%	Number of Clinicians (Including owner)	2.50	Total	\$19,000	100%
8	Administrative Overhead (4+5)/(1)	38%	Average Billed per Clinician (1/7)	\$160,000			
9			Average Collected per Clinician (3/7)	\$120,000			
10							
11	By Visit		By Visit		CASE ORIGINATION		
12	Total # of visits	2500	Total # of visits	2500	Number of New Cases	100	
13	Average Collected per Visit (1/12)	\$120	Average Billed per Visit (1/12)	\$160	Number of Clinicians	2.50	
14	Average Expenses per Visit (2/12)	\$80	Average Collected per Visit (3/12)	\$120	Average Number of New Cases per Clinician (1/2)	40	
15	Net per Visit (13-14)	\$40	Average Visits per Clinician (12/7)	1000	Total Collected	\$300,000	
16					Average Collected per Case (4/1)	\$3,000	

Performance by Year

Figure 3.2 Performance by Year

OVERALL INFO	FY1	FY2	FY3	FY4
Total Billed	\$150,000	\$225,000	\$320,000	\$400,000
Total Collected	\$112,000	\$185,000	\$260,000	\$300,000
Collection Ratio	75%	82%	81%	75%
Total Adjusted	\$40,000	\$60,000	\$80,000	\$100,000
Adjustment Ratio	27%	27%	25%	25%
Compensation to Professional Staff	\$0	\$40,000	\$70,000	\$86,750
Other Overhead (Admin staff + other expenses)	\$45,000	\$60,000	\$75,000	\$113,250
Total Overhead (Expenses)	\$45,000	\$100,000	\$145,000	\$200,000
Net	\$67,000	\$85,000	\$115,000	\$100,000
Overhead Ratio	40%	54%	56%	67%
Administrative Overhead Ratio	40%	32%	29%	38%
Profit Ratio	60%	46%	44%	33%
VISIT INFO				
Number of Visits	1000	1500	2000	2500
\$ Billed/Visit	\$150	\$150	\$160	\$160
\$ Collected/Visit	\$112	\$123	\$130	\$120
Expenses/Visit	\$45	\$67	\$73	\$80
Net/Visit	\$67	\$57	\$58	\$40
Number of Full-time Equivalent Clinicians	1.00	1.50	2.00	2.50
Visits/Full-time Clinician	1000	1000	1000	1000

Accounts Receivable

Figure 3.3 Accounts Receivable

	FY1	FY2	FY3	FY4
Outstanding Dollars				
0-30 Days	\$2,000	\$2,250	\$3,000	\$4,500
31-60 Days	\$1,500	\$1,900	\$2,750	\$3,500
61-90 Days	\$1,000	\$1,500	\$2,250	\$2,000
91-120 Day	\$500	\$900	\$1,500	\$4,000
> 120 Days	\$750	\$1,200	\$3,000	\$5,000
Total	\$5,750	\$7,750	\$12,500	\$19,000
Percent of Total Outstanding				
0-30 Days	35%	29%	24%	24%
31-60 Days	26%	25%	22%	18%
61-90 Days	17%	19%	18%	11%
91-120 Day	9%	12%	12%	21%
> 120 Days	13%	15%	24%	26%
Total	100%	100%	100%	100%
CASE ORIGINATION				
Number of New Cases	30	55	80	100
New Cases/Clinician	30.00	36.67	40.00	40.00
Average Collected/Case	\$3,733	\$3,364	\$3,250	\$3,000

Performance by Clinician

Figure 3.4 Clinician Dashboard

STAFFING	Clinician 1	Clinician 2	Clinician 3	Self	Totals
Full-time equivalent	0.40	0.50	0.60	1.00	2.50
Days/Week on Site	2.00	2.50	3.00	5.00	
OVERALL INFO					
Total Billed	\$60,000	\$80,000	\$110,000	\$150,000	\$400,000
Total Collected	\$50,000	\$50,000	\$65,000	\$135,000	\$300,000
Collection Ratio	83%	63%	59%	90%	75%
Total Adjusted	\$10,000	\$30,000	\$45,000	\$15,000	\$100,000
Adjustment Ratio	17%	38%	41%	10%	25%
Compensation %	0.50	0.52	0.55	0.00	
Compensation to Professional Staff	\$25,000	\$26,000	\$35,750	0	\$86,750
VISIT INFO					
Number of Billable Hours/Year	375	525	700	900	2500
Number of Billable Hours/Week (46 weeks)	8.2	11.4	15.2	19.6	54.3
Number of Billable Hours/Day (46 weeks)	4.1	4.6	5.1	3.9	4.3
\$ Billed/Visit	\$160	\$152	\$157	\$167	\$160
\$ Collected/Visit	\$133	\$95	\$93	\$150	\$120
\$/Visit Compensation to Professional Staff	\$66.67	\$49.52	\$51.07	\$0	
\$/Visit Income to Practice	\$66.67	\$45.71	\$41.79	\$150.00	
Other overhead expenses/visit	\$45.60	\$45.60	\$45.60	\$45.60	
Net to Practice/Visit	\$21.07	\$0.11	-\$3.81	\$104.40	
Net to Practice (Annual)	\$7,900	\$60	-\$2,670		

Accounts Receivable by Clinician

Figure 3.5 Accounts Receivable by Clinician

	Clinician 1	Clinician 2	Clinician 3	Self	Totals
Outstanding Dollars					
0-30 Days	\$100	\$1,715	\$2,400	\$285	\$4,500
31-60 Days	\$100	\$950	\$2,100	\$350	\$3,500
61-90 Days	\$50	\$500	\$1,250	\$200	\$2,000
91-120 Day	\$500	\$500	\$2,600	\$400	\$4,000
> 120 Days	\$75	\$500	\$4,225	\$200	\$5,000
Total	\$825	\$4,165	\$12,575	\$1,435	\$19,000
Percent of Total Outstanding					
0-30 Days	12%	41%	19%	20%	24%
31-60 Days	12%	23%	17%	24%	18%
61-90 Days	6%	12%	10%	14%	11%
91-120 Day	61%	12%	21%	28%	21%
> 120 Days	9%	12%	34%	14%	26%
Total	100%	100%	100%	100%	100%
CASE ORIGINATION					
Number of New Cases	10	15	20	15	60
Average Collected/Case	\$5,000	\$3,333	\$3,250	\$9,000	\$5,000

Embezzlement happens!



- In Walfish & Barnett (2009 *Financial Success in Mental Health Practice: Essential Tools and Strategies*) A colleague describes how she lost \$128,000 to a criminal who obtained a job as her officer manager.
- Another colleague's secretary stole \$37,000 in 1991 (\$64,380 in today's dollars)

Loss prevention

- Tracking income (sources, types, etc.)
- Tracking expenses
- Using standard reports
- Trusting “with one eye open”

Strategic planning

- Using metrics to address problems
- Projecting impact of options
- Determining where you want the practice to go
- Expansion decisions
 - New programs for the community
 - Staffing and hours
 - More offices to provide easier access
- Building a sustainable practice

Brainstorming metrics

Discussion

Wrap-up



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