Benchmarking

2017 T-BONES Annual Conference

September 22, 2017

Presenter

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American Alliance of Orthopaedic Executives

Objectives

- What is benchmarking?
- Why is benchmarking important?
- How do practices use benchmarking results?
- How can I participate in the AAOE Benchmarking Survey?

Definition

- Benchmarking is a means of comparing one's business processes and performance metrics to industry averages.

- The objective is to understand and evaluation the current position of an organization in relation to "best practice" and to identify areas that need improvement.

Benchmarking is used to:

- Compare operational procedures, including expenses and revenue
- Make more informed business decisions
- Identify areas of opportunity and improvement
- As a tool to assist in strategic planning

Benchmarking is used to:

- Gain or maintain a competitive advantage
- Breakdown a reluctance to change
- Objectively evaluate performance and identify strengths and weaknesses

Examples from AAOE Members

Revenue and Expenses

- "..[useful] when trying to defend expenditures and/or cuts to your providers. It also was helpful to me to really dive into my numbers and look in detail at our practice's revenue and expenses."

- "It also helps us to get an idea of what ancillaries may be profitable for us in the future."

Examples from AAOE Members

Provider Compensation

- “My practice was looking at compensation by subspecialist to try to realign our overhead and how we allocate it so that physicians who were producing at a certain level of RVUs were receiving a similar level of compensation.”

Examples from AAOE Members

Productivity

- “We looked at the benchmarking numbers for populations of similar size to get an idea of how many new patients each physician should be seeing, how many surgeries they should be generating, how many patient visits per year, and things like that.”

- “Showing the correlation between how much they make and how much they work compared to others.”

Examples from AAOE members

Staffing Decisions

- “Using various pieces of data from the survey you can demonstrate that groups with higher FTE/provider also have higher income for their docs.”

- “…it was really key for me to be able to take benchmarking data and show them how many full-time billers we needed based on the number of providers we had.”

Examples from Attendees?

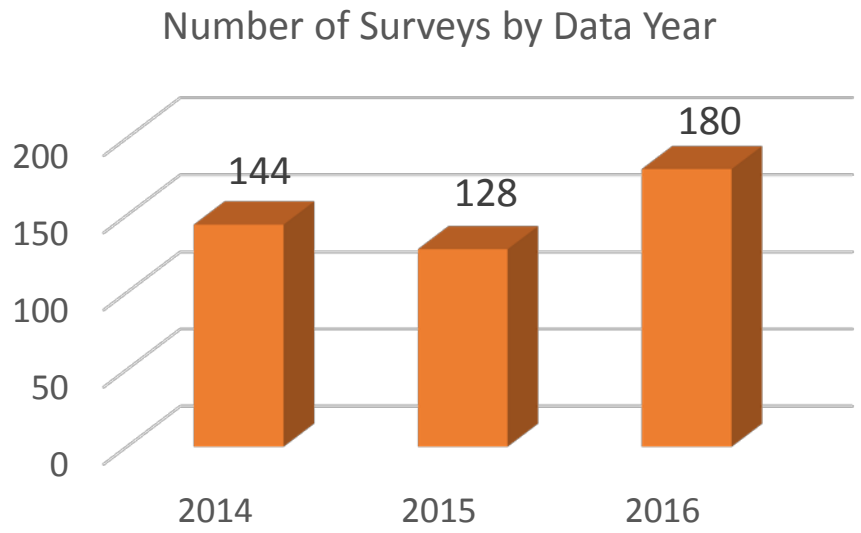
AAOE Benchmarking Survey

Benefits of the AAOE Benchmarking Survey

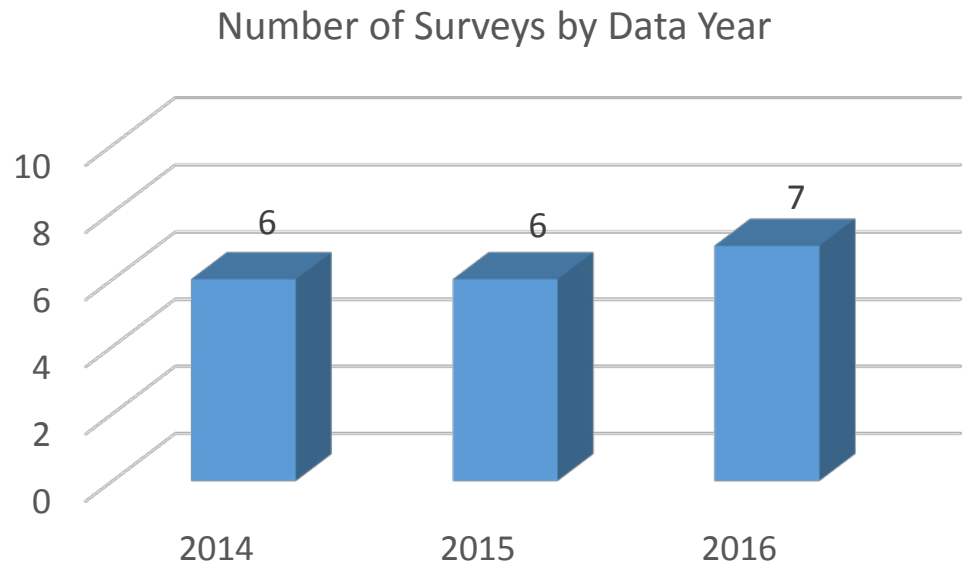
- Specific to orthopaedic practices
- Includes practices of all sizes
- Focuses on the data that practice executives need

Profile of Participation

All Practices

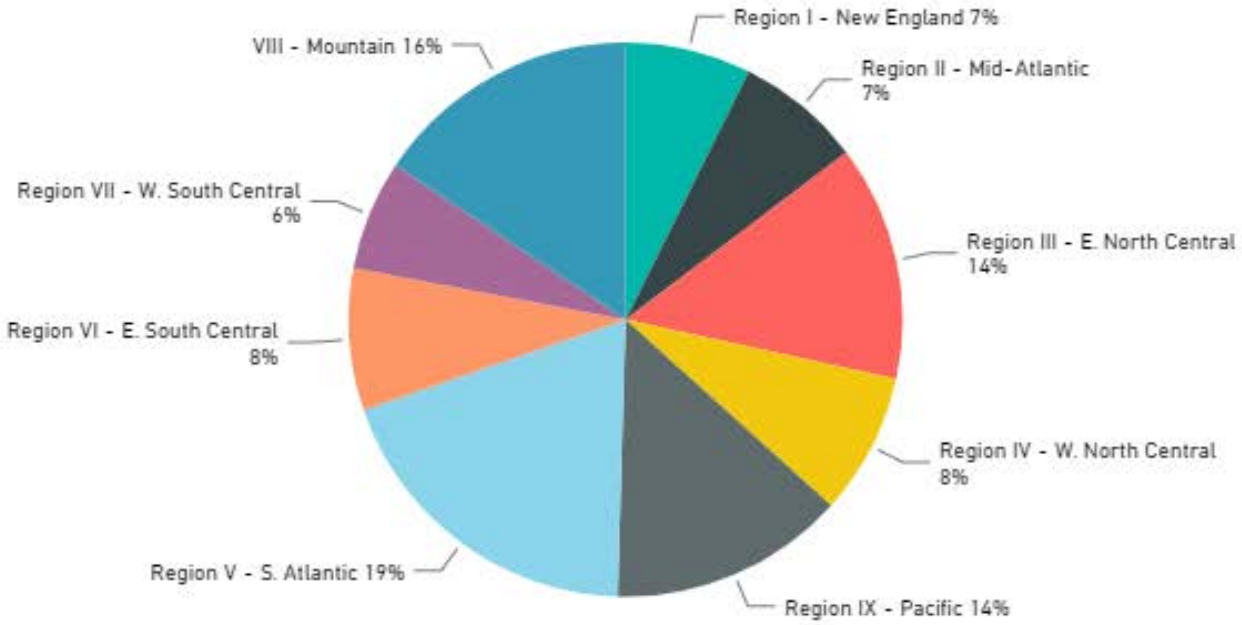


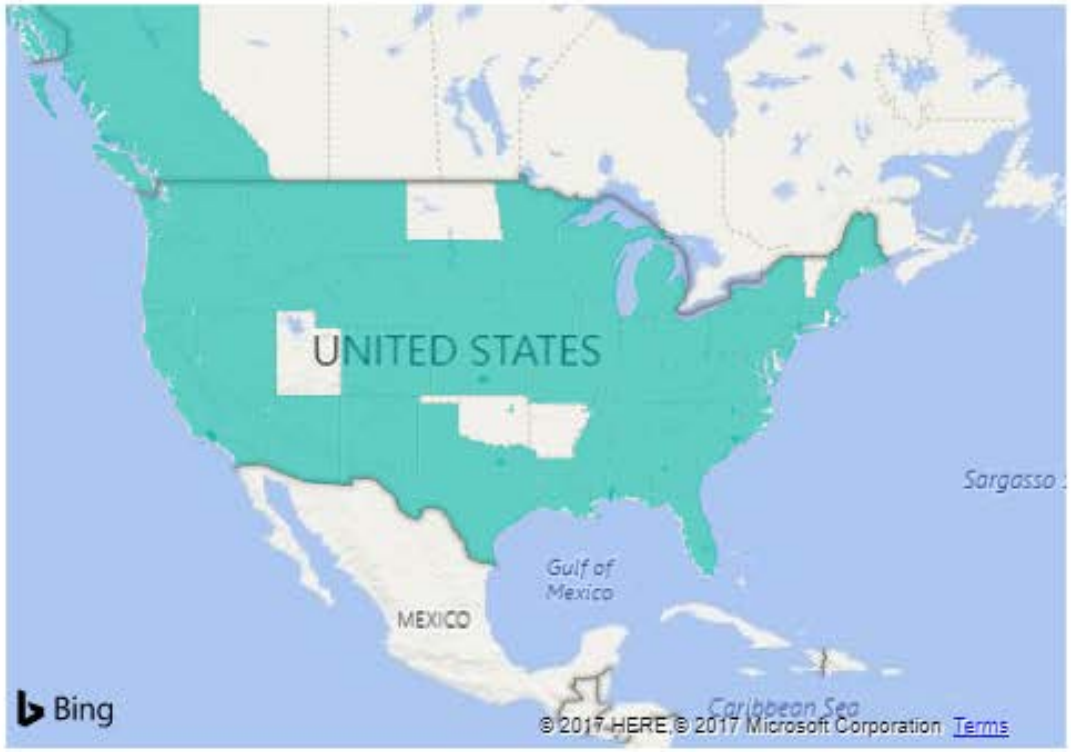
Texas



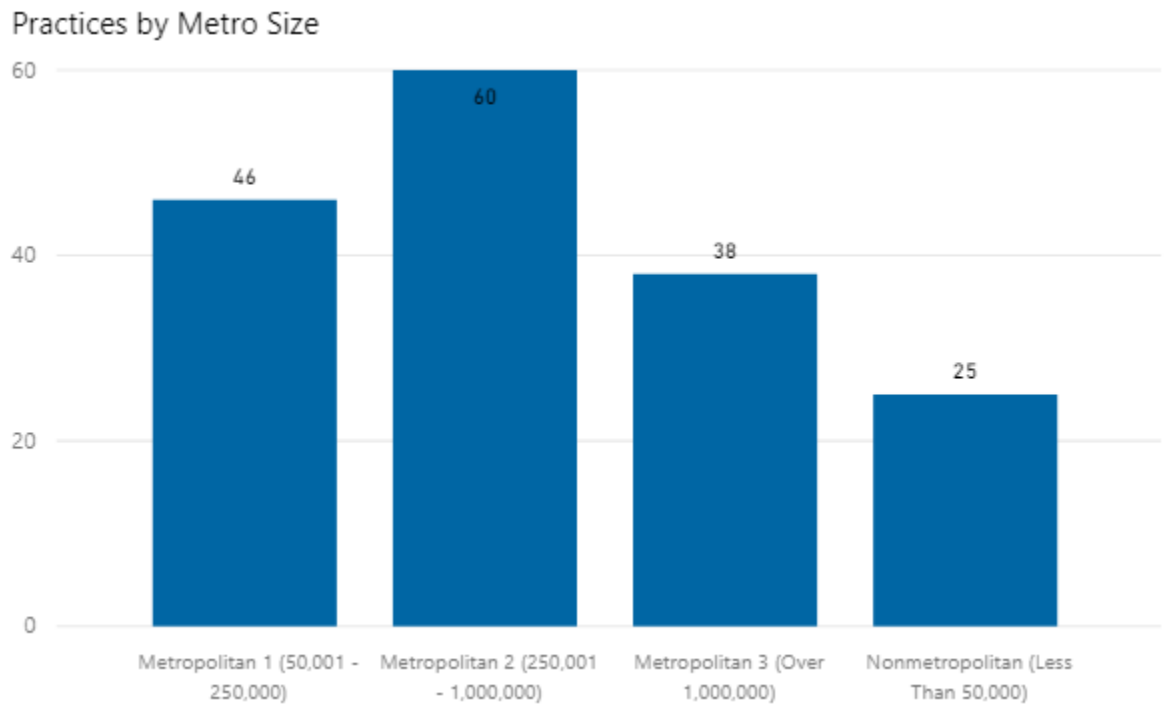
Profile of Participation – Data Year 2016

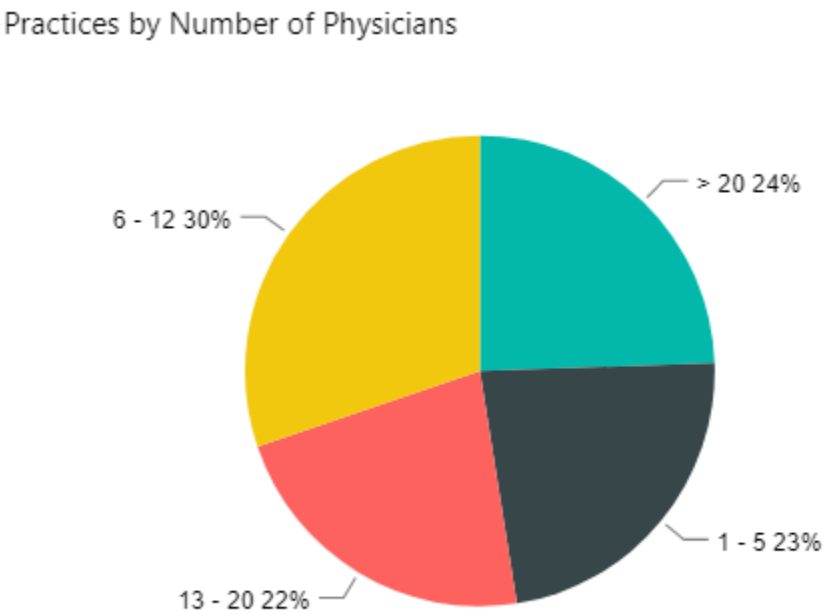
Practices by Region





Profile of Participation – Data Year 2016





Data Collected

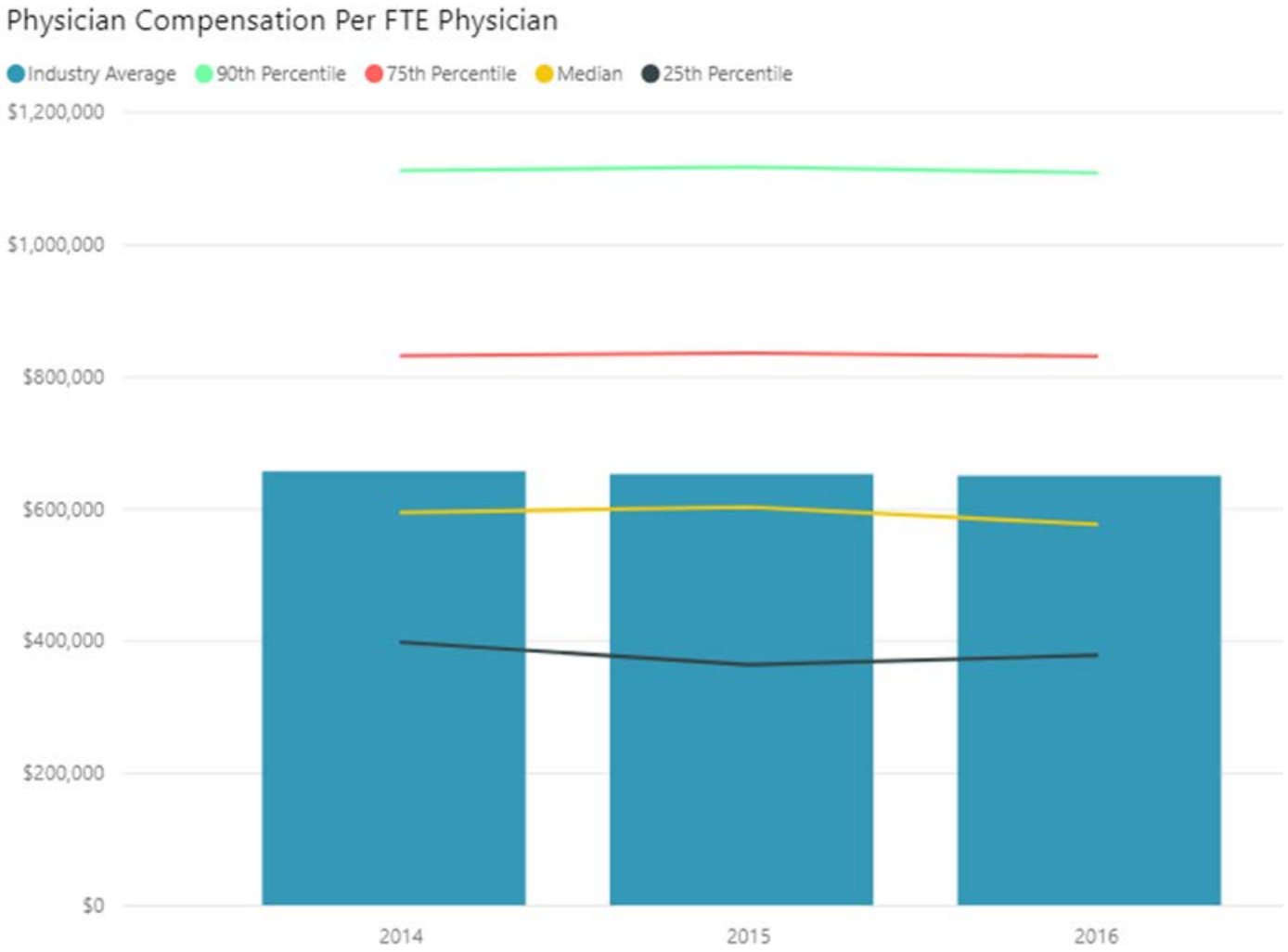
- Revenue and Expenses
- Productivity
- Overhead
- Provider Compensation
- Practice Administrator Compensation
- Employees
- Square Footage
- Accounts Receivable
- X-Ray and Ancillary Services
- Recruitment

18 Core Benchmarking Reports

- Identified by the AAOE Data Analytics and Benchmarking Council
- Information all practices need to know
- Key ratios
- Great place to start if you are new to benchmarking

Revenue & Compensation

- Revenue by FTE Physician
- Physician Compensation
- Practice Administrator Compensation

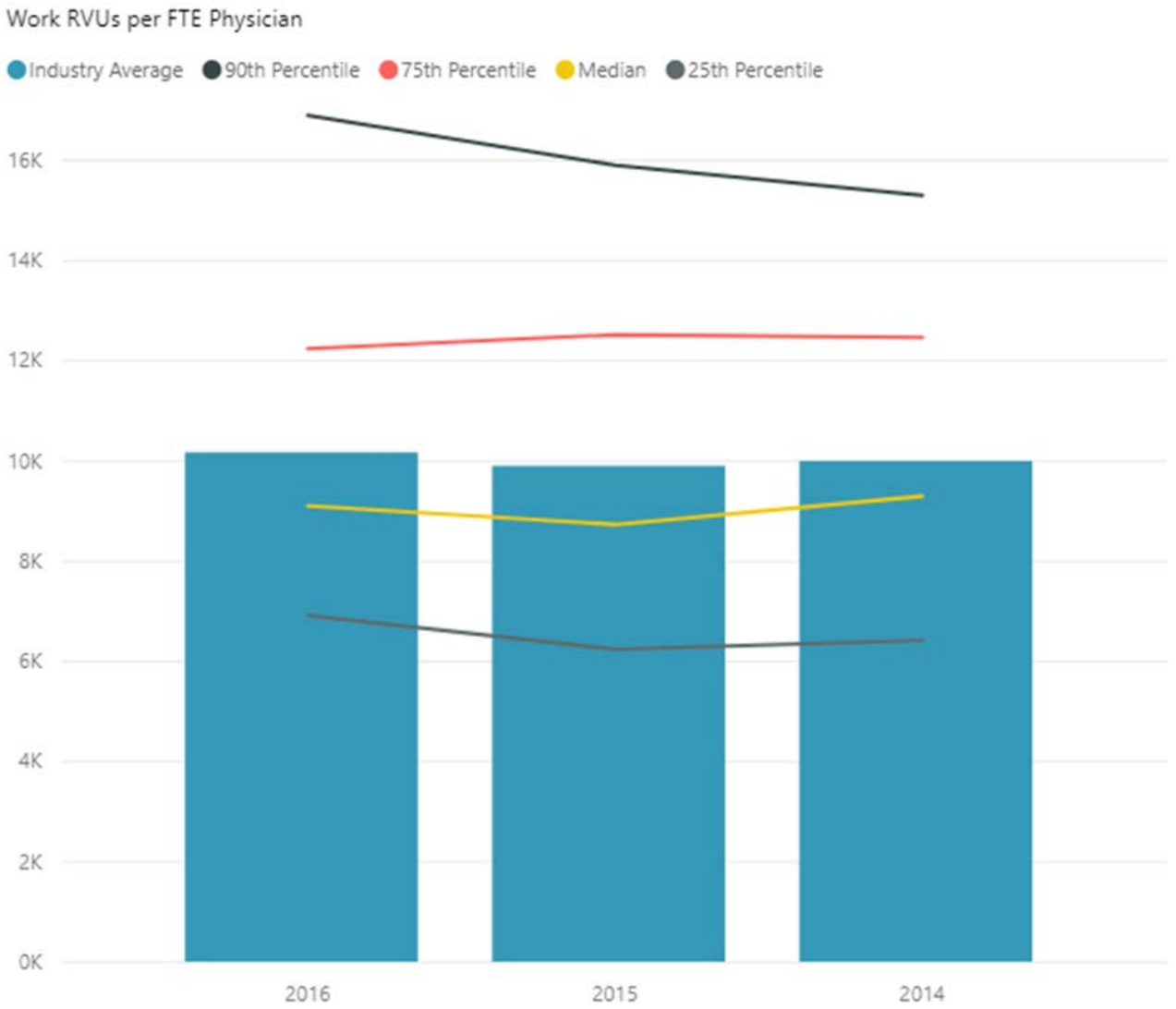

Physician Compensation Per FTE Physician
Industry Average
90th Percentile
75th Percentile
Median
25th Percentile
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
2014
2015
2016

Productivity

- Office Visits per FTE Physician

- Surgical Cases per FTE Physician
- Surgeries per New Visit

- Work RVUs per FTE Physician
- Revenue per Worked RVU

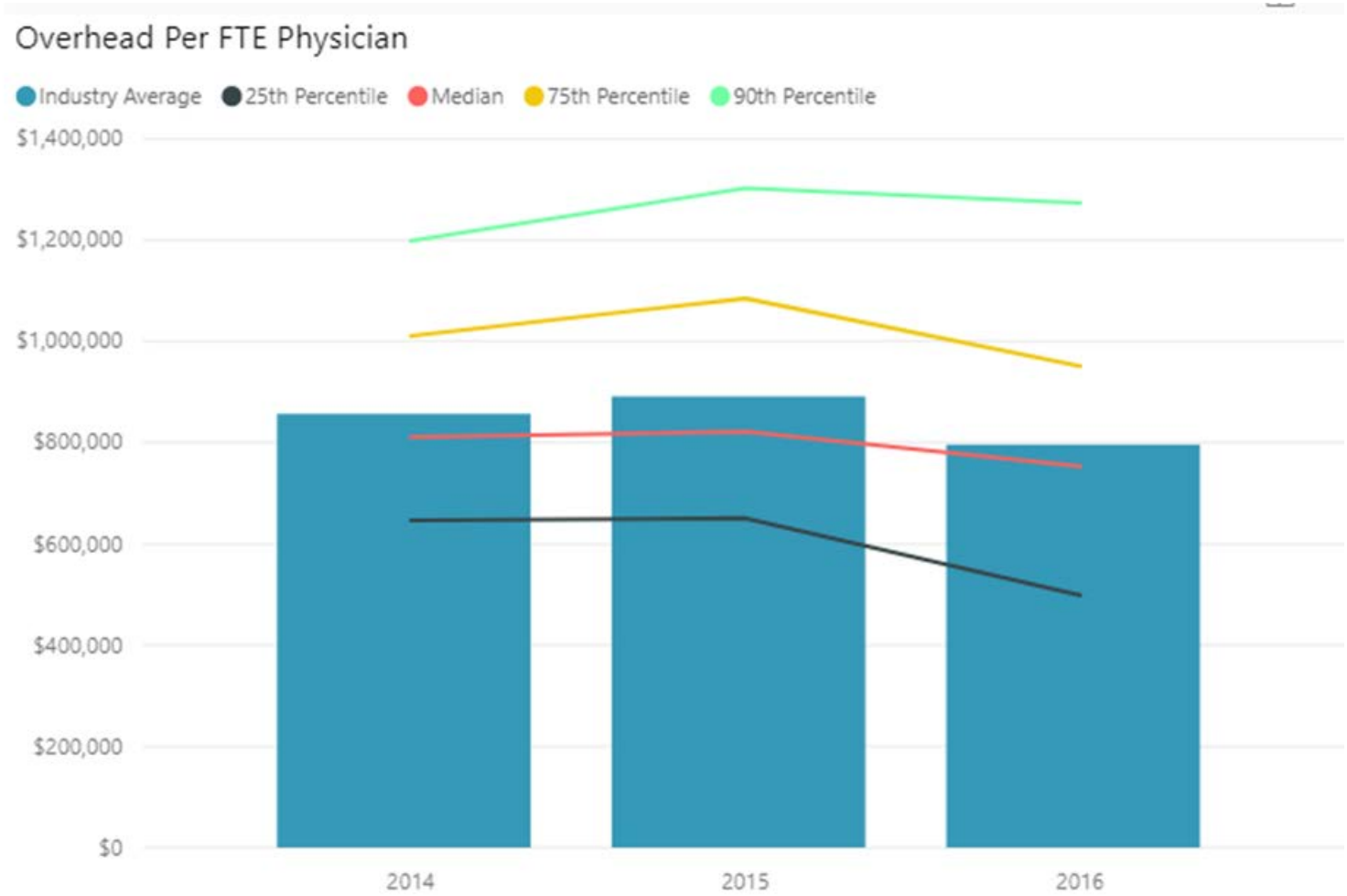

Work RVUs per FTE Physician
Industry Average
90th Percentile
75th Percentile
Median
25th Percentile
16K
14K
12K
10K
8K
6K
4K
2K
0K
2016
2015
2014

Overhead, Employees, & Square Footage

- Overhead by FTE Physician
- Percentage of Overhead

- FTE Staff per FTE Physician
- Staff Cost as a Percentage of Total Revenue

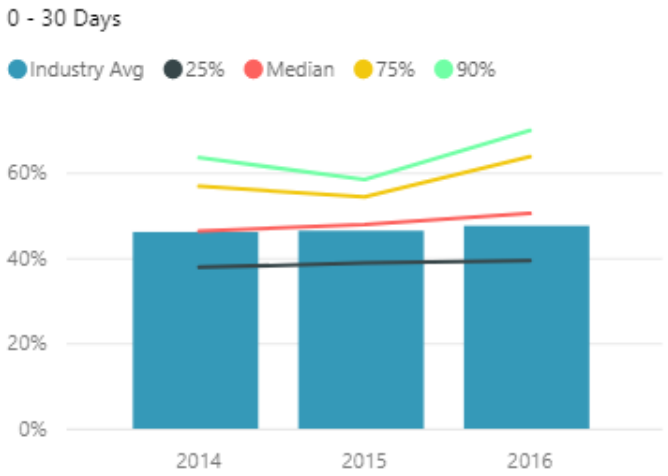
- Square Footage per FTE Physician
- Square Footage as a Percentage of Revenue

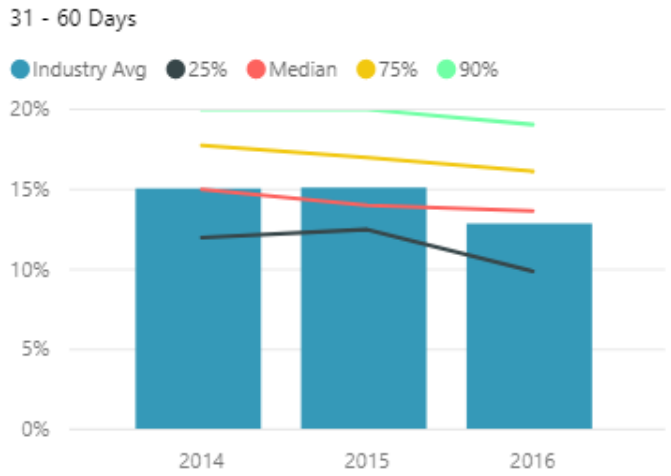

Overhead Per FTE Physician
Industry Average
25th Percentile
Median
75th Percentile
90th Percentile
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
2014
2015
2016

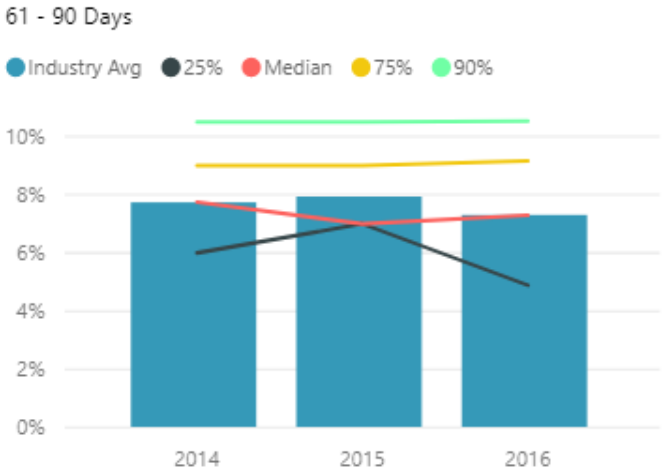
Accounts Receivable & Ancillary Services

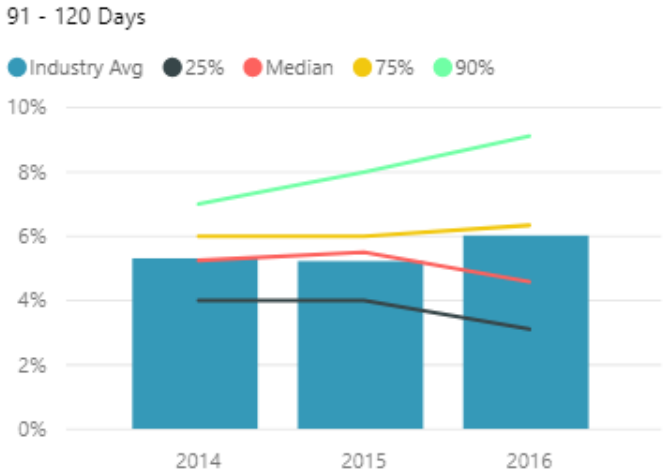
- Percentage of Total A/R
- Payer Mix Percentage (Gross Charges)
- Payer Mix Percentage (Net Collections)

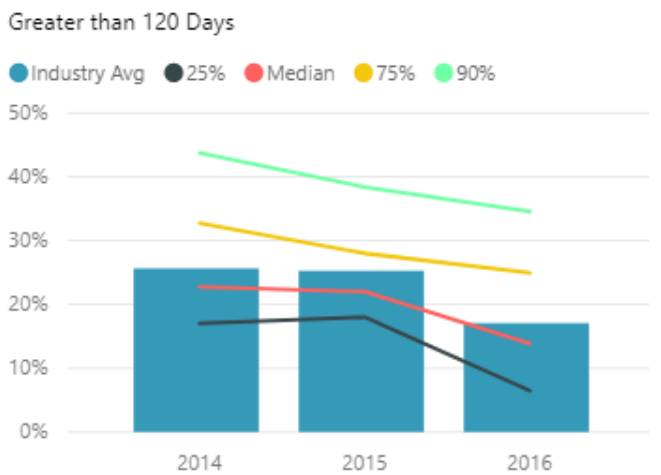
- Number of X-Ray Exams per FTE X-Ray Technician


0 - 30 Days
Industry Avg
25%
Median
75%
90%
60%
40%
20%
0%
2014
2015
2016


31 - 60 Days
Industry Avg
25%
Median
75%
90%
20%
15%
10%
5%
0%
2014
2015
2016

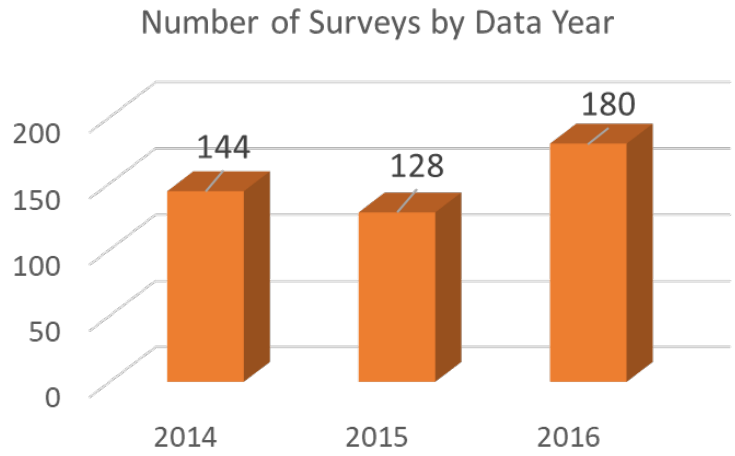

61 - 90 Days
Industry Avg
25%
Median
75%
90%
10%
8%
6%
4%
2%
0%
2014
2015
2016


91 - 120 Days
Industry Avg
25%
Median
75%
90%
10%
8%
6%
4%
2%
0%
2014
2015
2016


Greater than 120 Days
Industry Avg
25%
Median
75%
90%
50%
40%
30%
20%
10%
0%
2014
2015
2016

Participate in the 2017 Data Year Survey

- Estimated survey period: April 1 to June 1, 2018
- Improved data entry
- Lots of resources available to assist you



- Participants receive FREE Benchmarking Results (savings of over $350)

Resources

Checklist

- ☐ General practice information and primary contact information
- ☐ Provider identifying and general information
  - NPI number or other identifier
  - Practice specialty
  - Owner/employed status
  - Fellowship training status
  - FTE status
- ☐ Provider productivity
- ☐ Physician compensation
- ☐ Physician assistant and nurse practitioner compensation and benefits
- ☐ Practice administrator compensation
- ☐ Practice administrator benefits
- ☐ Employee salaries and FTE as allocated to orthopaedics, x-ray, and ancillary services (MRI, PT/OT, DME, and other ancillaries)
- ☐ Expenses as allocated to orthopaedic, x-ray, and ancillary services (MRI, PT/OT, DME, and other ancillaries)

Resources

Data Sources and Reports Needed for the Benchmarking Survey

- Electronic Medical Record, Practice Management System, or Billing System
  - Provider Details (NPI numbers, practice specialty, partner status, FTE status)
  - Production by Provider
    - Gross Charges by type of service (surgery, office, office procedures)
    - Net Collections by type of service (surgery, office, office procedures)
    - Work RVUs
    - Patient visits
  - Production by Payer mix (gross charges, contractual adjustments, net collections)
  - A/R Aging (patient and insurance balances)

- Provider Compensation Records and Tax Forms
  - Compensation Data by Individual
    - W-2 Forms
    - Schedule E (Form 1040) – Partnerships and S Corporations
    - Schedule K-1 (Form 1120S) – Shareholders in a Corporation
    - Schedule C (Form 1040) – Sole Proprietorships

Resources

Practice Profile

Purpose

This worksheet collects important contact information for the practice and data that allows for benchmarking results to be customized based on geographical location and identified practice characteristics.

Related Dashboards: Profile of Participation, filters in all benchmarking dashboards

Section Overview

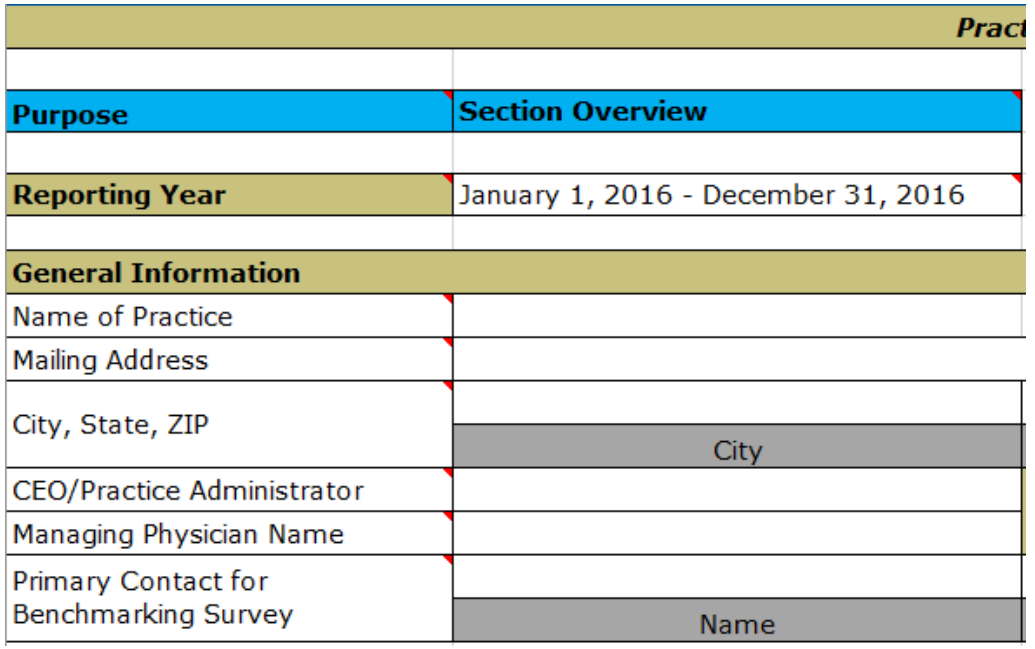
General Information – This section collects practice contact information.

Practice Information – The fields in this section capture practice characteristics that can be used to generate comparison groups and customized results.

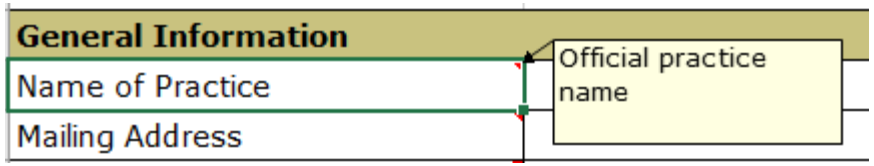
Fields

Reporting Year – The most recently completed calendar year is displayed; if you use a different reporting year, change the dates displayed to indicate the start and end dates of your reporting year.

Name of Practice – Official practice name



Pract	
Purpose	**Section Overview**
Reporting Year	January 1, 2016 - December 31, 2016
General Information	
Name of Practice	
Mailing Address	
City, State, ZIP	City
CEO/Practice Administrator	
Managing Physician Name	
Primary Contact for Benchmarking Survey	Name



Resources

New AAOE Benchmarking Hotline!

317-749-0626

Ask questions and get help to complete the AAOE Benchmarking Survey

Purchase the 2016 Data Year Results

- Available on October 2
- Purchase now and save 10%: www.aaoe.net/benchmarking

  *Prices increase on October 1

	Online Benchmarking Portal Access	Results eBook	Portal Access + Results eBook
Member Price	$350	$350	$450
Nonmember Price	$450	$450	$600

Home Page
View Reports
Contact Us
My Profile
Change My Password
Logout

View Reports

Welcome to the AAOE Dynamic Reporting Tool. With just a few clicks you can explore the results from any angle, make connections and find meaningful insights.

Please note: Your practice data is always available, but all dashboards have security measures in place to hide industry data when there are less than **FOUR** practices.

Getting Started

- The Reporting Tool Features file in the Documents section explains all features within the reporting tool. Please read prior to getting started.
- Select one of the **Report Sections** and then select a dashboard within that section.
- First time users should start with **Core Reports.** This section contains top level results that will give you a basic understanding of the data and features available in the dynamic dashboard.
- When you're ready to move on to a different dashboard select **View Reports** located at the top of the screen.

Accounts Receivable

- Percentage of Total A/R

General

- Profile of Participation

Productivity

- Office Visits per FTE Physician
- Revenue Per Worked RVU
- Surgeries per New Visit
- Surgical Cases by FTE Physician
- Work RVUs per FTE Physician

Revenue and Expenses

- Revenue per FTE Physician

Square Footage

- Square Footage per FTE Physician

Survey Period

All

Practice Size

All

Region

All

State

All

Population

All

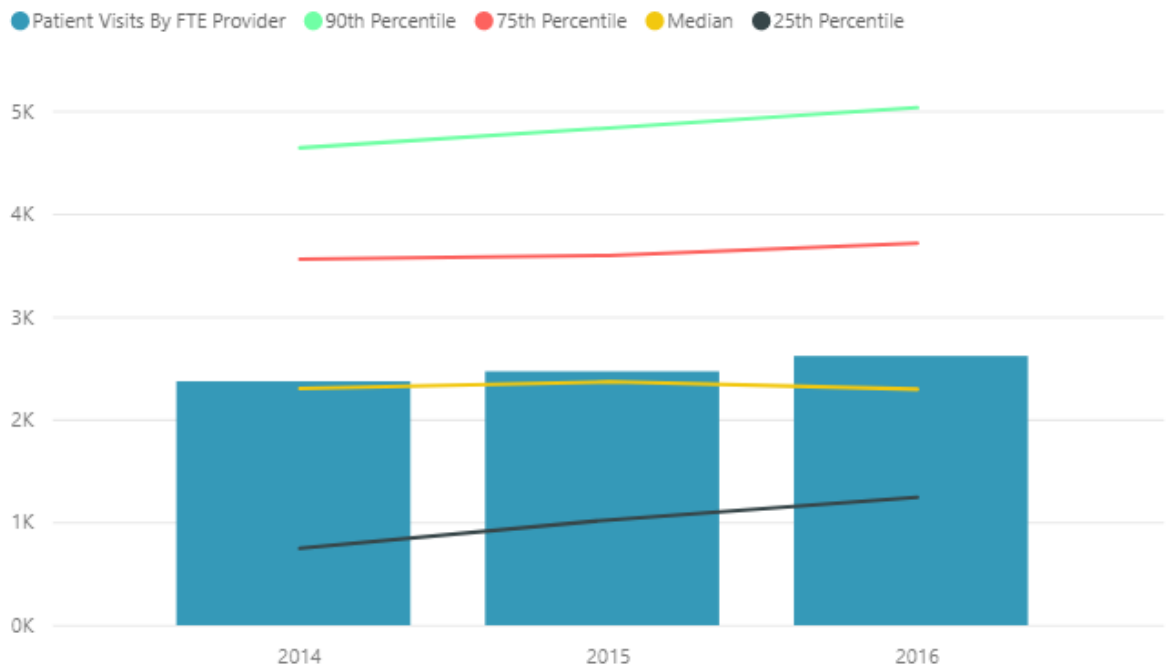
Provider Type

All

Specialty

All

Patient Visits By FTE Provider



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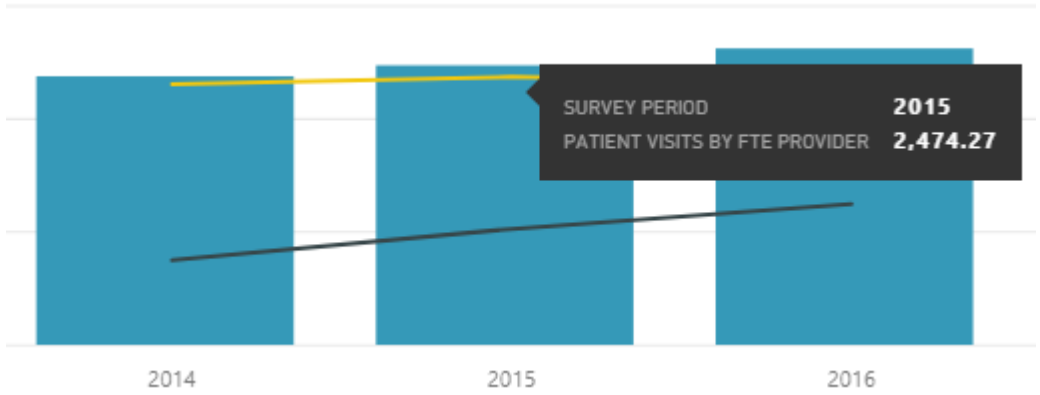
Practices in Sample

Note: Applying filters that return less than 5 practices will hide the results for privacy reasons

Interactive Reports



Region

All

- Region I - New England
- Region II - Mid-Atlantic
- Region III - E. North Central
- Region IV - W. North Central
- Region IX - Pacific
- Region V - S. Atlantic
- Region VI - E. South Central
- Region VII - W. South Central
- Region VIII - Mountain

Population

All

- Metro 1 (50K-250K)
- Metro 2 (250K-1M)
- Metro 3 (> 1M)
- Non-Metro (<50K)

- Pediatrics
- Physiatry
- Podiatry
- Rheumatology
- Shoulder
- Spine
- Sports Medicine
- Total Joints
- Trauma

Results eBook

- Includes all of the reports available in the Portal
- Presents results by Practice Size
- Delivered as a PDF

Questions?

- More information available at: aaoe.net/benchmarking

- Contact Vicki at:
  - veffland@aaoe.net
  - (317) 749-0626

Thank you!

PracticeAdministrators
Orthopaedic
Compare
NetCollections
Results
Interactive
AncillaryServices
PracticeSize
Staffing
Customized
Physicians
Revenue
Resources
Region
Productivity
User-Friendly
Specialties
Benchmarking
Reports
Compensation
Survey
Providers
Overhead
Information
Results
Strategy
AccountsReceivable
Data
Expenses
Decision-Making