

Health Care Growth Strategies

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Moving Beyond Cost Cutting to Boost Physician Practice Revenue

Physician practices, hospital-owned or unaffiliated, group or solo, primary care or specialty, continue to face the difficult challenges of improving the bottom line. Recent estimates reveal that hospital-owned physician groups are losing more than \$50,000 per physician each year. Private practices also struggle with declining revenues and practice expense increases, particularly malpractice insurance. And all practices must devote more attention to information services, HIPAA compliance efforts, retaining quality staff, and other administrative tasks.

Management often seeks quick-fix solutions through staff reductions and other cost-cutting measures. This approach, however, can limit practice efficiency and productivity, thereby reducing revenue and ultimately the bottom line. Alternative, and often quite successful, strategies lie in revenue enhancement opportunities for physician practices.

Growth and Revenue Opportunities: Physician Practice Revenue Enhancement

Physician practices can explore a vast array of revenue enhancement strategies. Adding office hours and providers (physicians and mid-level) are opportunities that quickly come to mind. But alternative strategies such as adding new services that are complementary to the practice, meet community need, or promote access should be evaluated for their potential.

The most significant revenue enhancement opportunity is to add complementary ancillary services to the practice. Examples include adding general radiology to a medium-sized group (i.e., four or six physicians), adding physical therapy to an orthopedics office, or adding cardiac diagnostic testing to a cardiology practice. Ancillary revenue can contribute 20 to 30 percent or more to total practice revenue.

Another strategy is to provide or arrange for niche services that complement the patient population. For example, a private practice pediatric group in the Northeast subleased excess exam rooms to a lactation specialist for several sessions per week. The lactation

specialist bills separately for her services, while the practice gains rental revenue.

Participating in clinical trials is another unique opportunity for revenue growth. In a midwestern city, where an estimated 26 percent of the population is obese, an internal medicine practice participates in clinical drug trials of two popular drugs for morbidly obese patients. In addition, this practice provides direct access to nutrition counseling. A recent Medical Group

Management Association survey on clinical research trials reports that of 179 practices that participated, the revenue from trials can add up to 5 percent to the practice's bottom line.

Improving access may be yet another valuable revenue enhancement opportunity that brings in patients who would have been treated elsewhere and also helps junior physicians build their practices. A family practitioner employed by a health system in upstate

Additional Practice Revenue Enhancement Opportunities

- DIABETES CLINIC
- FACIAL PEELS
- FERTILITY SERVICES
- HAIR REMOVAL
- HEADACHE CLINIC
- HEALTH PROMOTION CLINICS
- HEARING TESTING
- INCONTINENCE PROGRAM
- NURSING HOME COVERAGE
- OCCUPATIONAL MEDICINE
- OPTICAL SERVICES
- PAIN MANAGEMENT
- PHYSICAL THERAPY
- SLEEP LAB
- SCLEROTHERAPY
- VITAMIN SALES



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New York found he was triaging more patients over the telephone due to his busy schedule. Often times, the physician would have preferred to bring the patient in more quickly or the patients would have preferred to see the physician. Not wanting to risk losing these patients, the system implemented telephone triage protocols to determine which patients should be seen by a physician. Then, when the "mature" physician's schedule is full, patients are told that the "junior" physician in the practice can see them sooner. This strategy provides additional volume to the system, while improving customer service and most likely enhancing patient satisfaction.

Physician practice revenue enhancement strategies must go beyond traditional marketing, adding providers, or expanding office hours. The key to enhancing revenue in the next decade is to find opportunities that distinguish practices in the marketplace and promise to bring more patients into the practice without unnecessarily increasing overhead.



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Health Strategies & Solutions, Inc., is a national management consulting firm dedicated to helping organizations discover innovative strategies and solutions for today's complex health care challenges. Our staff has enabled hundreds of health care organizations across the country to address complex issues, make decisions that achieve lasting results, and set courses for success in the new millennium.

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