

ASOAnalytics Case Study #1: Adding a New Physician

Brenda is the practice administrator of a comprehensive ophthalmology practice with three equal partners and one part-time medical ophthalmologist. One of the partners is within three years of retirement. For the past few years, the leadership team have been discussing the need to add a new physician but always seemed to get bogged down on whether the decision makes good financial sense. Recently, Brenda became aware of a young physician finishing up a Glaucoma fellowship that would very much like to practice in their area. She grew up in town and would likely be a great addition to the practice.

Brenda has been completing ASOAnalytics surveys, inputting her practice's data into the database, but has never really tried using any of the benchmarks to assist her in decision making. Following a rather frustrating partner meeting where they re-hashed this same topic, Brenda decided she needed to present an objective assessment of the financial impact of adding the new doctor. Here is what she did:

1. Evaluated the benchmarks for physician production for Glaucoma specialists, focusing on two data points that allowed her to evaluate the average collections per patient visit:
 - a. Collections per full-time equivalent (FTE) Glaucoma specialist
 - b. The number of patient visits per FTE Glaucoma specialist
2. Since the fellow is brand new to practice, Brenda used benchmarks in the 25th percentile to the median range for Glaucoma specialists in the database.

Using these metrics, Brenda was able to provide the following analysis to the partners:

	25 th Percentile	Median
Revenue		
Est. Patient Visits	4,700	5,800
Avg. Collections per Visit	\$170	\$180
Total Est. Revenue	\$799,000	\$1,044,000
Operating Expenses		
Physician Salary, Payroll Taxes and Benefits (@20%)	\$250,000	\$250,000
Incremental Staff Salary (2 FTEs @ \$50,000 plus payroll taxes & benefits)	129,000	129,000
Misc. Expenses	<u>25,000</u>	<u>25,000</u>
Total Operating Expenses	\$404,000	\$404,000
Range of Net Income (available for provider bonus & partner profit)	\$395,000	\$640,000

Brenda presented the analysis at a recent partner meeting and was pleasantly surprised to find that within 30 minutes she had consensus from the partners to move ahead in evaluating the candidate. Following a successful on-site visit, Brenda's practice offered the job to the fellowship trained Glaucoma doc and within two weeks she signed an employment letter with the practice.

In addition to using the ASOAnalytics benchmarking tool to make an objective decision on addition the new physician, Brenda was also able to use ASOAnalytics to educate their candidate about the opportunity. The practice was also able to use the data points to structure a compensation plan that was good for her and the practice and outline expectations and production goals beyond the 25th percentile. The newly hired doctor was very impressed with the level of detail the practice provided. She also appreciated the level of transparency the practice shared about her opportunity. ASOAnalytics was a true “Win-Win” for the practice and the newly hired physician!

Brenda learned from the exercise that ASOAnalytics is a useful tool and that benchmarks can help guide decision making. She also had more confidence knowing she had a credible resource on which to base decisions (which was also very much appreciated by the partners).