

AMGA 2016 Medical Group Operations and Finance Survey

Informative Financial Benchmark Data for Your Medical Group

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Do you wonder how your medical group performs compared to others on major operational and financial indicators? Do you struggle to make sense out of the aggregate “loss per physician” numbers reported in industry publications and reports? Is your medical group under pressure to provide more detailed data on how you compare to peers within the marketplace? Do you feel pressure to justify your medical group’s performance? Do you have difficulty creating performance improvement plans at the specialty-specific level or simply providing standards for performance such as staffing levels per physician?

This report provides useful data to help you create goals, evaluate current performance, and explain variance to expected results.

If you answered yes to any one of the questions above, we have good news regarding a new resource that is now available, the *AMGA 2016 Medical Group Operations and Finance Survey*. In 2016, AMGA completed our first standalone operational and financial survey specifically for medical groups in order to provide the practical support necessary to answer a myriad of performance related questions. The intent is that this report will provide useful data to help you create goals,

evaluate current performance, and explain variance to expected results.

For years, organizations (and boards) have been frustrated by the lack of good operational and financial benchmark data for physician groups. This is especially the case when evaluating integrated medical groups, given overhead accruals, ancillary re-assignment, and system-based accounting treatment. This survey offers insight into not only integrated performance, but also standalone private practice performance and expense and revenue indicators to provide appropriate flexibility and scalable data for use in your specific setting.

About the 2016 Survey

AMGA Consulting received valid survey responses from 50 medical groups, 49 of which are AMGA member organizations, representing more than 12,000 physicians. Out of the 50 respondents, 19 (38%) are medical groups within integrated health systems or are the medical practice subsidiary of a hospital(s). Twenty-two (44%) are private physician practices. A significant amount of the data provided in the survey is reported by group type classification (Table 1).

The survey includes a profile of respondents including tax status (for-profit versus not-for-profit), academic affiliation, clinical hours requirements, scheduled capacity, and scribe use. Detailed data on staffing, salaries, and benefits is provided at five different employee levels for 15 separate functional areas, including general accounting, information technology, and HR departments by

TABLE 1
Survey Demographics

	Groups	% of Total
BY GROUP SIZE		
Fewer than 150	25	50%
151 to 300	16	32%
More than 300	9	18%
BY GEOGRAPHIC REGION		
Eastern	17	34%
Northern	12	24%
Southern	9	18%
Western	12	24%
BY TYPE OF CLINIC		
Integrated health system	14	28%
Private physician practice	22	44%
Hospital(s) and its medical practice subsidiary	5	10%
Other	9	18%
TOTAL	50	

staff FTE and physician FTE. Summary revenue and expense data is provided at the line-item level by four different group type cohorts as well as per work RVU and per clinical square foot. Financial and staffing data is also provided at the specialty level per work RVU and physician FTE. Finally, an analysis of accounts receivable performance is provided.

Operating Profit or Loss

Operating profit or loss per physician is one of the most frequently requested financial benchmarks for provider organizations. But this value, determined by subtracting net operating expenses from net revenue exclusive of non-medical activities, is highly dependent on the organizational model and accounting processes of the organization. Integrated health systems and medical group subsidiaries of hospitals often shift ancillary services (and associated revenue), like imaging and lab work, to a centralized function within the system, leaving the medical group without a source of revenue that supported it prior to integration. This also leads to a distortion when comparing pre- and post-integration performance. In addition, overhead and system-level expenses may be allocated using varying methodologies from organization to organization. For ideas on moving past loss per physician and improving performance, please read Fred Horton's white paper "Performance Disconnect."¹

In order to provide an array of models and performance indicators, we have reported operating profit or loss in the *AMGA 2016 Medical Group Operations and Finance Survey* in various ways, including by organizational type. As expected, in integrated health systems and medical group subsidiaries of hospitals, median operating losses per physician were \$211,961 and \$250,393, respectively. Interestingly, and

potentially more concerning, was the fact that private physician practices that participated in the survey also reported a median operating loss per physician of \$13,982. While it is possible this is a one-year anomaly or simply the result of tax management, it's also possible that this is a signal that private physician practices, most of which are for-profit organizations in the survey, are challenged to break even in today's increasingly regulated environment (Table 2).

Revenue and Expense Detail

In addition to revenue and expense line item details at the organizational level, the survey provides median revenue and expense details at the specialty level per physician and per work RVU.

For example, one could evaluate general surgery specialties in the market and find that for every general surgeon in the survey, median collections, inclusive of ancillaries, is approximately \$615,000 or \$86 per work RVU, while median physician and advance practice clinician salaries, which can be cross checked against the *AMGA 2016 Medical Group Compensation and Productivity Survey*, are approximately \$415,000 and \$35,000, respectively. Other direct patient care staff rewards and other operational expenses, including professional liability insurance costs, are also provided by specialty (Table 3).

The ability to provide efficient team-based care and success in population health initiatives depends significantly on advanced practice clinicians (APC) and direct patient care support staff. The survey provides specialty-level data on APC and direct patient care support staffing and salaries. For example, the survey shows median survey participants staff general surgery with approximately one advanced practice provider FTE for every four physicians (0.26), one registered nurse FTE for every three physicians (0.33), one licensed practical nurse FTE for every four physicians (0.28), and one medical assistant or nurse's aid for every two physicians (0.55), among other direct patient care support FTEs. Support staff salaries per physician (Table 3) and per staff FTE (Table 4) for each of these categories can also be found at the specialty level.

Staffing Levels and Expenses

Cost-efficient operation of business functions is essential to high-performing provider organizations. The survey provides median staffing levels, compensation and benefits expense for medical group operational departments. For example, one could review the survey and determine that median participant groups have approximately 2 marketing FTEs, 6

TABLE 2

Revenue and Expense Medians per Physician by Group Type

Financial Indicator	Integrated Health System		Private Physician Practice		Hospital(s) and Its Medical Practice Subsidiary		Other	
	Number of Clinics	Median	Number of Clinics	Median	Number of Clinics	Median	Number of Clinics	Median
REVENUE								
Gross professional medical and surgical revenue	12	1,061,757	21	1,434,128	5	1,161,839	7	1,238,835
Gross lab, radiology, imaging and ancillary revenue	9	139,906	19	434,987	2	***	4	***
Total Gross Revenue	12	1,181,474	22	1,875,203	5	1,161,839	7	1,835,588
Net professional medical and surgical revenue	10	533,636	19	881,959	5	612,970	7	838,345
Net lab, radiology, imaging and ancillary revenue	6	45,484	17	171,910	2	***	4	***
Total Net Revenue	12	556,226	22	1,174,172	5	634,990	8	1,157,246
PROVIDER SALARIES AND BENEFITS								
Physician salaries	14	386,701	22	413,085	5	358,087	9	380,442
Physician benefits expense	13	53,600	22	47,339	4	***	7	46,246
APC salaries	13	39,520	20	48,331	5	36,543	9	36,455
APC benefits expense	12	8,829	20	10,087	4	***	7	7,748
DIRECT PATIENT CARE SUPPORT STAFF SALARIES								
Nursing salaries	11	39,201	19	32,250	4	***	8	37,148
Medical assistants and nurse aides salaries	10	31,130	21	38,974	4	***	7	11,816
Clinical laboratory salaries	4	***	17	14,242	1	***	2	***
Radiology and imaging salaries	5	7,659	17	16,080	1	***	3	***
Technician salaries	8	4,920	17	13,163	2	***	7	10,136
Other direct patient care support staff salaries	10	42,157	21	32,488	4	***	7	78,597
OPERATIONAL SUPPORT STAFF SALARIES								
General accounting salaries	9	3,815	21	4,570	4	***	7	3,540
Information technology salaries	7	3,362	20	13,170	1	***	6	7,580
EMR/Medical records and support salaries	6	5,179	18	4,643	1	***	7	6,859
Managed care administration salaries	4	***	11	4,752	2	***	4	***
Operations salaries	8	14,956	19	10,172	4	***	8	38,181
CBO/Patient accounting salaries	9	18,129	21	21,510	3	***	7	10,857
Human resources salaries	8	3,045	19	4,098	1	***	5	3,872
Facilities management salaries	7	1,117	15	2,106	0	***	4	***
Purchasing and materials management salaries	4	***	14	1,897	0	***	5	1,860
Marketing and PR salaries	6	866	19	1,015	0	***	4	***
Strategy and planning salaries	4	***	4	***	1	***	0	***
Executive team salaries	6	3,821	17	9,124	2	***	6	7,768
Physician leadership salaries	4	***	8	4,587	0	***	4	***
Chair salaries	2	***	3	***	2	***	1	***
Medical director salaries	3	***	8	2,274	2	***	1	***
Total benefits expense for non-provider positions	10	11,396	19	19,728	3	***	6	23,552
Outsourced expenses	4	***	10	10,780	1	***	5	26,664
OTHER OPERATIONAL EXPENSES								
Medical and surgical supplies and drug expense	12	42,348	21	80,442	5	41,969	8	75,739
Diagnostic radiology expense	4	***	18	17,596	1	***	2	***
Laboratory expense	5	12,184	19	20,240	2	***	2	***
Other ancillary expense	3	***	14	26,326	1	***	2	***
Building and occupancy expense	13	38,651	22	72,395	5	45,592	7	95,860
Professional and liability insurance	13	10,760	21	11,319	4	***	6	23,525
Other insurance expense	5	558	16	2,304	0	***	5	1,845
Information services expense	8	10,203	19	23,885	3	***	4	***
Furniture and equipment expense	10	4,570	21	10,141	2	***	6	8,307
Administrative supplies	9	4,098	20	8,312	3	***	6	4,850
Marketing expense	9	1,245	21	4,233	2	***	5	4,139
Professional fees	10	16,148	19	12,246	3	***	6	26,862
Interest expense	6	1,765	16	2,832	2	***	3	***
Bad debt expense	8	21,241	14	18,814	4	***	3	***
Other expense	10	61,535	20	37,663	3	***	7	96,589
TOTALS								
Total operating expenses (ex. non-medical activities)	12	825,741	22	1,131,971	5	887,753	8	1,028,017
Operating profit (or loss)	12	(211,961)	22	(13,982)	5	(250,393)	8	(113,791)
OTHER REVENUE AND EXPENSES								
Other medical revenue	9	30,461	17	31,306	3	***	4	***
Health system funding	4	***	2	***	2	***	2	***
Non-medical revenue	8	22,752	17	8,210	4	***	4	***
Non-medical expenses	5	9,759	8	18,657	0	***	0	***
OUTSOURCED COSTS								
Outsourced operational administration	2	***	6	2,542	1	***	4	***
Outsourced CBO/patient accounting	1	***	5	5,154	1	***	5	18,637
Outsourced information technology	1	***	6	7,817	0	***	3	***
Outsourced transcription	3	***	5	2,174	1	***	4	***
Outsourced other areas	0	***	7	17,228	1	***	0	***

TABLE 3:
Revenue and Expense Medians by Specialty

GENERAL SURGERY			
Financial Indicator	Number of Groups	Median per Physician FTE	Median per Work RVU
REVENUE			
Gross Professional Charges	37	1,326,100	189.44
Gross Ancillary Charges	22	17,801	2.48
Discounts & Allowances	34	706,286	99.85
Total Collected Charges	34	615,773	86.10
PROVIDER SALARIES AND BENEFITS			
Physician Salaries	37	415,234	64.95
Physician Benefits	35	46,830	7.80
Advanced Practice Clinician Salaries	19	34,768	5.83
Advanced Practice Clinician Benefits	18	6,894	1.01
DIRECT PATIENT CARE SUPPORT STAFF SALARIES			
RN Nursing Salaries & Benefits	28	25,246	3.88
LPN Nursing Salaries & Benefits	18	14,807	2.00
Medical Assistants or Nurses Aides Salaries & Benefits	30	25,377	3.93
Technician Salaries & Benefits	8	9,077	1.42
Other Direct Care Salaries & Benefits	24	45,838	6.44
OTHER OPERATION EXPENSES			
Medical Supplies & Drugs	34	7,630	1.01
Professional Liability Insurance	31	21,382	2.94
Other Direct Expenses	27	67,067	8.09

TABLE 4:
APC and Patient-Care Support Staff FTE and Salary Medians by Specialty

GENERAL SURGERY		
Indicator	Number of Groups	Median
APC AND DIRECT PATIENT CARE SUPPORT STAFF		
Advanced Practice Clinician FTEs per Physician FTE	19	0.26
RN Nursing FTEs per Physician FTE	28	0.33
LPN Nursing FTEs per Physician FTE	18	0.28
Medical Assistants/ Nurses Aides FTEs per Physician FTE	29	0.55
Technician FTEs per Physician FTE	7	0.08
Other Direct Care FTEs per Physician FTE	22	0.78
APC AND DIRECT PATIENT CARE SUPPORT STAFF SALARIES		
Advanced Practice Clinician Salaries per APC FTE	19	105,129
RN Nursing Salaries per RN FTE	28	64,468
LPN Nursing Salaries per LPN FTE	18	45,584
Medical Assistants or Nurses Aides Salaries per MA/NA FTE	29	33,520
Technician Salaries per Tech FTE	7	58,248
Other Direct Care Salaries per Other FTE	22	38,041

TABLE 5:
Overall Staffing Profile Department FTE per Physician FTE

Overall Staffing Profile Department FTE per Physician FTE			
Department	Number of Groups	Median	Mean
General Accounting	40	0.062	0.071
Information Technology	34	0.166	0.157
EMR/Medical Records and Support	32	0.110	0.167
CBO/Patient Accounting	40	0.429	0.530
Human Resources	33	0.059	0.060
Facilities Management	26	0.033	0.061
Purchasing and Materials Management	23	0.043	0.059
Marketing and PR	29	0.016	0.027

general accounting FTEs, 43 patient accounting FTEs, 17 information technology FTEs, 11 EMR support FTEs, 6 human resource FTEs, 3 purchasing FTEs, and 3 facilities FTEs for every 100 full-time physicians.

Further, one could evaluate information technology departments alone and determine that at the median IT departments are made up of 14 staff level employees with a median salary of approximately \$60,000, 2 managers with a median salary of approximately \$100,000, and 1 director with a median salary of approximately \$130,000. This data can help you find areas where efficiency may be improved or confirm or deny suspicions of over or understaffing. A cautionary note: in analyzing performance of your organization's technology departments, you may want to take into account both the Information Technology data and the EMR/Medical Records and Support data, since some organization co-mingle both areas under a single department (Tables 5 and 6).

Performance Indicators

We typically recommend organizations utilize a variety of performance indicators to get a better picture of their performance. This can be done by looking at components of overall performance, utilizing the most stable survey statistics, such as staffing levels per physician, and by benchmarking your data against multiple cohorts. This allows you to account for the aspects that are indicative of performance overall without having to be concerned with issues related to overhead application or system allocation philosophy in such areas. Additionally, by utilizing AMGA's Medical Group Compensation and Productivity Survey and Executive and Leadership Compensation Survey you will be able to cross-index expenses and compare important aspects related to compensation for your physicians and leaders. We suggest utilizing the surveys together in order to conduct a thorough operations assessment that will lead to enlightened comparison and best guide your improvement planning. Additionally, this data is essential in explaining to leadership and boards how your performance compares to high-performing entities and what should be expected of a medical group within your specific setting.

TABLE 6:
Information Technology Department FTEs and Salary Medians

Information Technology Department Measures			
Performance Measure	Number of Groups	Median	Mean
Staff FTEs	34	14.1	20.2
Staff Salaries per FTE	34	58,438	59,966
Manager FTEs	22	2.0	3.4
Manager Salaries per FTE	21	98,395	101,456
Director FTEs (include Asst. Dir)	20	1.0	1.5
Director Salaries per FTE (include Asst. Dir)	19	128,470	156,554
Department FTE per Physician FTE	34	0.166	0.157
Department Salaries per Physician FTE	34	9,706	10,386

Summary

We feel very positive about the results and the participation levels in the first year of this standalone survey. This represents one of the most complete surveys for integrated and multispecialty medical groups in the country. We anticipate that participation will continue to grow as we continue to enhance and promote future annual surveys.

We offer a thank you to those who participated and an invitation to those who missed this first survey. Through growth of participation, the data will be more complete and will enable thorough assessment and conclusions related to key indicators of operational and financial performance. As we all know, good data leads to information and information is power.

References

1. Fred Horton. 2014. Performance Disconnect: Getting Beyond “Loss” per Physician and Improving Performance. AMGA Consulting White Paper, November 2014. Available at amga.org/store/detail.aspx?id=AMGAC_WP_1114.

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