



Revenue Benchmarks: 3 Steps to Increasing Dermatology Practice Profitability

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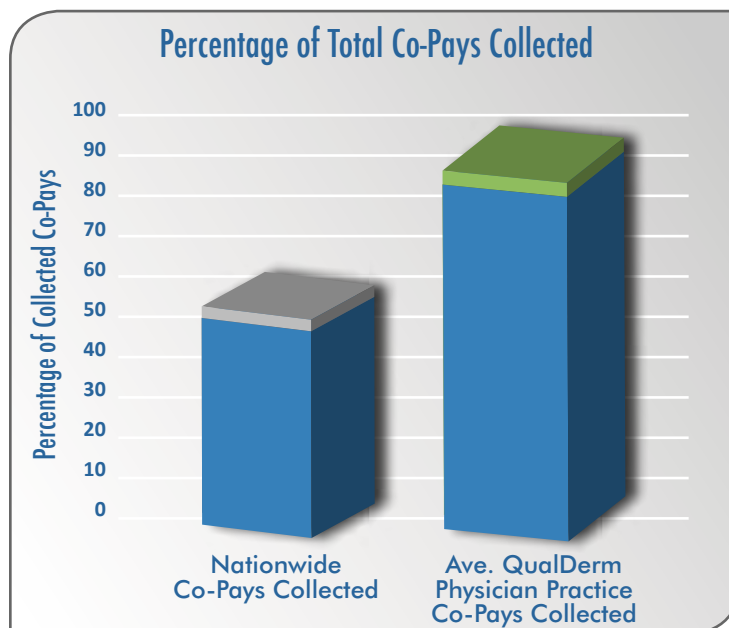
Increasing a dermatology practice's revenue can be challenging. Physicians have a finite amount of time to see patients. Plus, reimbursements continue to be squeezed. Timely billing and collection is critical to a practice's revenue cycle. Below are three tactics QualDerm practice partners utilize to enhance their profitability.

Co-pay Collections

Only 60 percent of patient co-pays are collected, according to an InformationWeek article on healthcare analytics. What's more, the Medical Group Management Association (MGMA) estimates that patient co-pays account for roughly 20 percent of a physician practice's total revenue. Other estimates indicate that figure is actually higher – close to 30 percent.

Collecting co-pays at the time of service can significantly increase a practice's revenue. Today, as many patients use high-deductible plans, improving up-front co-pay collections is even more important to reducing a practice's financial risk.

Prior to partnering, the average QualDerm practice partner collected only 75 percent of co-pays up front. Upon engagement, QualDerm helped each practice institute procedures that increased up-front collection rates by an average of 27 percent.



40%

Patient co-pays left uncollected by U.S. physician practices.

Source: MGMA

95%

Average QualDerm partner practices' up-front co-pay collections.

Electronic Funds Transfer

Collecting payments via Electronic Funds Transfer (EFT) can greatly improve revenue cycle efficiency and a practice's bottom line. The American Medical Association (AMA) reports that physicians using EFTs can get paid up to seven days quicker than when billing via traditional paper methods. The association also estimates that practices utilizing EFTs realize a reduction in administrative time required for claims processing. In fact, the AMA references a study by Milliman USA that projects a typical physician practice could save \$46,038 annually by using EFTs. Shifting these saved labor hours to other important tasks, such as making appointment reminder calls, can further enhance a practice's profitability. An increase in EFT payments also reduces the working capital required for a practice.

Still, a number of practices are not yet taking full advantage of this payment system. Registering in each payor's specific EFT enrollment process can be time consuming, especially for practices that accept many insurance plans.

QualDerm works with each practice partner to ensure they are set up to receive EFTs from every payor. On average, this leads to a 10 percent increase in EFT payments, improving cash flow and reducing administrative paperwork.

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Number of days the payment cycle can be reduced when using EFTs.

Source: AMA

10%

Average increase in practices' payments received via EFT after engaging with QualDerm.

\$46,038

Projected annual savings for a typical physician practice using EFTs.

Source: AMA / Milliman USA

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Number of alerts in QualDerm EOD Reports to ensure billing efficiency.

10

Number of metrics in QualDerm EOD Reports to help physicians measure productivity and enhance workflow.

25%

Average reduction in amount of time to close patient charts after utilizing QualDerm EOD Reports.

Monitoring daily productivity can help dermatology practices make better business-planning decisions. Insights garnered from this data allow for improved workflow and more efficient staffing.

However, a key metric that has a real impact on the practice's bottom line is often missing from productivity reports. That metric is the number of open patient charts. Incomplete patient charts delay billing, which in turn, delays payment.

QualDerm's proprietary End of Day (EOD) Reports help physicians track open patient charts. Alerts, based on unique filters and data, let physicians and their staff know which charts need attention before they can be sent to the billing department. Physicians also use the EOD Reports to assess daily patient volume and other metrics.

End of Day Reports

About QualDerm Partners

QualDerm Partners is a dermatology practice management company that works with physician leaders to position their practices for sustained growth and profitability. The company selectively engages with top-tier dermatology practices to provide capital and management support to grow physician compensation and practice equity value. Under QualDerm's True PartnershipSM model, physicians are partners, not employees, and retain their own practice brand. This doctor-driven model is designed to maintain physicians' clinical autonomy and ensure the highest-quality patient care. QualDerm offers physicians tailored partnership structures to meet their needs, as well as the option to sell their practices.

Contact QualDerm for more information about partnership opportunities or to discuss selling your practice. You can also learn more at QualDerm.com.

Find out how a North Carolina dermatology practice doubled revenue in less than two years.
Download our case study:
QualDerm.com/CaseStudy

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