5 Ways to Teach Physicians About Financial Management

The delivery of high-quality care is the No. 1 priority for physicians—but quality should be supported by sound financial management. Here, Jeff Akers, CPA, a senior consultant with McKesson Revenue Management Solutions, shares strategies for helping physicians understand what is driving the bottom line.

**Review basic financial reports and key metrics monthly**
Three reports – the balance sheet, income statement, and cash flow forecast – can give physicians a clear, concise indication of the group's financial performance, Akers says. Keep it simple: What does cash flow for the organization look like? How is revenue trending? Are there any outliers in expenses? What is the forecast for cash flow based on volume and payment trends? The key is comparing current periods with prior years’ performance and against budget to reveal variances and trends. Reviewing measures such as revenue per FTE, compensation package per FTE, and overhead as a percentage of total expense also will help physicians understand whether their practice’s performance is in line with its business plan and how the practice compares with other practices nationally.
Share relevant benchmarks
Be sure to benchmark data that physicians consider important, Akers says. Physicians often want to know how their group is performing relative to other practices. Common productivity measures are work relative value units, cases, base units, procedures, and number of patients seen per hour.

Show physicians why accurate documentation matters
Multiple one-and two-hour educational webinars on ICD-10-related topics are available, along with onsite education for larger groups. Customized webinars can be tailored to individual group requirements.

Connect the dots
Physicians should periodically view their practice through the lens of a business owner, keeping in mind that each decision has a bottom-line impact. Physician groups should have a decision framework in place that provides an efficient process for making business decisions. For example: Who has authority to decide? What are the bottom-line implications? Is there a downside/risk? How soon must the decision be made? Each decision should comply with the group’s financial, strategic, and patient care objectives.

Keep it brief
Be respectful of a physician’s limited time. During financial reviews, physicians should be able to immediately understand where the practice stands. Do not overcomplicate the presentation with details that will cloud key information. Instead, use dashboard tools to zero in on only those metrics physicians need to know; then, be available for subsequent outside discussion if further explanation is requested. “Physicians are busy. Often, their business meetings occur at the end of a long day. The last thing they want to do is sit in a two-hour accounting session,” Akers says.

For more information on what impacts your practice’s bottom line, contact us at 1-800-877-0132 or practiceinfo@mckesson.com. To view this original article online, please visit: https://www.hfma.org/msc/login.aspx?script_name=https://www.hfma.org/Content.aspx?id=3387