5 metrics that matter to practice owners

Key performance indicators (KPIs) that every practice owner should know — and how to track them.

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Identifying and comparing the following key performance indicators (KPIs) can help you set goals, evaluate expenses, and identify improvements that could boost your bottom line. The following metrics are all unique to practice ownership.

1: Schedule utilization

What it is: This compares possible appointments with the number of actual/kept appointments during a time frame. It can also be used to track specific types of appointments made/kept per day.

How to use it: This can help you adjust staffing or scheduling procedures to reduce cancellations and rescheduling. You might also want to track the reasons given for cancellation and/or which types of appointments are more likely to be cancelled. (Note: You may be able to pull some of this data from your scheduling software.) Consider tracking this for a month or more, then compare the weekly totals and daily averages.

Day of the week	Possible appointments	Appointments kept	Cancellations, by type			
Appointment type	**All**	**All**	**New**	**Well**	**Follow-up**	**Other**
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Saturday						
Sunday						
Weekly total						
Daily average						

Tip: Scheduling appointments too far in advance can result in more cancellations. Instead, consider sending automated reminders a few weeks before it's time for an appointment.

Continued on the following page.

2: Production per provider

What it is: This tracks the average dollar amount charged per day per provider.

How to use it: Track each provider's charges each day for a set period of time (week or month). Also, track their most frequent type of charge and most expensive charge(s). You can use this to compare staff contributions.

Provider name:			
Day of week	**Total charges**	**Most frequent procedure**	**Most expensive procedure**
Monday	$		
Tuesday	$		
Wednesday	$		
Thursday	$		
Friday	$		
Saturday	$		
Sunday	$		
Weekly total	$		
Daily average	$		

Tip: If any provider's charges are consistently low or high, dig in to why: Is their schedule overloaded, or are they too frequently tasked with a certain type of procedure? Diving in can help you create a better balance.

Continued on the following page.

3: Medical equipment utilization

What it is: This refers to the amount earned over time from the use of a piece of equipment.

How to use it: Track the number of billable procedures and charges associated with each expensive or leased piece of equipment each day. Compare the amount it costs to own or use the equipment to the amount earned from its use. This can help you make decisions about leasing, buying, or upgrading.

Type/brand of equipment:

Cost of equipment per week (lease/own/maintain): $

Day of week	Total charges	Total procedures	Most frequent procedure
Monday	$		
Tuesday	$		
Wednesday	$		
Thursday	$		
Friday	$		
Saturday	$		
Weekly total	$		
Weekly profit or loss	$		

Tip: You can also track what procedures are most commonly done using each piece of equipment. This, too, can help you decide if it's worth keeping.

Continued on the following page.

4: Net collection rate

What it is: This is the ratio of billings to receipts (after subtracting payer-related write-offs), or the amount of money collected compared to fees charged.

How to use it: Divide payments (net of all payments) by charges (net after insurance or contractual adjustments) over a certain period (such as a month or more). Then, multiply that number by 100 to find your percentage. You want this number to be higher than 90% (ideally, approaching 100%).

Payments received (net) $		
	X 100 =	Payments received (net) $
Total charges (after adjustments) $		

Tip: To improve your collection rate, consider offering additional payment options to patients, including paying online, with a credit card, or in installments.

5. Days in accounts receivable

What it is: This is a measure of how long it takes to receive payment from patients and third-party payers.

How to use it: First, determine your average daily billing amount by dividing your total gross charges from the past year by 365. Then, divide your current outstanding receivables (everything you're owed) by your average daily billing amount. Practices should aim for between 30 and 40 days in accounts receivable.

Total (gross) charges from past year $		
	=	Average daily billing amount $
365 days		

Current outstanding receivables $		
	=	Average days in accounts receivable $

Tip: Ask staff to track errors in billing or coding that led to delayed payment, and share this information with your team to avoid future mistakes.

For more practice-specific tips for managing your business, visit Wells Fargo Resources for Small Business.

Sources: Cosentus Business Services, Electronic Health Reporter, NCG Medical, University of Michigan study