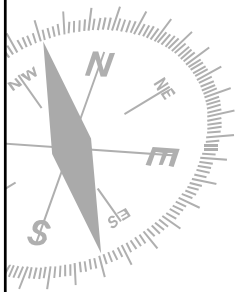


# Taking Your Practice to the Next Level with Benchmarking

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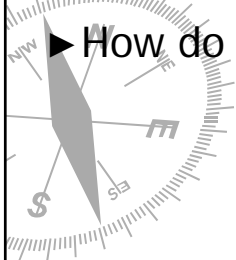


PPS 2008 Annual Conference  
Orlando, FL  
November 7, 2008

Charles R. Felder, PT, SCS, ATC, MBA

## Objectives

- ▶ What is business benchmarking?
- ▶ What does it mean to me?
- ▶ Why do I need it?
- ▶ How can it help me?
- ▶ How do I USE this data to improve?



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## Questions

- ▶ What is avg charge per visit? \$144
- ▶ What is avg income per visit? \$89
- ▶ What is cost per visit? \$80
- ▶ What is profit as % income? 9%
- ▶ What is A/R as % monthly charges? 171%
- ▶ What % of income goes to labor? 60%
- ▶ How much income per sq ft? \$218

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## Key Indicators

- ▶ NP & Visits
- ▶ Charges – per hour, NP & Visit
- ▶ Income – per hour, NP & Visit
- ▶ Expense – Labor, Variable, Fixed
- ▶ Cost per visit & per hour
- ▶ Profit – per NP, per hr, visit & overall
- ▶ Accounts Receivable – size & aging

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## How Can I Use The Data?

- ▶ Provides targets to shoot for
- ▶ Assists in goal setting
- ▶ Assists in budget preparation
- ▶ Provides a yardstick for comparison
- ▶ Evidence based decision making
- ▶ Helps decide which contracts to accept
- ▶ May assist in contract negotiations

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## What Are The Limitations?

- ▶ Sample size affects the reliability of the data
- ▶ Sample composition affects the validity for your comparison
- ▶ Regional differences – real or imagined
- ▶ Advantages of actual numbers & comparison to % of income
- ▶ Stats – descriptive vs. comparative

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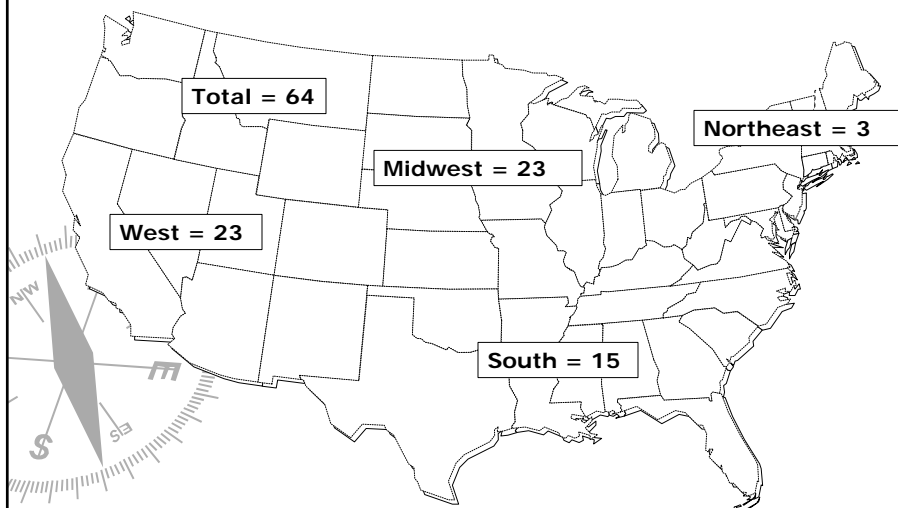
## How Can PT Benchmark Help?

- ▶ Provide unbiased data
- ▶ Guide decision making
- ▶ Guide planning
- ▶ Guide monitoring
- ▶ Get you moving!



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## PT Benchmark 2008



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## PT Benchmark Report

- ▶ Customized report for each participant showing percentile rank compared to peer group
- ▶ Comments, charts & tables
- ▶ Part 1: All participants & comments
- ▶ Part 2: All participants comparison w/% rank
- ▶ Part 3: < \$1MM income peer group w/% rank
- ▶ Part 4: >= \$1MM income peer group w/% rank
- ▶ Part 5: Trends report over 5 years

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## How Is My Business Doing?

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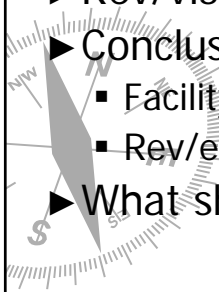
## Facility Expense +

- ▶ Fac Exp: 11.2% of income, 64<sup>th</sup> percentile
- ▶ Rev/sq ft: \$120, 15<sup>th</sup> percentile
- ▶ Rev/new patient: \$751, 25<sup>th</sup> percentile
- ▶ Rev/visit: \$82, 26<sup>th</sup> percentile

### ▶ Conclusions:

- Facility too big
- Rev/encounter too low

### ▶ What should I do?



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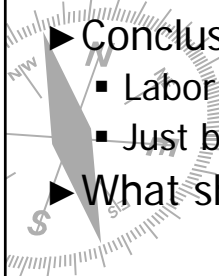
## Profit as % of Income

- ▶ Labor: 68.1%, 71<sup>st</sup> percentile
- ▶ Variable: 7.1%, 16<sup>th</sup> percentile
- ▶ Fixed: 21.5%, 62<sup>nd</sup> percentile
- ▶ Profit: 2.3%, 34<sup>th</sup> percentile

### ▶ Conclusions:

- Labor & Fixed too high – or income too low
- Just breaking even, not worth it


### ▶ What should I do?



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## Productivity per Paid Hour

- ▶ Charge/hr: \$138, 42<sup>nd</sup> percentile
- ▶ Rev/hr: \$89, 40<sup>th</sup> percentile
- ▶ Visit/hr: 1.1, 47<sup>th</sup> percentile
- ▶ Medicare pays ~\$118/hr (97110 x 4)
- ▶ Conclusions
  - PTs likely undercharging
  - Review payer mix
- ▶ What should I do?




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## A/R Size

- ▶ How big should Net A/R be?
- ▶ Avg mo chrgs: \$180K, 84<sup>th</sup> percentile
- ▶ Net A/R: \$320K
- ▶ Net A/R as % mo chrgs: 178%, 53<sup>rd</sup> perc
- ▶ Conclusions:
  - A/R staff doing a good job
  - Good contracts
- ▶ What should I do?

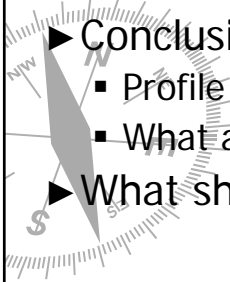


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## A/R Aging

- ▶ What is GOOD aging?
- ▶ 0-60 days: 59%
- ▶ 60-120 days: 15%
- ▶ 120+ days: 26%
- ▶ Conclusions:
  - Profile shows too much in 120+
  - What are current payment trends
- ▶ What should I do?



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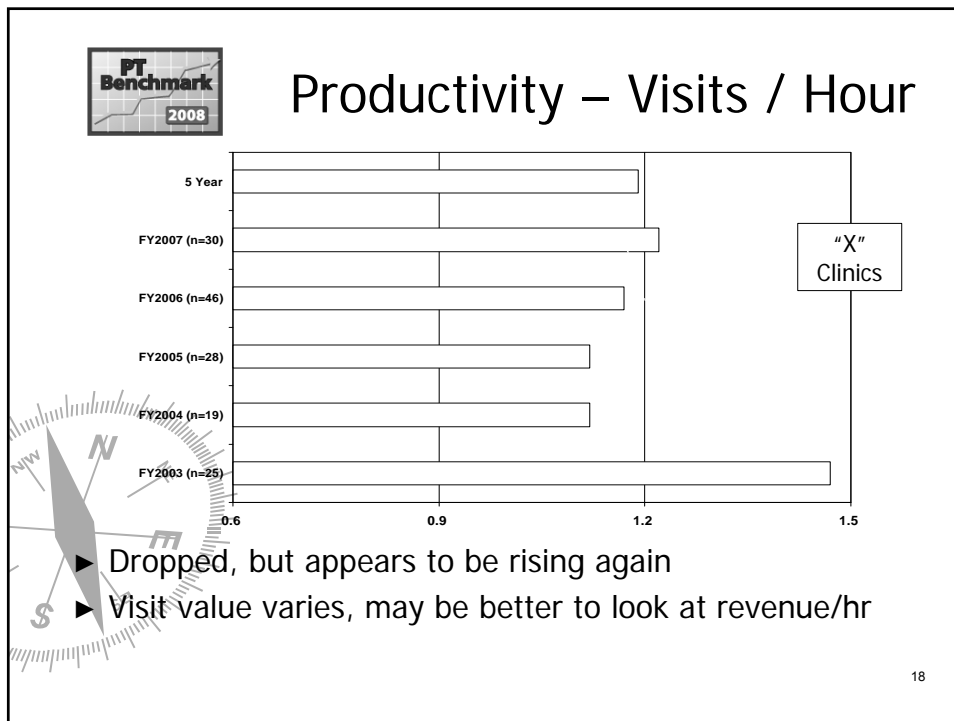
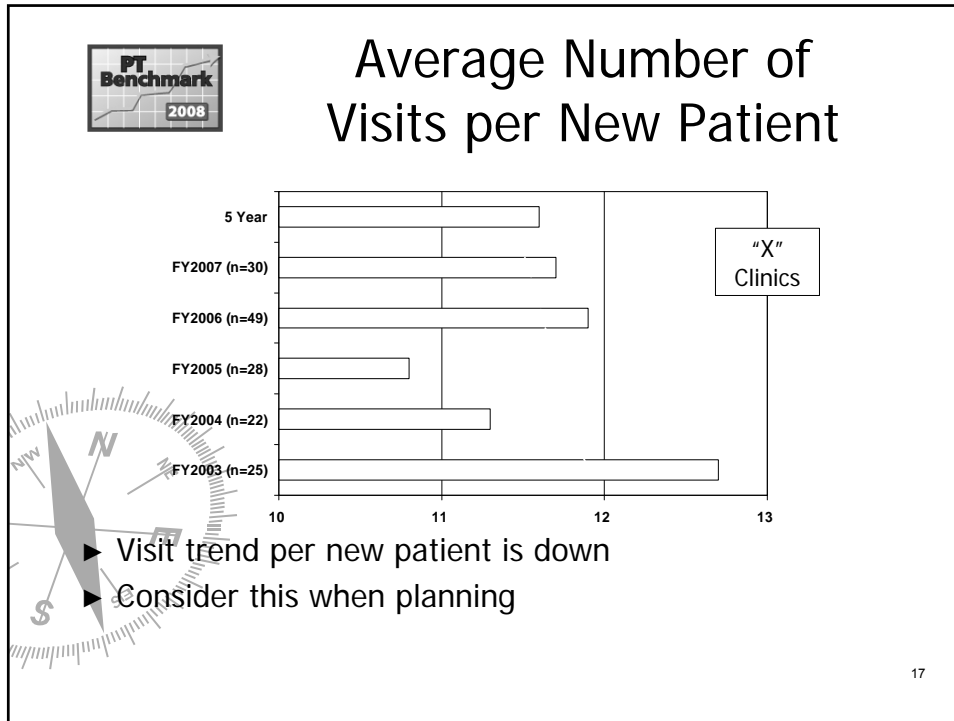
## Trends Analysis

- ▶ Are the seas stormy?
- ▶ Do you have objective data?
- ▶ Are things getting better or worse?
- ▶ Are you adapting?
- ▶ Do you have a plan?
- ▶ Are you executing the plan?



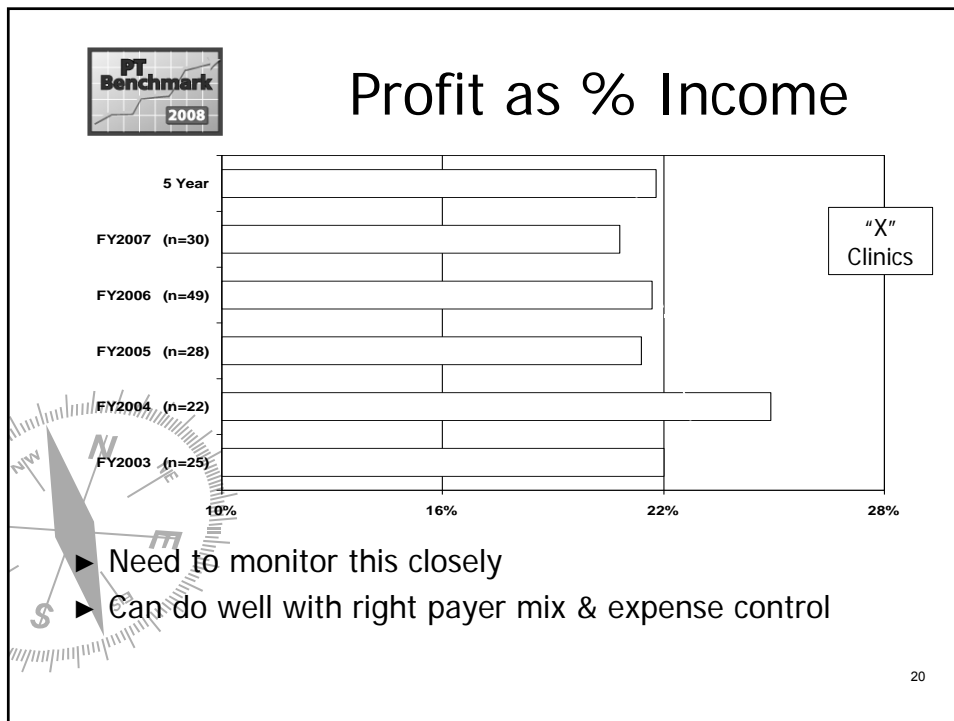
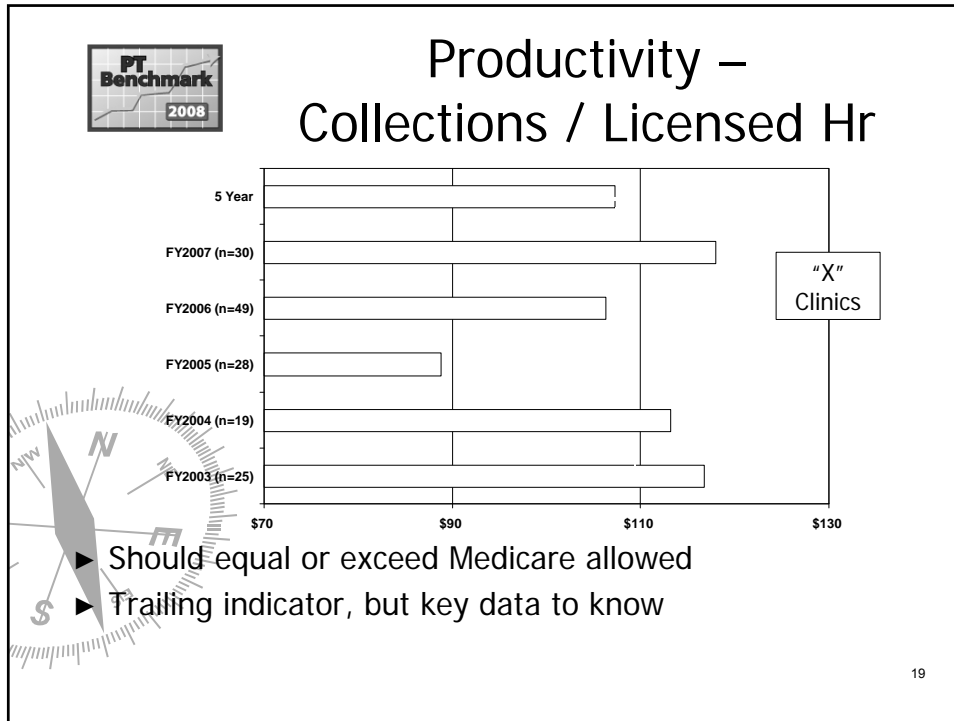
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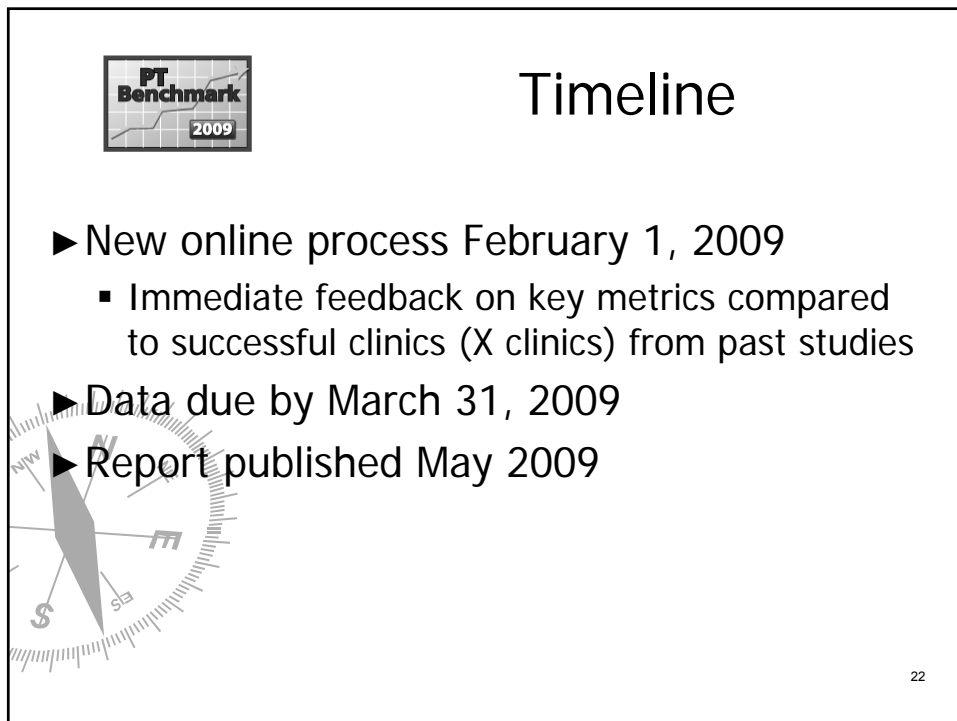
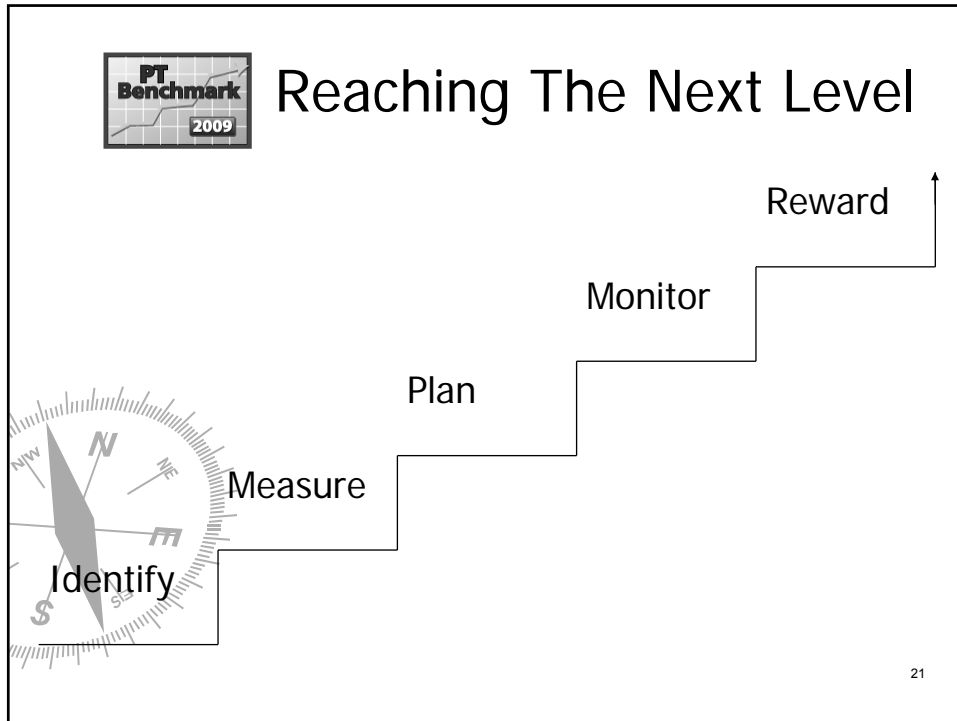
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## Key Data

- ▶ Profit & Loss statement
- ▶ Year end A/R (by account type)
- ▶ Account type data:
  - NP, Visit, Charge, Payment, Adjustments
- ▶ Productivity summary: NP, Visits, Cx + NS
- ▶ Payroll & hours info by EE class
- ▶ Owners time treating, marketing, managing

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## For More Info

- ▶ To learn more about PT Benchmark 2009 point your browser to:
  - [www.HCSconsulting.com](http://www.HCSconsulting.com)
- ▶ [CFelder@HCSconsulting.com](mailto:CFelder@HCSconsulting.com)
- ▶ Booth 106 in the exhibit hall