



5 Tools to Make Better Practice Management Decisions



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Big Data

Carmen stomped around the kitchen, slamming cabinet doors, and mixing ingredients furiously. Ben wondered how dinner would taste with this level of irritation mixed in.

“I am so mad,” Carmen informed him, as though he could have missed that. “You know a restaurant like mine is always just on the edge of profitability.”

“I thought the pizzeria was doing well,” Ben objected.

“We are! But doing well for a pizza place can be an 8% margin. I believe in giving good value, treating my workers well, and using fresh ingredients. And every time I turn around there’s another expense!” Carmen slammed the oven.

“Hey, come sit down and let me get you a glass of water.”

“I know I’m making a big deal over this, but seriously, Ben, this just makes me mad. We’ve had Wifi in the restaurant

since we opened, and now all of a sudden we’re supposed to pay an extra fee and buy a special router and—I don’t know. I’m going to have to sell five more pizzas a day just to keep the same level of service I have now.”

“So don’t have Wifi,” suggested Ben.

“In a pizza place? You’re kidding, right?” Carmen shook her head. “Hospitality industry surveys say that over 70% of my regular customers could go elsewhere if I didn’t have free Wifi for them.”

“Does it have to be free?” Carmen’s pitying expression answered the question. Ben persevered. “Okay, what if you raise the price of the pizza to cover the extra cost of the Wifi?”

Carmen stared off into the distance and her eyes narrowed. “That’s not impossible,” she said. “I’d only have to raise prices by about 26 cents



per item... if I went from \$12.79 to \$12.99 and made up the difference on the drinks, probably no one would notice.”

“How can you do that?” Ben asked his wife. “It took you less than a minute to figure that out.”

“In business, you have to know your numbers,” Carmen said firmly.

“How can anyone know all those numbers?” Ben objected. “We have so many numbers in our practice, I don’t even know what I should be keeping track of, let alone what to do with them.”

“Then how do you know when you need to hire another staff member, which products to stock, or which services are most profitable?”

Ben considered the question. “I guess I don’t. We’re tied into all kinds of information systems, but they don’t seem to connect with decisions about the practice. As long as we’re doing pretty well and have enough money to pay everybody, I don’t

really think about those things. If we’re falling behind, I cut out the free coffee in the break room...”

“And stay up nights worrying,” Carmen’s voice was soft. “Wouldn’t it make sense to have control of that information?”

“I guess,” Ben frowned. “I don’t see how I can add any more to my work day, though, or to Pam’s.” Ben thought about his office manager. Pam was great, but he felt fairly sure that she didn’t have control of the numbers the way Carmen did.

Carmen stood up and went more calmly to check the oven. “Can you help Jonathan wash up for dinner? And thanks for helping me sort out my problem.”

“I’m always happy to help,” said Ben. He thought he might be the one who needed help, though.

Can Dr. Ben get the benefits of data-informed decision making in his practice?

Wake Up and Smell the Coffee

“Do you really cut out coffee in the break room when cash flow is tight at the practice?” Carmen asked Ben, pouring him a cup of her special brew. Ben inhaled the aroma of freshly ground coffee beans brewed in a French press with filtered water. Their son was coloring at his end of the table while Ben and Carmen enjoyed a cup of coffee, the family’s usual evening ritual.

“Why not? It’s a small thing that doesn’t affect the patients,” said Ben, breathing in the scent of coffee again. It would be just another minute before it reached the ideal drinking temperature.

“I think that’s a mistake,” Carmen said firmly. “What happens when everyone is crazy busy all day and the waiting room is a zoo and Pam goes for her coffee break—and finds no coffee. You save yourself seven dollars, and you have a dissatisfied staff. That’s no bargain.”



“So where should the savings come from if we need to scrimp a little bit? Sometimes we have to.”

“There’s always something you can do to bring in a little more money in the short term,” Carmen said, swirling her cup. “You can call patients you haven’t seen in a while and invite them in, or offer a referral bonus or something.”

“This isn’t like pizza,” Ben objected. “Plus, we don’t always have too little business when we have a cash flow issue.”

Carmen frowned. “The solution to every problem in business is more customers. Cash flow for the pizzeria means we’ve had a slow week. It’s not that way at the practice?”

“Not necessarily. There are a lot of things that can affect our income. No shows, for example. When people make an appointment but don’t show up, we lose that income. NFAs, no future

appointments—those are the people who may have been coming regularly and providing predictable revenue, but then they leave without making another appointment.”

“Recurring revenue is good,” Carmen agreed. “But when you expect it and it doesn’t happen, it can take a while to make up the difference.”

“There’s also payment. When people order a pizza, they pay for it. We have accounts that are 60 or 120 days late, plus insurance payers who are slow or even dispute the claims.”

“Hold on!” Carmen grabbed a piece of paper and a crayon from Jonathan’s hoard. “Can I have this one, sweetie? Thanks. Okay, Ben, let’s get this figured out. Things affecting your income include no-shows, NFAs, slow pays, and payers like insurance companies that aren’t always predictable.”

Carmen drew a neat chart with the crayon. “Wait, I think the insurance companies need their own column.

You need to keep track of which payers are fast and cooperative and which aren’t. You also need to know how many claims you have and when there’s a significant backlog so you can respond to it. Maybe also which specific procedures cause problems with which payer.”

Ben admired the chart. “Looks like that about covers it.”

Carmen sat back and admired her work. “I think these are your KPIs. Your key performance indicators that let you see if you’re on track and if you need to trim your costs a bit.”

“Where will these numbers come from?” Ben asked. “You’re acting like I should know these things.”

“You should,” Carmen shot back. “You have to know your numbers to make the right decisions at the right time. When you know your numbers inside and out, you can make strategic decisions wisely. Maybe there are vendors you can safely put off paying if you know that you have money coming in soon, or maybe you can put a staff member to work getting those overdue accounts cleaned up.” Carmen returned the crayon to their son.

“Either way,” she went on, “you won’t have to mess with the coffee!”

Ben drained his cup. He could see where Carmen was coming from.

Her plan sounded sensible. But he wasn't sure it would be worth taking time away from what he did best—patient care—to mess with all those numbers.

Dr. Ben might be able to make better decisions by tracking KPIs—but but would it be worth it?

Too Many Variables

Ben closed his office door gently and pulled his chair up to the desk. He pulled his wife's crayon-made chart from his pocket and smoothed it out on the desktop. Carmen knew a lot about business, he thought. He had to admit that he found that part of his job challenging, but he was also confident that he'd be able to take control of this aspect of the practice now that he had some direction.

With medical information, he could look at a few pieces of data and see what was going on—or what else he needed to know to find the answers to his questions. If he needed additional information, he knew where to look for it. And generally speaking, the patients' charts had the data he needed in the places where he expected it to be. His own experience with that data made it instantly meaningful.

It didn't seem to work that way with practice management. So Carmen had grabbed one of their son's crayons and drawn him a chart. Ben chuckled.

Ben copied the chart into a spreadsheet and hit "print." He



heard "Dr. Ben?" at his door and just had time to put away the original chart before Pam entered. "Dr. Ben, we have another last-minute cancellation."

Pam handed Ben the patient folder. "She's done this before, hasn't she?" he asked, checking the file.

"She does it pretty regularly," Pam admitted. "She always says something about work, but I wonder whether maybe she just finds herself short before the appointment comes up, and makes excuses so she won't have to pay."

"Do we have other patients who work at the same place she does? Do we have the same kinds of problems with them?"

"That's a good question. I'll check on that. I hate to have to charge her if it's work-related and she can't help it."

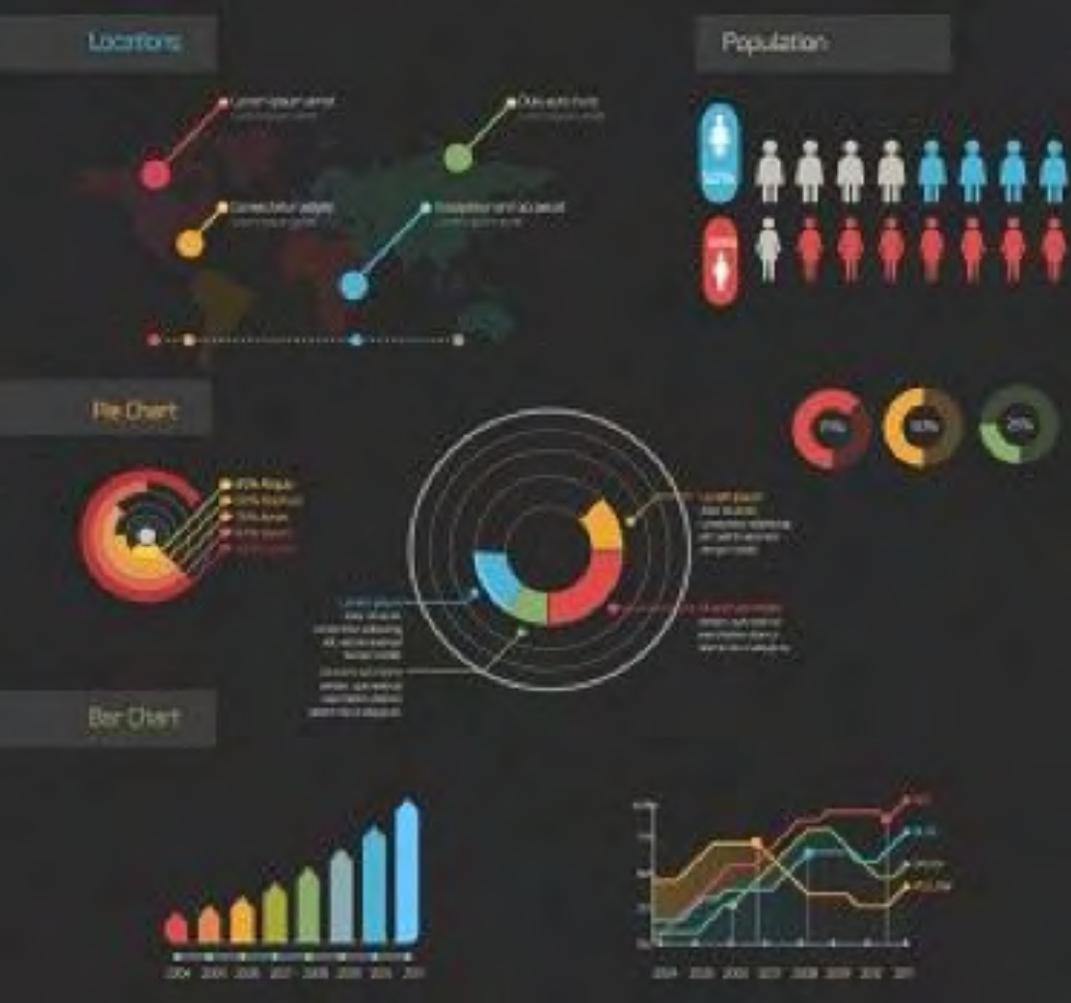
"If we take that position, though," Ben pointed out, "we'd never charge anybody for cancelling, even though we have a sign out there explaining the policy. Everybody probably has a reason they think is important."

"I know, but if the cancellations are caused by financial problems, then charging..." Pam continued, but Ben had stopped listening.

"This is paralysis by analysis," he interrupted.

"What?"

"I mean, we're looking at so many possibilities and so many hypotheticals that we're never going to be able to make a firm decision. If cancellations are enough of a problem to us that we have a policy, we ought to follow that policy. She could go to her boss and explain that she'll lose



figures every week and calculate a running total? Then when questions arose, they could take a quick look at the spreadsheet and find exactly the information they needed.

Pam wouldn't like it, he was sure, but it seemed like just the right solution.

How can Dr. Ben effectively put his information and ideas into practice?

Charting a Course

Pam's expression was troubled. "Let me make sure I understand this, Dr. Ben," she said.

Ben smiled at her encouragingly. "You want me to find all this information every week and type it into a spreadsheet."

Ben smiled even harder. "I know it sounds like a lot of extra work," he said. "I'm convinced that it'll save us time in the long run, though."

"It'll be extra work," Pam agreed, "but I don't mind that. I'm just not sure you've thought this through, if you don't mind my saying so."

Ben stared. He was prepared for objections to the extra work or the tediousness of the task, but he hadn't practiced any response to an announcement like this one. "What do you mean?"

that \$35 fee if she cancels, and then it would be in the boss's court. Or if it's financial, she could level with us and we could work out a payment plan for her. All those things about her life are just muddying up the waters for us."

Pam nodded. "You're right."

"Or if our data shows that cancellations don't really make any difference to the bottom line, then we could get rid of that policy. But let's narrow this in to the most basic information we need for the decisions, instead of broadening it out to include all the possibilities we can imagine."

Pam left looking satisfied, but Ben remained in the office, lost in thought. It sounded good when he said that, but the truth was,

he didn't know what no-shows cost him and whether they needed to be firm or not. He didn't even know how often this particular patient had made a last-minute cancellation or not shown up for an appointment, and Pam simply had a feeling about it, not hard facts. This was definitely a case in which having fast access to the KPIs would improve decision-making.

In fact, if he or Pam could spend a little time sorting these things out, they would probably make it up by having fewer conversations agonizing over decisions of that kind and second-guessing their earlier decisions.

Ben looked at his spreadsheet. Why couldn't someone from the office staff pencil in the current

“Spreadsheets are all very well,” Pam said, “but what are you going to do with that information? We’ll put it all in and print it out and then what?”

“We’ll be able to see if no-shows are increasing, for example,” said Ben. He felt himself getting irritated and tried not to show it. “We’ll see if there are things we need to change.”

“With no-shows that might work, but what about the big numbers? We might not be able to see a pattern. And what if the numbers just sort of go up and down? What if there really isn’t any pattern?”

Ben frowned. “We don’t have to print it out. We can leave it on the screen, and that way we can always do calculations or insert a chart if we need to.”

“But we have nine different things we’re watching. If we look on the screen, after a couple of months we won’t be able to see the labels any more.”

“You can fix that in Excel, right?”

“I don’t know,” Pam said, opening her eyes wide. “I don’t think I even know how to do calculations in spreadsheets. I never took that kind of class.”

Ben had never taken that kind of class, either. But he knew who had. “Just a moment,” he said to Pam,

and he returned to his office.

When Ben emerged later, he returned to the question of the spreadsheets with Pam. “We don’t need spreadsheets. We need a dashboard,” he said firmly.

Pam nodded.

“We need a dashboard that shows all the information to us in a simple, visual way so that it makes as much sense to us as X-rays do.”

Pam was smiling now, too.

“We need a dashboard that will not just show us the numbers. There are different kinds of charts that make the relationships within information clear. Like radar charts, which are kind of like spider webs showing how different pieces of information compare or connect. And trend charts, which show how something changes over time. And histograms—”

“Have you been talking to your wife?” Pam asked.

“I married a woman with a business degree, I admit,” said Ben, smiling.

“The point is, we’re not back in the 20th century when we had to rely on spreadsheets. So instead of taking extra time to fill in the spreadsheets, please find an integrated system that will capture all the data and create a simple, friendly user interface that will make sense to us right away... or as soon as possible.”

Dr. Ben got ready for his next patient. He felt sure that they were

on track, even if he had gotten distracted by spreadsheets.

Can a dashboard simplify Dr. Ben’s path to his dream practice?

Can of Worms

Opening your own practice means opening a whole new can of worms. That’s because there are so many elements that they don’t teach you about in school: aspects of running a business that you’re left to learn on the fly—all while attempting to provide quality care for your patients.

One of the most critical components of achieving practice success is making sense of the numbers. There are numbers everywhere, from revenue to no-shows, from patient visits to accounts receivable. When you first start to look at them, it can almost seem like you’re staring at signs in a foreign language, hoping that the context might shed some light on what they mean. Practice management software can help, but until you know what numbers are most important to your practice—and how they signify growth or, conversely, difficulties—you’re still left wading through a mess of mathematical gobbledygook.

Fortunately, there are analytics—tools to help you make sense of the data—available, and the best software solutions, such as Genesis, embed those tools into the program so that they’re easily and immediately



accessible. Offering a visual presentation of the numbers, these analytics finally make it possible for you to interpret and understand the numbers that drive your practice.

Examples include:

Radar chart—Visually resembling a spiderweb, the radar chart shows multiple variables on axes starting from the same point, radiating

outward like spokes on a wheel. The length of the spoke is proportional to the magnitude of the data. This allows you to examine the correlation of values—say, accounts receivable and NFAs—that aren’t otherwise measured in comparable units.

Trend report—A trend report presents data on a traditional line graph, thereby allowing you to see the peaks and valleys of your information—and the inter-relation of different data sets—over time.

Histogram—With a histogram, you can choose three charts to show you a graphical representation of a single area of your practice over a given time period (weekly/monthly), depending on the selection. This allows you to gauge how your practice is doing comparatively for a set amount of time.

Dashboard—A dashboard is an organized presentation of the

numbers, so you can get an at-a-glance picture of where your practice stands on collections and outstanding work. Genesis, for example, can show you failed claims, AR > 120 and outstanding tasks—or “tickets”—on a single screen through its homescreen dashboard.

Billing Stats Report—This type of report allows you to view claims by date of service. The report can then be broken down in a number of different ways, depending on what you’re looking for (customizable by practice). The Billing Stats Report, or BSR, is very useful for digging into problems.

Ultimately, it’s up to you to determine which numbers provide the best snapshot of practice success; however, analytics are the tools that help bring that snapshot into focus.

What do the numbers mean to you and your practice?

Attend the webinar

Genesis offers a complete solution for analyzing every aspect of your practice. Visit [webinar link here](#) to view the recorded presentation or check out our other webinars.

