



# Recovery Time

*How to thrive in 2023*

By Kelsi O'Brien, MHSA

**A**s we see COVID transition from pandemic to endemic, outpatient clinic volumes are rebounding, and inpatient census numbers are higher than ever. If your organization has put off addressing provider compensation or practice optimization—especially in the wake of the outpatient evaluation and management (E/M) work relative unit (RVU) and documentation requirement changes and the continually decreasing Centers for Medicare & Medicaid Services' (CMS) physician fee schedule conversion factor (PFS CF)—it is time to move from survival mode to thrive mode. In order to make this transition, you will need

to utilize the right tools in the right way backed by the latest survey data that account for the noted industry changes.

## Less Art, More Science

The latest market data are in, and they reflect the CMS changes noted above, along with rebounding patient volumes. As these changes are the primary drivers behind the compensation plan review, it is time to determine areas where your medical group is thriving and where you are just surviving.

Provider compensation, especially concerning plans heavily based on production, is the first suggested area for

review. If you have delayed implementing and/or compensating providers using the 2021 outpatient E/M weight changes, now is the time. Groups compensating according to the new rates will certainly benefit when it comes to recruitment and retention, especially if their complement of specialties includes primary care. We recommend reviewing provider compensation and the adjustments necessary to implement a plan in which providers are compensated based on the new weights.

If you delayed addressing the E/M changes, it may have been because of the immense staffing challenges that have emerged in the last two years. While medical groups focus on filling vacancies and training those you have recruited, it is an excellent time to take a hard look at your need for staffing by performing a volume-adjusted staffing review, which accounts for higher and lower productivity of providers. Based on market data, you need your review to go beyond just total number of staff needed. You also need to consider production beyond FTEs alone. Utilizing market specialty data allows you to identify and effectively recruit the correct complement of clinic and office staff to ensure you are positioned to thrive.

## Show Me the Money

When it comes to financial viability and sustainability, it is vital to understand how you measure up in order to thrive.

Many organizations on a calendar year budget need to understand and anticipate revenue, operating expenses, and their overall financial picture. Looking at key metrics from market data such as median net revenue by physician and specialty type, layered with an understanding of your providers' productivity, can enable goal setting and target revenue goals based not only on historical performance, but also market performance.

Thriving does not just mean taking a hard look at potential revenue, but also examining expenses and opportunities for cost savings. Examining individual line item expenses enables you to gain a better understanding of where you may be incurring different costs (see "Sample Expense Categories"). Medical practices only have so much flexibility when it comes to provider and staff compensation. Identifying ways to reduce expenses and maximize revenue is key to reaching peak performance.

## Look to the Future

Not everything that emerged from the pandemic was negative. The evolution and utilization of telehealth from the perspective of practice operations and a payer environment has certainly been positive. In the final quarter of 2021, more than 10% of primary care visits were completed via telehealth, according to the latest data.<sup>1</sup> As this is new territory for many medical groups, it is important to get it right. Understanding appropriate appointment length, where to target utilization, and even the tools that are most frequently used are all important elements to consider.

Telehealth is not just positive for patients in terms of convenience and safety, but also for providers and staff. Visits

can be conducted from home or the office. They ensure continuity of care and appropriate follow-up. Initial data show that patients from all age groups have embraced this option and that it is being utilized for both chronic and acute conditions. As we noted previously, having an edge when recruiting staff or physicians is particularly important, and being able to complete a day of clinical work outside the office is certainly considered a perk. But, as with any other operational initiative, setting up telehealth in the correct manner with the right resources and maximized schedule is key.

## Chart a Path

Utilizing a combination of the right tools and resources can certainly make the journey to

thriving much easier. Medical groups need the right guidance and resources more than ever to ensure they are maximizing revenue and collections, minimizing expenses, and compensating competitively. Recruitment and retention have become critical considerations for staffing and physicians.

Ensuring that you are recruiting the right type of staff and the appropriate number and type of providers does not need to be guesswork. The journey to thrive is far less arduous when you are utilizing the right tools and the right resources in the right way. [GRJ](#)

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## Reference

1. AMGA. 2022. AMGA 2022 Medical Group Compensation and Productivity Survey. [amga.org/compsurvey](https://amga.org/compsurvey).

## Sample Expense Categories

- ▶ Administrative Supplies and Services
- ▶ Building and Occupancy
- ▶ Building Depreciation
- ▶ Drug Supply
- ▶ Furniture and Equipment
- ▶ Furniture and Equipment Depreciation
- ▶ Information Technology Service
- ▶ Laboratory
- ▶ Locums
- ▶ Marketing
- ▶ Medical and Surgical Supply
- ▶ Other Ancillary
- ▶ Other Insurance
- ▶ Purchased Services
- ▶ Radiology/Imaging