



BY MARK TERRY

Key Performance Indicators (KPIs) are numerical ways of evaluating how your podiatric medical practice is doing. This article will deal primarily with revenue collection KPIs. It's probably possible to create KPIs for almost every aspect of a medical practice, simply by tracking numbers. You could track how many times the phone rings, who answers it, how many times it's a patient, how many times a patient makes an appointment by phone versus via an online portal, if you have one. That may or may not be useful information, and that is one of the problems with tracking numbers. You must be careful not to let them become an end unto themselves or to become paralyzed by the data.

Rem Jackson, president and CEO of Top Practices, a medical practice

consulting firm in Las Vegas, Nevada, says, "Why KPIs are important is you need to have a benchmark by which you're judging your own per-

formance—what are standard benchmarks in KPIs across the profession?" *Podiatry Management* provides a review of those numbers annually. With that in mind, here are KPIs to consider.

8 Key Performance Indicators

John Guiliana, DPM, executive vice president of NEMO Health Consulting, cites eight KPIs that he be-

lieves are particularly valuable. Peter Wishnie, DPM, of Family Foot & Ankle Specialists in Piscataway and Hillsborough, New Jersey, starts out

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with five KPIs, but then expands into many other areas. Wishnie's five are part of Guiliana's eight.

#1. Monthly charges. This refers to the number of bills for service your practice makes.

#2. Monthly collections. This refers to how much you actually

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receive, as opposed to how much you're actually owed. Guiliana says, "I want to see KPIs that include monthly charges and monthly collections. I also want to compare those KPIs of charges and collections to what I had the same time last year. So I perform a year-over-year comparison of collections. That kind of gets rid of the annual variations that we sometimes see."

#3. New patients. Obviously, this is just to track how many new patients come into your practice. Look for trends associated with marketing efforts.

#4. Total patient visits. Wishnie says, "Total number of visits isn't always a key number, but it's an important number. But total number of new patients in podiatry is very important. We live and die with the new patients. That's where we make the most money and also have the most fun."



Rem Jackson

#5. Accounts receivable (AR). Accounts receivable is the outstanding monies owed to the practice. This is also a measure of how long claims are overdue. Guiliana notes, "You need a target to keep the aged claims under control. The claims over 90 days should be less than 20 percent of your total AR. That's how I know the KPI of revenue cycle management (RCM) is being handled appropriately."

What you want to know is "days in AR," or the average number of days it takes to collect the payments due to the practice. Although your medical practice management software should be able to handle it, a calculation is based on the average daily charges for several months (for example: add up last six months of charges and divide by the total number of days in those months). Divide the total accounts receivable by the average daily charges, which

is the days in AR. Typically, a high-performing medical practice's billing is 30 days or less in AR. The average is 40 to 50 days, and 60 days is below average.

#6. Per visit value (PVV). This is also sometimes called revenue per visit (RPV). It refers to how much money you bring in per visit. Guiliana says, "This is calculated by knowing the collections and dividing by total pa-



Dr. Guiliana

able through many clear- inghouses and third parties, you'll hardly ever suffer from third parties or wrong demographics beforehand."

Jackson notes that just collecting KPIs isn't enough, which makes sense. You need to have an action plan for responding to them. But it's also important to not analyze the data in isolation, but to look for trends. "Not only should you know the

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tient visits. This gives an indication of how each provider is measuring up and comparing to one another on the clinical protocols and utilization of services."

#7. Net collection ratio. This is [(Your Collections + Your Contractual Obligations) divided by (Your Charges)] X 100. Guiliana says, "Once you properly adjust accounts according to your contractually obligated write-offs, you can calculate your net collection ratio. The net collection ratio I want to see is greater than 93%. That's a pretty good benchmark."

#8. First-pass denial rate. What this tells you is what percent of claims are not getting billed out correctly. A way to look at this is to note that, for example, it costs about \$25 to rework a claim that has been denied. Let's say your first-pass denial rate (FPDR) is 20%. If you have 20,000 claims and a 20% FPDR, that comes to 4,000 denials. 4000 denials X \$25 is \$100,000. It adds up.

Guiliana notes, "The first-pass denial rate should be less than 5%. And, in fact, practitioners should all be using technology to help identify the eligibility of that patient. And by using that technology, which is avail-

benchmark of how you're stacking up against the benchmarks people teach or publish in the industry, but to yourself. If you know your KPIs for the practice for every month, I think that's important. I always say, one month does not a trend make. In the areas I like to focus on, which is business development and marketing, one month might be gang-busters, and yeah, we're happy about that, but that does not mean you're involved in a trend. Three months could be a trend—when something happens three months in a row."

But it's also important to be aware that some trends are seasonal, as well as anomalies that can be caused by things like flu pandemics, blizzards, and hurricanes.

Other KPIs and Implementation

For the most part, those are all revenue management cycle KPIs. Anything that can be measured can become a KPI, although you should really make sure that if you're going to measure things, they are things you can make changes to.

Wishnie tracks numerous things in his practice, bringing in his staff, giving them specific metrics that are their job to track. "This is a big

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point,” he says. “Doctors don’t like to share the numbers with the staff. They think it’s very personal. I’ll tell you, you’re driving in with your Lexus, or Mercedes, or whatever car you’re driving, you’re giving them false information that you’re loaded with money, that a doctor has a lot of money. Then they see these charges you put in the system. I can share the numbers, it makes it a reality—the reality being that we’re not getting paid what we charge. That’s important. Get the office staff involved and you can lead them to being better leaders at their job.”

For example, he says, “the front desk is to collect money at the desk, to keep the appointment books full with productive patients, and make sure the patients keep their appointments. That purpose is now translated into a statistic—the amount of money collected over the desk. Why do you need to know that? Because it tells you if the front desk is collecting the co-pays and deductibles and any past balances.”

It allows for analysis of things

assistant, there’s another number, not a key number, but an important number. The percentage of patients put into the room on time. If you’re a doctor who’s in and out of the

is that? Then implement strategies—we want to track that, to see why the shoes are being returned. You can have the person giving out shoes track those numbers,

Also useful is data about any social media platforms you or your practice use. It’s a way of tracking your practice’s overall online footprint.

room because your rooms are not stocked properly, or you’re always looking for material or equipment, it’s going to slow you down. The job of the medical assistant is to make sure the rooms are completely stocked and the patients are in and out on time.”

Those are just two examples. But each staff member has data they need to deliver to Wishnie by Friday at 1:00 by email. Wishnie has even pre-made spreadsheets so they can enter the data and it will create graphs. “They email it to me by 1:00 on Friday so we can discuss the numbers on Monday at our staff meeting. I’ve also trained them

because it costs the practice business and money every time they return shoes. It has a trickle-down effect.” He also points out that he has incentive programs built into the number collection.

Most of these, especially the major KPIs, can be pulled from your practice management software. Jackson says, “The trick is to understand why a trend is happening and either reinforce it or remediate it, try to fix it. That’s called management. That’s what managers do.”

Marketing Benchmarks

Deserving of its own article, one of the problems people in any business get into is creating marketing and advertising efforts, but not tracking the results. Granted, the results can seem a little fuzzy and hard to track, particularly if you have multiple marketing efforts ongoing—and you probably should. But it can be as simple as asking new patients what brought them to your practice, or coding different marketing materials with an identifier that you can ask about when patients call into the office.

Jackson says, “You should understand the analytics of your online marketing. Every single webpage on everybody’s website should have Google Analytics enabled on that page. Every company can do it whether they want to or not.” This provides useful data: how many unique visitors come every month? How long do they stay? What are the most popular pages?

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like: If patients aren’t keeping appointments, why? Is it because co-pays and deductibles are high? Is it because staff isn’t telling them to come back? Do you or your staff emphasize the importance of keeping appointments? Is it because your staff is rude? Are there long waiting times?

Finding Trends

Finding trends in operational KPIs allows you to identify problems and potential problems, which can’t be addressed unless they’re identified. Another example from Wishnie’s office is, “For the medical

to analyze the numbers. The reason to do that is you empower them to think, to take charge. It’s not a punishment when your numbers go down and you’re not amazed when they go up. There are a lot of factors involved, so we’re not looking at punishment, we’re looking at, ‘Why did this happen?’” And if it’s bad, find a way to fix it. And if it’s good, find a way to duplicate and operationalize it.

Wishnie notes that he tries to measure everything. An example is that they had recently noted that more of the diabetic shoes were being returned than normal. “Why

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practice use. It's a way of tracking your practice's overall online footprint. Jackson says, "How many

that's really doing a good job. Now many will be freaking out, because they're only getting one 5-star review a year and they're doing that type of service. But that means you should

in business, preferably a profitable business.

Guiliana says, "Doctors have to realize that KPIs are just measured numbers. We can't treat patients by virtue of just KPIs. We can't do everything in terms of utilization simply to meet a PVV that's been targeted. Patients always come first. These are merely measures of how you're stacking up against your peers." **PM**

This article might give the impression that practicing medicine is all about tracking metrics. That would be far from the truth.

5-star reviews does your practice have and what is your star rating on all of the sites that can review you? Google, Google Local, Yelp, Healthgrades, WebMD. We look at about 45 things. How many bad reviews do you have? How many 5-star reviews? Because every practice should be attempting to work with their patients in such a way that they get at least one 5-star review per month. That's a benchmark, a KPI for a practice

have a system in place to get 5-star reviews."

Practicing Medicine

This article might give the impression that practicing medicine is all about tracking metrics. That would be far from the truth. What tracking metrics is all about is practicing medicine *better*—practicing medicine in an efficient, cost-effective way that will allow you to stay



Mark Terry is a freelance writer, editor, author and ghostwriter specializing in healthcare, medicine and biotechnology. He has written over 700 magazine and trade journal articles, 20

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