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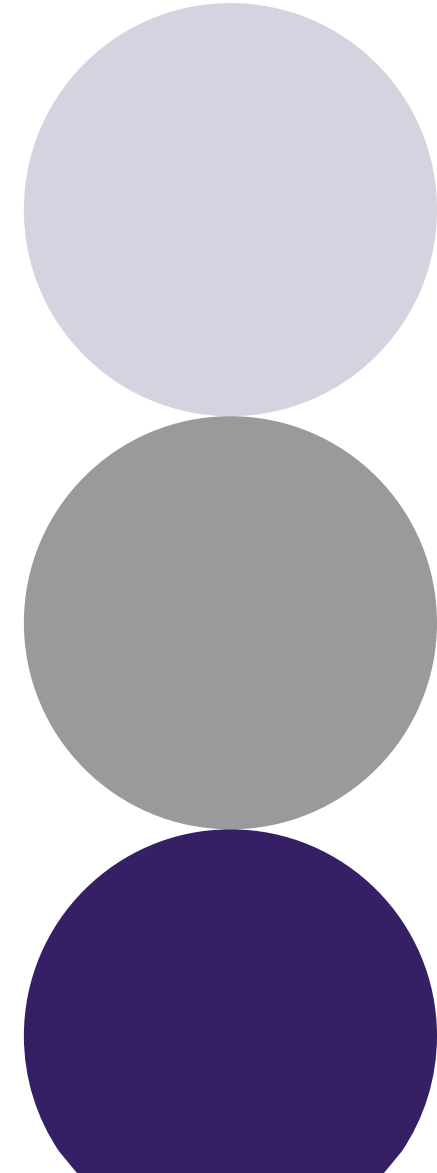
Essential Data Tools For Leading a High Performance Practice

Derek Preece

Principal and Executive Consultant, BSM Consulting

Ann M. Hulett

CEO, EyeHealth Northwest, PC



Financial Disclosures

- Derek Preece – BSM Consulting provides practice management consulting services to ophthalmology practices.
- Ann M. Hulett – No Financial Disclosures



Objectives



Identify the data you need “most” to influence the future.



Generate meaningful reports for effective communication.



Create customized scorecards for key areas of the practice.



What are Key Performance Indicators (KPIs)?



- A measurement of activity that is essential to accomplishing the strategic goals of the practice.
- A measurement that predicts success.
- A measurement that can be influenced by changes in process.



The 4 Disciplines of Execution*

**Focus on
the Wildly
Important**

**Act on the
Lead
Measures**

**Keep a
Compelling
Scorecard**

**Create a
Cadence of
Account-
ability**





Focus on The Wildly Important

There will always be more good ideas than capacity to execute.

Focus your team around the top priorities for the practice.

Such as...

5% Growth in Patient Volume or

Decrease A/R to 23 Days or

Limit Personnel Costs to 3% Incr.



Act on the Lead Measures



What actions are needed to influence the future?



What measures predict whether you are likely to meet the goal?



Those measures are your Key Performance Indicators.



For Example...KPIs for Growing Practice Volume



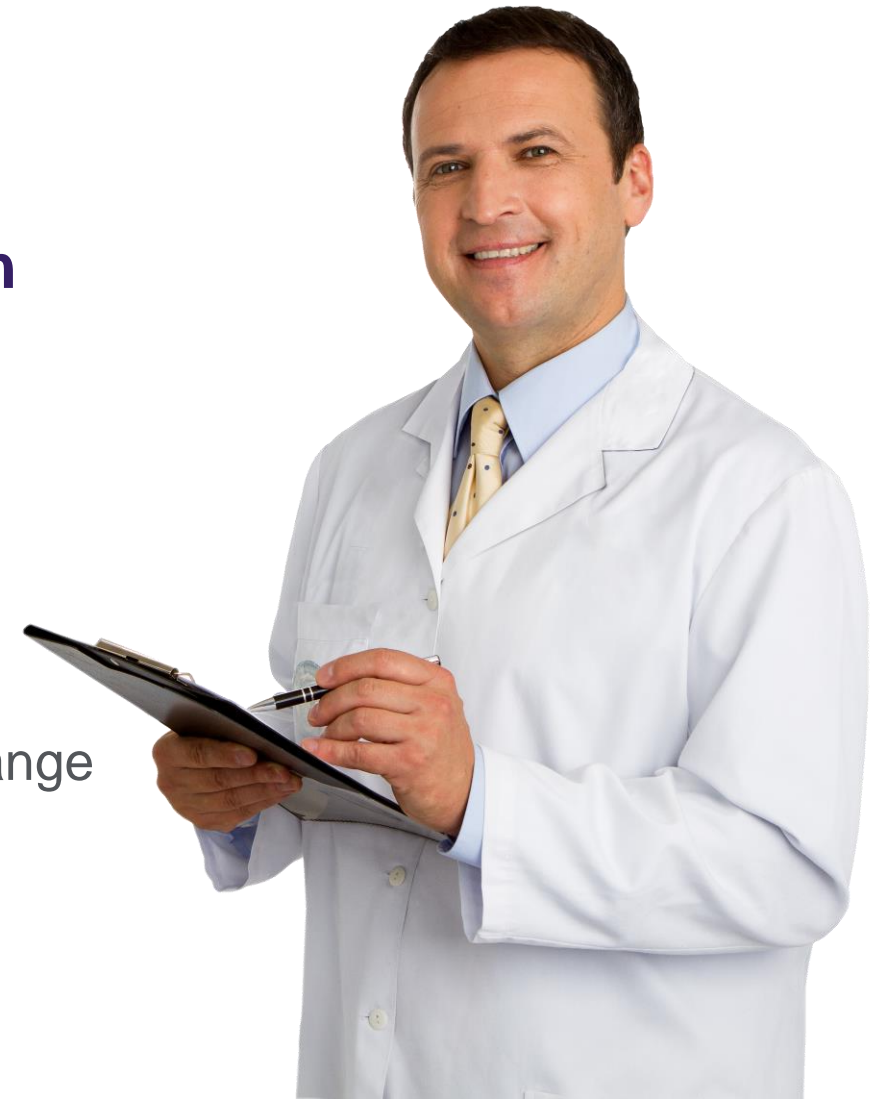
- How many physician clinic days do we have each month?
- How many days between a new patient call and their appointment?
- When is the next available dilated appointment?
- What percentage of the daily templates are full?
- How many referrals are in the office pending appointment?
- How many people are hanging up before we get to them?
- What percentage of follow-ups are made before the patient leaves the office?



Keep a Compelling Scorecard Once You Have Picked The Measures



- **Timely – Out by Mid-Month**
 - Distributed Regularly to Those Who Can Influence
- **Consistent – Calculated the Same Every Month**
 - (If you fix, you have to go back and restate)
- **Trended Presentations**
 - Graphs, Rolling Averages, AAOE Benchmarks
- **Responsive to The Practice Goals**
 - Indicators Can Change When the Practice Priorities Change





Create a Cadence of Accountability

Don't do your benchmarking and put it away.

Analytics without intervention are not helpful.

Meaningful KPI reports focus the team on what they can do to accomplish the important goals of the practice





Different Roles...Different Scorecards



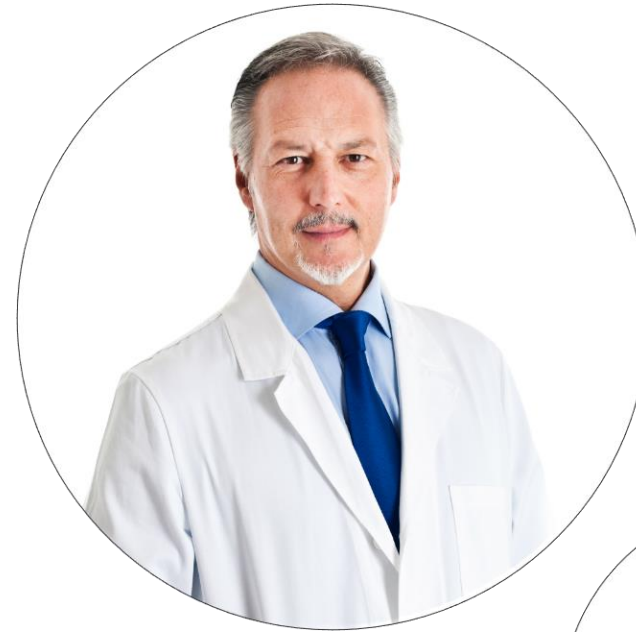
Getting started with a
Physician/Administrator
Scorecard



Physician/Administrator/Manager Practice KPI Reports



- Group KPIs for the Big Picture
- Monday Morning Report – A Quick Look at Last Week

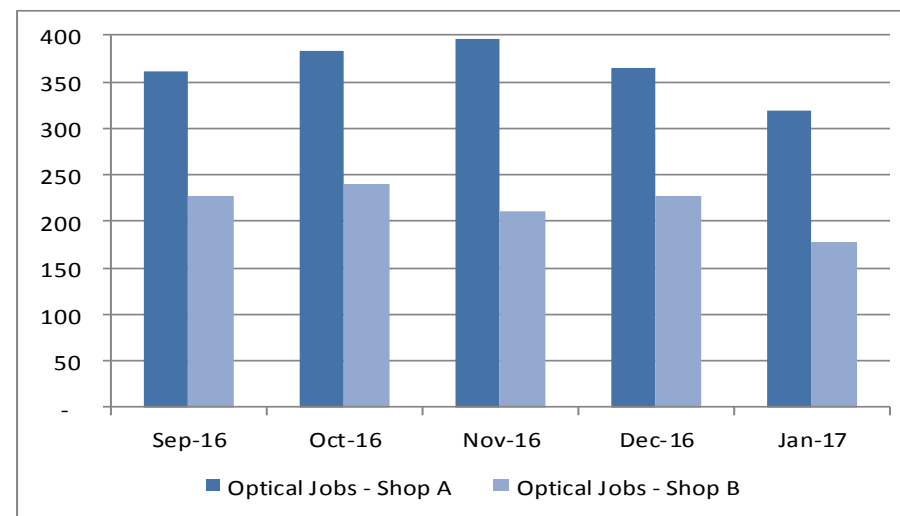
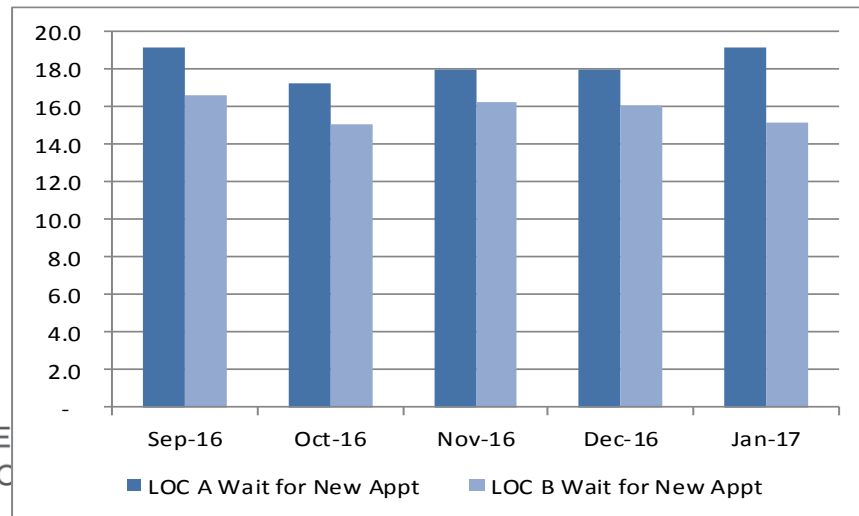
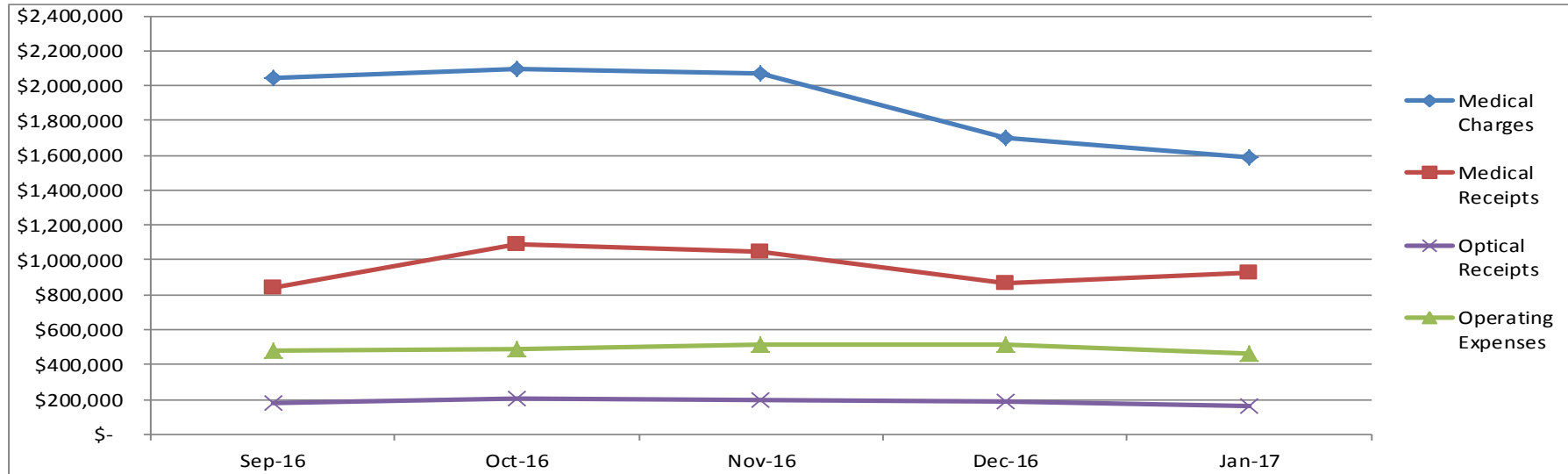


Sample Group KPI Report

	Sept	Oct	Nov	Dec	Jan	YTD 2016	YTD 2017	% Chg
New Pt Visits	932	921	971	772	738	945	738	-21.9%
Total Visits	4,994	4,973	5,003	4,188	4,120	4,457	4,120	-7.6%
New Patient %	18.7%	18.5%	19.4%	18.4%	17.9%	21.2%	17.9%	
Dr. Clinic Days	155	150	155	140	142	128	142	10.7%
	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	YTD 2016	YTD 2017	% Chg
Days in AR	27.7	25.9	23.7	24.4	22.2	28.2	22.2	
% Over 90 Days	10.9%	12.1%	13.3%	14.2%	15.7%	11.2%	15.7%	
	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	YTD 2016	YTD 2017	% Chg
Medical Charges	\$ 2,045,724	\$ 2,097,508	\$ 2,073,475	\$ 1,703,178	\$ 1,590,075	\$ 1,840,931	\$ 1,590,075	-13.6%
Optical Charges	\$ 328,732	\$ 345,076	\$ 352,040	\$ 353,126	\$ 277,258	\$ 340,077	\$ 277,258	-18.5%
Medical Receipts	\$ 842,187	\$ 1,088,892	\$ 1,050,335	\$ 869,991	\$ 929,107	\$ 847,726	\$ 929,107	9.6%
Optical Receipts	\$ 179,853	\$ 204,638	\$ 199,612	\$ 183,452	\$ 158,392	\$ 181,935	\$ 158,392	-12.9%
Operating Expenses	\$ 481,844	\$ 491,501	\$ 512,290	\$ 509,725	\$ 458,325	\$ 431,542	\$ 458,325	6.2%
Cost Per Visit	\$ 96.48	\$ 98.83	\$ 102.40	\$ 121.71	\$ 111.24	\$ 96.82	\$ 111.24	14.9%
	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	YTD 2016	YTD 2017	% Chg
Medical Collections per Enc	\$ 168.64	\$ 218.96	\$ 209.94	\$ 207.73	\$ 225.51	\$ 190.20	\$ 225.51	18.6%
	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	YTD 2016	YTD 2017	% Chg
Days Call to Appt-Loc A	19.2	17.3	18.0	18.0	19.2			
Days Call to Appt-Loc B	16.6	15.1	16.3	16.1	15.2			
Optical Jobs - Shop A	362	384	396	364	319	427	319	
Optical Jobs - Shop B	228	240	210	227	177	173	177	



Group KPI Trends and Graphics



Monday Morning Report

What do you need to quickly react to service trends?

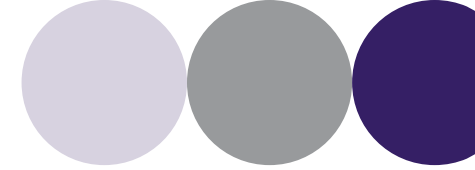
- Appointment volume by doc or office
- No Shows
- Satellite Schedules
- Next Available Appts
- Charges All Submitted
- Phones Answered in a Timely Manner
- Pending Referrals



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Monday Report – Fancy Not Required

Monday Report 9/4/2016	Dr. Parsley	Dr. Sage	Dr. Thyme	Total
Total Patients	105	147	98	350
Office A	61	110	36	207
Office B	34		46	80
Office C	10	37	16	63
New Patients	8	30	15	51
No Show	6	8	4	18
No Show%	5.7%	5.4%	4.1%	5.1%
Next Dilated Exam – Office A	29-Sep	30-Sep	27-Sep	
Next Dilated Exam – Office B	3-Oct		30-Sep	
Next Dilated Exam – Office C	15-Oct	2-Nov	28-Oct	
Calls Answered	1586			
Avg. Length of Call	2:26			
Avg. Time to Answer	:40			
Calls Abandoned	99			
Calls Connected	93%			



Department Scorecard



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Department Scorecard Challenges

Culling down the list of KPIs



Presenting KPIs effectively



Reporting consistently





Getting Started: Creating Your Scorecard

Introduce concept to department leads.

Ask leaders to identify three to five KPIs per department:

- Easy to measure
- Tie to department and practice goals
- Clear on how staff can impact the results

After initial reporting, establish baselines and set goals for improvement.



Front Office

Responsible For:

- Check-in and registration
- Appointment reminders
- Setting the tone

Scorecards Could Measure:

- Patient flow
- No-show rates
- Staffing efficiency
- Patient satisfaction



Sample Front Office KPIs



Ratio:

Patient No-Show Rate

Formula:

No-shows **divided by** patients scheduled.

Used For:

Ensuring that proper protocols are in place to keep no-show rates as low as possible.

Ratio:

Encounters per Full Time Equivalent Front Office Staff (or per hour)

Formula:

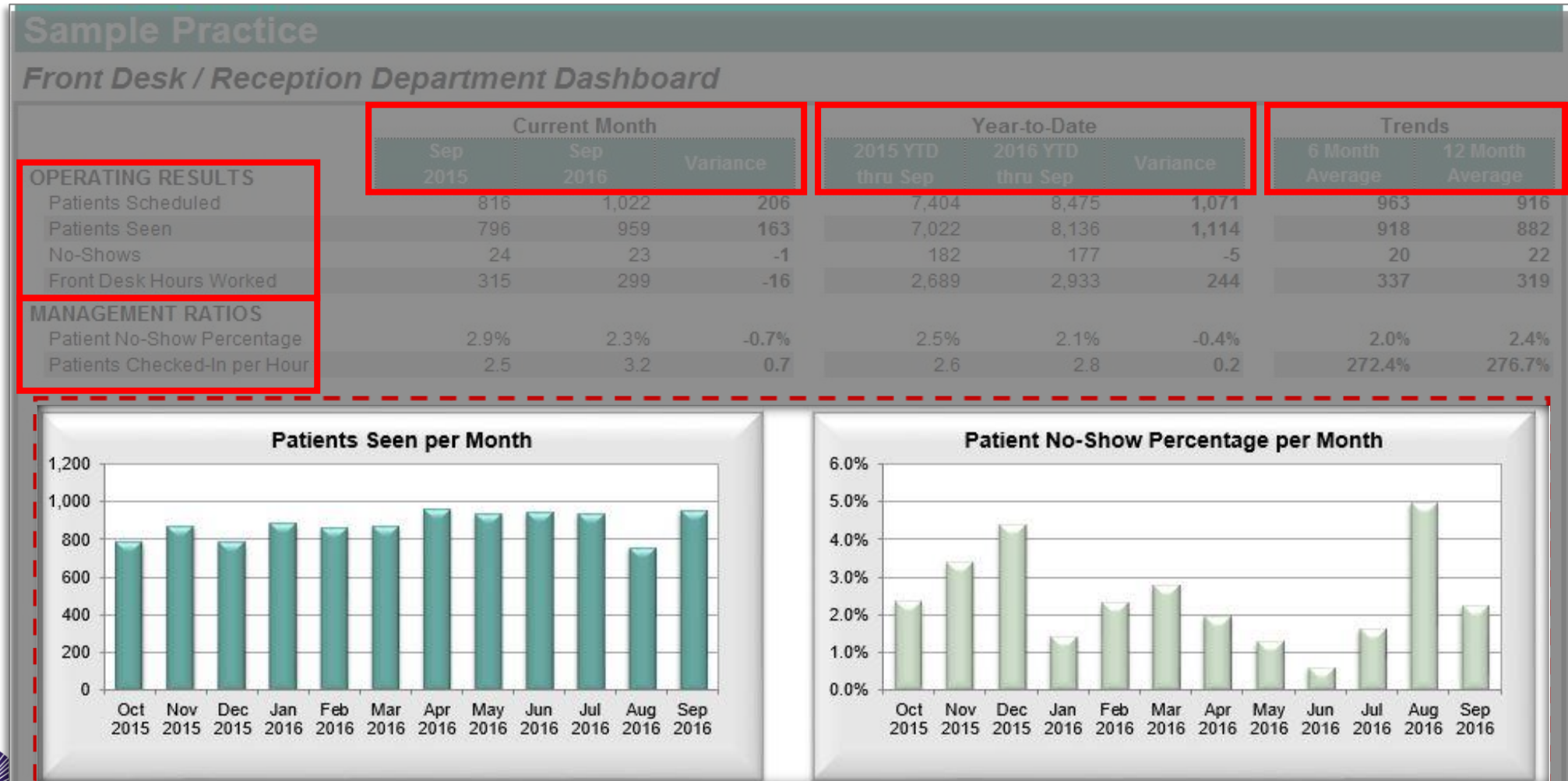
Number of encounters (exams) done **divided by** total hours or FTE front office staff worked during the same period.

Used For:

Staffing levels and efficiency in the front office.



Sample Front Office KPIs



Back Office

Responsible For:

- Patient workups
- Diagnostic testing
- Allowing doctors to keep on schedule

Scorecards Could Measure:

- Average workup time
- Patient flow
- Diagnostic testing
- Patient satisfaction



Sample Back Office KPIs

Ratio:

Average number of patients seen per staff hour worked (or FTE)

Formula:

Total patients **divided by** department hours worked or FTEs.

Used For:

Barometer of determining clinical department staffing needs, efficiency and training opportunities.

Ratio:

Diagnostic Testing Percentage

Formula:

Total diagnostic tests performed **divided by** office visits.

Used For:

Indication of staffing needs.

Note: Results will vary by subspecialty.

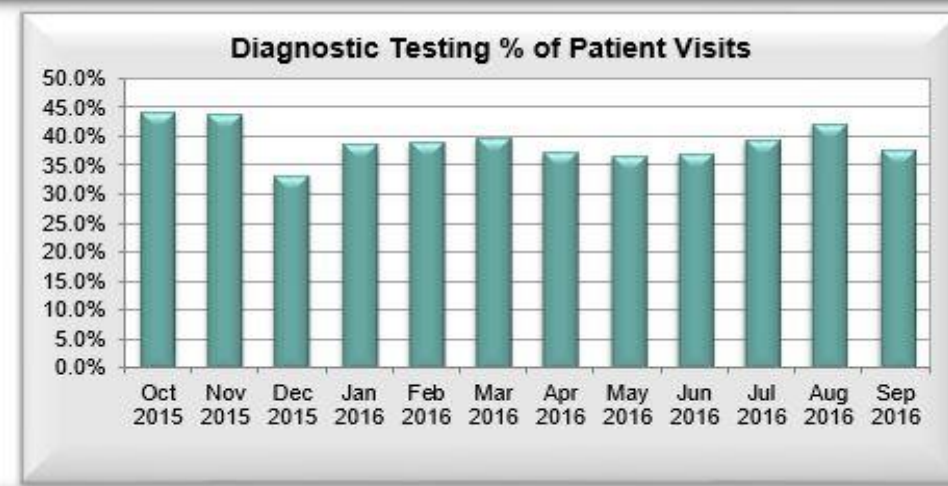


Sample Back Office Scorecard

Sample Practice 2

Clinical Department Dashboard

	Current Month			Year-to-Date			Trends	
	Sep 2015	Sep 2016	Variance	2015 YTD thru Sep	2016 YTD thru Sep	Variance	6 Month Average	12 Month Average
OPERATING RESULTS								
Clinic Days	17	23	6	170	189	19	22	20
Patient Visits	525	580	55	4,905	5,040	135	575	550
Diagnostic Tests Performed	214	218	4	2,049	1,943	-106	220	215
Clinical Department Hours Worked	214	301	87	2,005	2,234	229	262	245
MANAGEMENT RATIOS								
Patient Visits per Clinic Day	30.9	25.2	-5.7	28.9	26.7	-2.2	26.1	27.4
Diagnostic Testing %	40.8%	37.6%	-3.2%	41.8%	38.6%	-3.2%	38.2%	39.0%
Patient Visits per Hour Worked	2.5	1.9	-0.5	2.4	2.3	-0.2	2.2	2.2



Billing Department

Responsible For:

- Accurate charge and payment posting
- Managing accounts receivable
- Ensure money owed is collected in a timely manner

Scorecards Could Measure:

- Claims accuracy
- Amount of time it takes to get paid
- Health of accounts receivable aging buckets



Net Collection Ratio

Data:

Net collections

Adjusted charges (gross charges less contractual adjustments)

Formula:

Net collections **divided by** adjusted charges

Used For:

Identification of a practice's ability to collect that which it is contractually allowed to collect.

Tips:

Look at the ratio over an extended period of time (monthly variances are quite common); low percentages may indicate billing problems, collection difficulties, payer delays.

Benchmark Range: >96%



Accounts Receivable Aging

Data:

Monthly Accounts Receivable Aging Reports

Used For:

Identifying collection trends in the practice.

Tips:

High ratios could be caused by billing process problems, or payer delays. Track trends over time; if problems are apparent, complete a detailed payer analysis and change department procedures if needed.

	<u>A/R Aging Bucket</u>	<u>Percent of A/R Total</u>
Benchmark Ranges:	0 – 30 days	55% - 75%
	Over 120 days	9% (median)



Accounts Receivable Aging

Ratio:

Adjusted accounts receivable **divided by** the average daily collections.

Used For:

Measure of how many days of charges are owed to the practice at a given time.

Tips:

Patient-paid procedures such as refractive surgeries will skew this figure and can hide insurer collection problems

Benchmark Range: 20 - 36 days



Billing Department Scorecard Example

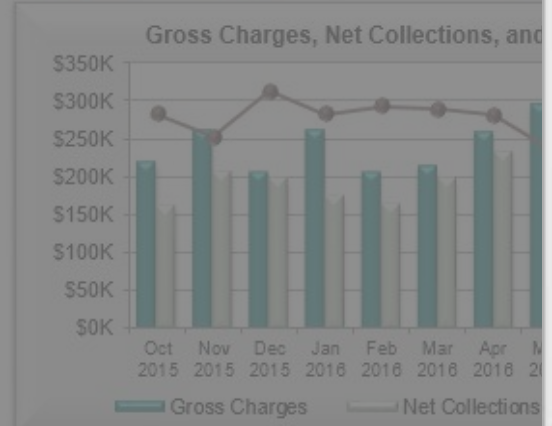
Sample Practice 3

Billing and Collections Department Dashboard

OPERATING RESULTS	Current Month			Year-to-Date			Trends	
	Sep 2015	Sep 2016	Variance	2015 YTD thru Sep	2016 YTD thru Sep	Variance	6 Month Average	12 Month Average
Gross Charges	\$221,410	\$268,342	\$46,932	\$1,938,338	\$2,303,876	\$365,538	\$270,823	\$249,002
Contractual Adjustments	\$37,455	\$22,563	(\$14,892)	\$394,834	\$314,872	(\$79,962)	\$30,080	\$33,940
Adjusted Charges	\$183,955	\$245,779	\$61,824	\$1,543,504	\$1,988,994	\$445,490	\$240,743	\$215,062
Net Collections	\$180,400	\$180,400	\$0	\$1,543,504	\$1,543,504	\$0	\$240,743	\$215,062

MANAGEMENT RATIOS

Net Collection Ratio	98.1%
Days Sales Outstanding	41.2



Scorecard Measures

Optical



KPI	Formula
Capture Rate	Total number of sales divided by total prescriptions written.
Optical Encounters	Total patients served in the optical.
Revenue per FTE Optician	Total optical revenues divided by full time equivalent opticians.
Optical Encounters per FTE Optician	Total optical encounters divided by total FTE opticians.
Total Optical Jobs Sold	Total number of pairs of glasses (or new lenses in existing frames) sold.
Total Optical Jobs per FTE Optician	Total optical jobs sold divided by FTE opticians.
Total Second Pairs Sold	Total number of patients buying two pairs of glasses at the same visit.
Second Pair Ratio	Total number of second pairs sold divided by the total number of optical jobs sold.
Total Premium Sales	Number of jobs with premium upgrades such as lens coatings.
Premium Ratio	Jobs sold with premium upgrades divided by total optical jobs sold.



Scorecard Measures

Human Resources



<i>KPI</i>	<i>Formula</i>
Turnover Rate	Total number of employees terminated (for any reason) in a year divided by total number of employees
Staff Expense Ratio	Total salary expense divided by total net collections
FTE staff per FTE MD	Full-time equivalent employees divided by full-time equivalent MDs
Patient visits per FTE staff member	Total patient visits divided by FTE staff
Overtime hours	Total overtime hours (usually by department)
Revenue per FTE	Total net collections divided by FTE staff members
Attendance rate	Total possible hours during time period minus paid time off hours used divided by total possible hours
Staff Satisfaction	Conduct regular staff satisfaction surveys (1 – 2 per year)



Scorecard Measures

Call Center



<i>KPI</i>	<i>Formula</i>
Incoming calls per FTE staff	Total number of income calls divided by FTE phone staff
Outgoing calls per FTE staff	Total number of outgoing calls (appt confirmation, recall programs, etc.) divided by FTE phone staff
Hold time	Average time callers are on hold (phone system should calculate)
Abandonment rate	Number of lost calls divided by number of calls put on hold
Data Entry error rate	Data entry errors divided by total data entry opportunities
Patient satisfaction	Minimum expected rating for phone customer service measures determined by type of patient satisfaction surveys which are conducted at least 2 times per year
Information Capture ratio	Number of new patient records that have the minimum information requirements capture (e.g., name, phone, e-mail, insurance type) divided by total number of new patient records
Average Call time per FTE staff	Total phone minutes divided by FTE staff
Recall rate	Office specific – dependent on recall protocol of practice



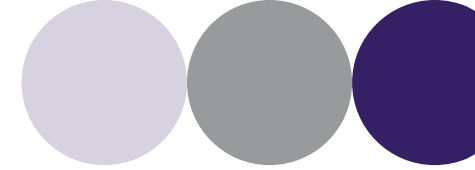
Scorecard Measures Front Office



<i>KPI</i>	<i>Formula</i>
Check-in: patients per staff hour	Total number of patients seen during time frame divided by total hours worked by check-in personnel
Check-out: patients per staff hour	Total number of patients seen during time frame divided by total hours worked by check-out personnel
No-Show rate	Total number of no shows during time period divided by total patient visits during time period
Patient satisfaction	Minimum expected rating for front office measures determined by type of patient satisfaction surveys which are conducted at least 2 times per year
Information Capture ratio	Number of patient records that have the complete information requirements captured divided by total number of patients seen during given time frame
Data Entry error rate	Data entry errors divided by total data entry opportunities
Rate of readiness	Amount of time from patient check-in until patient available for next step in exam
Date of service collection ratio	Number of copays, deductibles, refraction charges or other same day items collected day of services divided by total number of items that should have been collected
Timeliness percentage	Total number of charges posted within 24 hours of appointment time divided by total number of patients seen (office visit or surgery)
Recall rate	Office specific – dependent on recall protocol of practice



Scorecard Measures Back Office



<i>KPI</i>	<i>Formula</i>
Patients per FTE	Total patients per FTE clinical staff
Patients per hour	Total office visits divided by total hours
Office visits per FTE technician hour	Total office visits divided total clinical staff hours
Tests per FTE technician hour	Total number of tech conducted special tests (e.g., VF, FA, OCT, Ascan) divided by total clinical staff hours
Special test percentage	Number of tech required special tests (e.g., VF, FA, OCT, Ascan) divided by total office visits
Timely ratio	Number of patients called back within XX minutes of appointment time (most practice use 20 minutes as the standard) divided by total patients during the measured time period
Coding accuracy ratio	Number of accurately coded claims divided by total number of claims (usually determined by an audit of claims)
Testing error rate	Number of diagnostic tests that have to be repeated due to error divided by total number of diagnostic tests
Patient satisfaction	Minimum expected rating for technician customer service measures determined by type of patient satisfaction surveys which are conducted at least 2 times per year



Scorecard Measures

Billing Department



<i>KPI</i>	<i>Formula</i>
Claims error rate	Total number of claim errors (claims kicked out during the electronic claims prep process plus claims denied due to errors in data entry) divided by total claims submitted during given time period
Claims per FTE staff	Total claims processed divided by FTE accounts receivable staff
Cost per claim	Total staffing, clearing house, statement, and postage costs divided by number of claims
Days outstanding	Total net accounts receivable (amount you expect to collect after contractual adjustments) divided by average daily collections (total collections for time period divided by total days in the time period)
Aged Receivable Analysis	Place accounts receivable in "buckets" according to when the claim was first posted. Buckets are usually broken into the following 0 -30; 31 – 60; 61 – 90; 91 – 120; 120+. Look at percentages of dollars in each bucket (amount in bucket divided by total AR) compared to benchmarks and/or goals for the practice
Patient satisfaction	Minimum expected rating for accounts customer service measures determined by type of patient satisfaction surveys which are conducted at least 2 times per year
Coding accuracy ratio	Number of accurately coded claims divided by total number of claims (usually determined by an audit of claims)



Summary

- Focus on the wildly important. Just because you can measure it, doesn't mean you should track and report it.
- Create reports/scorecards that are linked to the goals of the practice.
- Where appropriate, engage team members in determining which indicators predict success.
- Be consistent and let the numbers do the talking!





Contacts for Resources

Derek Preece – dpreece@bsmconsulting.com

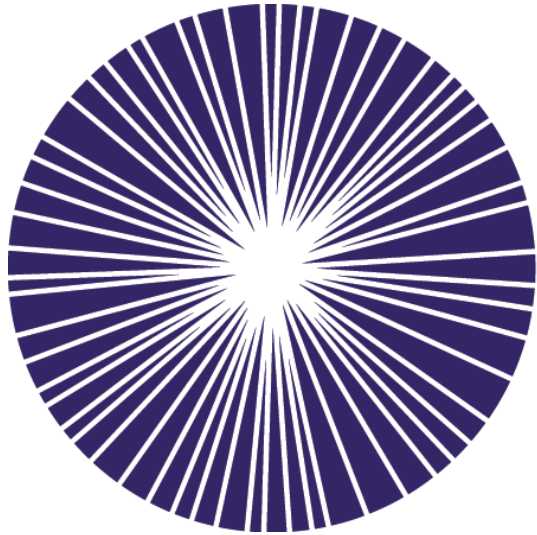
Ann Hulett – huletta@ehnpc.com

Participate in the AAO/AAOE Benchmarking Survey

<https://academetrics.aao.org>

Survey Opens for 2016 Data
submission in April, 2017





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