

Guide

Top Three KPIs to Track to set your Medical Practice for Success

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Importance of **tracking** your medical practice metrics

*“If you can’t measure it,
you can’t improve it”*

– Peter Drucker.



Tracking your metrics will help you set action plans if any of your business indicators are not going as well as you expected.

Monitoring specific Key Performance Indicators (KPIs) in your medical practice is important to improve efficiency, to ensure your business is running smoothly and to maximize your revenue. This process can also help you avoid revenue delays or surprises. With systematic review, your practice can identify trends in your business early on to set action plans if needed and avoid future problems.

Every medical practice is different. Some practices review their metrics daily, others analyze their KPIs every month.

From our **Health Prime’s Client Success Team**, we recommend a **weekly review of metrics**, so the practice can identify and monitor potential risks and issues that happened over the past week.

Meeting or surpassing industry standard KPIs is a good indication of a healthy medical practice.

Top Three KPIs to Track

1. Denials

According to a **2021 MGMA (Medical Group Management Association) Stat poll**, **69% of healthcare leaders report their organization's denials increased that year. On average, denials increased by 17% in 2021.** Top reasons driving increased denials indicated in the poll included payers not reimbursing for codes related to COVID-19 supplies, critical care claims and imaging CTs (Computed Tomography).

Insurance Claim Denials

Cause revenue leakage for healthcare providers across the United States.

According to **recent research into denial rates** out of **\$3 Trillion** in total claims submitted by healthcare organizations.

\$262 Billion were denied.

\$5 Million translating to \$5 million in denials, on average, per provider.

Data has shown that approximately **90% of denials are preventable**. However, medical practices struggle with keeping their denial rate low which turns out having a negative impact on their revenue collection. That is why it is important to track this metric so you can implement strategies to reduce denials and make sure you are getting paid for your work. Export your denials data, analyze the denial detail, and develop performance improvement plans to reduce or eliminate denials or group of denials.

According to the MGMA, a 5% to 10% denial rate is the industry average but keeping the denial rate below 5% is more desirable for your practice. **Health Prime's benchmark for controllable denial percent is below 2%.** Controllable denials are the denials that can be controlled by improving front-end or billing processes.

2. Charge Acceptance

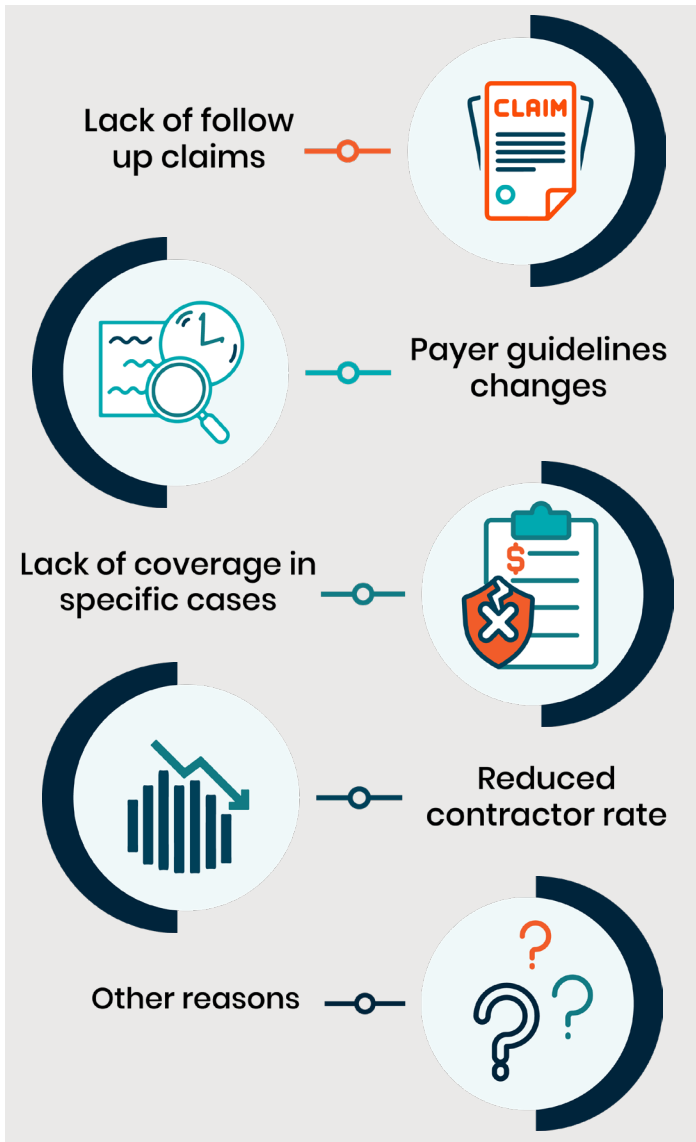
This metric refers to the percentage of charges that are paid on first pass to the payer without being denied for controllable reasons. By identifying your charge acceptance rate, you will be able to see how well your practice is doing having claims accepted by the clearing house.

Your charge acceptance rate can help you monitor how your staff is doing on a charge entry level of your medical billing. Charge entry is the process or processes by which charges for medical procedures and other patient facing services are entered into a billing system to be submitted to the appropriate insurance payors.

Health Prime's benchmark for charge acceptance is at 98%.

In this metric, it is also important to monitor your **Gross Charges** and **Net Payments**.

If you see an increase in charges but a decrease in payments, ask yourself and your practice if it can be issues related to:



Monitor your gross charges in a year by month view, as a payer mix and by provider. Regarding net payments, monitor them based on those last 3 criteria and include payment time and place.

Optimal data in this metrics can help you increase revenue and improve cashflow. By analyzing your charge acceptance rate and monitoring your payments and charges, you will be able to detect areas of improvement for accurate reimbursement.



3. Days in A/R (Accounts Receivable)

Your Days in A/R refers to the average number of days it takes a practice to collect payments due. Monitoring this metric can help you reduce those days, allowing you to collect your reimbursements faster. According to an **MGMA Stat poll**, **49% of medical practices say their time in A/R increased in 2021**. The longer a medical bill goes unpaid, the harder it is to collect – and there is a growing amount of medical debt across the United States.

MGMA states that A/R is placed in “aging buckets” of 0 to 30 days, 31 to 60 days, 61 to 90 days, 91 to 120 days and 121+ days. According to the **2021 MGMA DataDive Cost and Revenue**, the median for total A/R over 120 days in multispecialty practices is 13.54%.

The industry average on your Days in A/R is between 45 and 60 days.

At Health Prime, our goal is to strive for under 50 days minimally.



Optimal is between 30 and 40 days.

Monitor your total A/R, insurance A/R, and patient A/R. Also, make sure you breakdown this metrics by financial class, aging buckets, or even claim level to identify areas of improvement and determine needed action plans.



Other KPIs to track

Tracking other metrics such as your **No-show rate** and a predictive metric like “**One more patient per day**” can allow you to increase revenue, improve patient care and optimize your collections process.

No-Show Rate

The No Show Rate metric measures the number of patients who don't show up to their appointments.

According to a 2019 Medbridge Transport whitepaper, on average, no-shows cost a single-physician medical practice



For doctors, time is money. If your practice is receiving an execrable amount of no shows, it can negatively impact your business. Review your no-show rate to identify trends within your medical practice. Identify if there's a particular provider, certain days, or specific your practice has no-shows.

By tracking this metric, you will be able to **identify areas of improvement and put action plans in place to reduce your no-show rate.**

Read more about how to implement some strategies to reduce your No-Show rate, manage cancellations, and fill empty appointment slots to protect your practice's revenue and operational efficiency on our

white paper **Reduce your No-Show Rate & Increase Collections in your Medical Practice.**

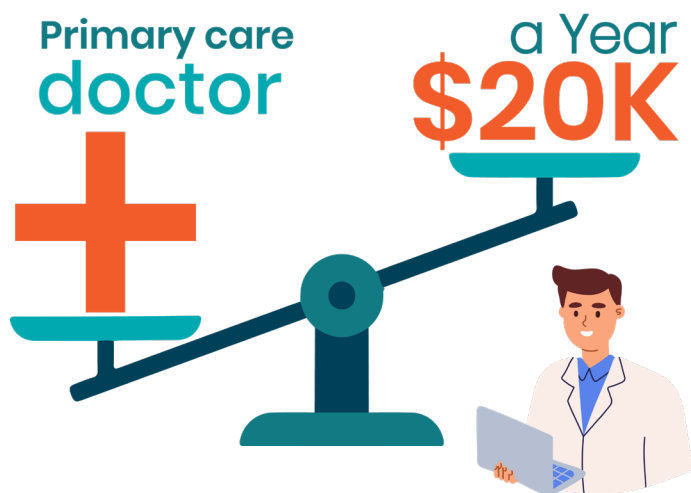
One More Patient per Day

At Health Prime, we consider Plus 1 (One More Patient Per Day) **as the amount of additional revenue to the practice if each provider added one kept appointment per day throughout the year.**

If you want to be able to see one more patient per day, there is no need for any additional marketing or advertisement. By making some adjustments to your medical practice, you will be able to see an extra patient per day without any difficulty.

Tracking this metric can help you identify how much revenue you can collect by adding one more patient per day to your practice.





At Health Prime, for benchmarking purposes we have seen that if the provider is a **primary care doctor**, can see an average of **\$20,000 more a year** just by fitting one more patient per day under their schedule.

Datalytics

Health Prime Datalytics offers timely and actionable insights and full visibility into key performance metrics so you can make changes that will have the most impact on your practice. Our Business Intelligence (BI) platform focuses on insights that other medical billing BI solutions neglect.

With Datalytics you will be able to see your KPIs to track how your practice is doing and determine if your targets are being met.

Datalytics raises the bar for medical billing analysis. With its predictive modeling, our solution provides awareness of what your medical practice future holds.

By drilling down into details, you can understand the story behind your numbers and have that decision support from data to make process improvement modifications in your medical practice.

In Health Prime's Datalytics dashboard, you will be able to **monitor value-added features not normally captured on your typical revenue reports** such as No-Show rate and Plus One. By monitoring your no-shows, you can analyze how **no-shows** affect your practice, why are they happening and implement strategies to minimize them.

Also, your **Plus One** metric can help you identify how much more your practice would earn by seeing one more patient per day. This can help you improve your practice's financial health, enhance provider access for your patients and maximize your revenue.



For specialties, the revenue they can increase is even more because their average charge per visit might be higher and they have downstream revenue associated. With that extra visit, they can make an average of **an extra \$25,000 to \$30,000 a year**.

Learn more about how you can implement a Plus 1 Strategy in your practice without adding more burden and increase revenue on our blog **One More Patient per Day and the Benefits for your medical practice**.

Summary

Tracking specific Key Performance Indicators (KPIs) is critical to protecting revenue which directly correlates to the health of the practice.

From our Health Prime's Client Success Team, **we recommend a weekly review of metrics, so the practice can identify and monitor potential issues that happened over the past week.** With systematic review, your practice can identify trends in your business early on to avoid future problems and set action plans if needed.

The most important metrics you should keep an eye on are **Denials, Charges Acceptance, and your Days in AR (Accounts Receivable).** Other metrics you can consider to increase revenue, improve patient care, and optimize your collections process are **No-Show Rate** and **One More Patient per Day.**

Having a good Business Intelligence (BI) platform can help you track your metrics easier and keep the pulse of your account. **Health Prime's Datalytics** will let you focus on your metrics to determine areas of improvement in your medical practice and monitor its overall health.

For more information on how you can improve the way you track your medical practice metrics, contact our team of billing experts at **Health Prime** or email us at **sales@hpiinc.com**. Our team will schedule a meeting to discuss how Health Prime can maximize your cash flow by cutting costs and saving you time!

Subscribe to our **Health Prime blog** and our Health Prime newsletter for all the latest updates on running your medical practice more efficiently, so that you can focus on what matters most: your patients.

