

How to Tell if Your Practice is Well-Managed

Posted on Sunday, July 31st, 2011

What are the hallmarks of a well-managed practice? There are many, but here are 10 basics.

1. The practice has **foundation documents** appropriate to the corporate structure and written agreements describing how income and expenses are shared by physicians and/or other providers and how partners enter and exit the practice. The owners of the practice and management meet monthly.
2. The practice has documents that set the **guidelines for operations** such as a compliance plan, disaster plan, personnel handbook, job descriptions and requirements for annual evaluations, raises, bonuses and progressive discipline. Management and staff meet monthly.
3. The **net collection percentage is 95%** or more. This means that of the expected collectible dollars, 95% is collected. The **unfilled appointment percentage is 5%** or less. This is in retrospect, so it includes no-shows.
4. The practice has a **budget** and variances are addressed.
5. **The practice has a marketing budget and a written marketing plan that is followed.**
6. The practice has a **line of credit** or other means to draw upon in the case of unexpected cash flow drop.
7. A single commercial payer comprises **no more than 50% of the practice business.**
8. **Employee turnover rate is 10%** or less. New employees are onboarded with training, coaching and competency testing.
9. The practice has the ability to produce **management reports** to track and trend production, payments, adjustments, and denials. **Process Improvement (PI)** is used to address negative trends.
10. **Patient satisfaction** is prioritized and measured, and improvement is valued.