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COST AND REVENUE

AN MGMA DATA REPORT | AUGUST 2023

MISSING PIECES FOR REVENUE RECOVERY IN THE POST-PANDEMIC ERA

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MGMA®

MGMA DATADIVE COST AND REVENUE offers precise focus on your comprehensive financial prosperity. This data set includes benchmarks on expenses, charges and revenue to guide your medical practice in determining what, where and how to improve.
Learn more about this industry-leading data set.

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ABOUT MGMA

Founded in 1926, the Medical Group Management Association (MGMA) is the nation's largest association focused on the business of medical practice management. MGMA consists of 15,000 group medical practices ranging from small, private medical practices to large national health systems, representing more than 350,000 physicians. MGMA helps nearly 60,000 medical practice leaders and the healthcare community solve the business challenges of running practices so that they can focus on providing outstanding patient care. Specifically, MGMA helps its members innovate and improve profitability and financial sustainability, and it provides the gold standard on industry benchmarks such as physician compensation. The association also advocates extensively on its members' behalf on national regulatory and policy issues. **mgma.com**

INTRODUCTION

Doing more with less doesn't always leave you with a better bottom line.

This painful reality has intensified as post-pandemic staffing shortages linger, and elevated expenses put pressure on medical group, hospital and health system finances.

Despite inventive ways to revise staffing models and build telehealth solutions, medical practices are missing out on revenue without adequate support staff to optimize provider schedules and meet the rising patient demand for care. Paired with the strain of inflation-driven consumer prices and patients' increasing difficulty stretching their budgets, it makes the job of billing and collecting much more difficult.

The latest ***MGMA DataDive Cost and Revenue*** data set details the enormity of these trends, as **physician-owned practices saw decreases in total medical revenue in 2022 across primary care, surgical and nonsurgical specialties**. The crunch on primary care in particular finds independent practices taking drastic measures in the past year to curb the ongoing surge in expenses. Even then, **savings from lower support staff costs often are erased via increased expenses for information technology, supplies and professional liability insurance**.

This data report highlights the key trends in operating costs, expenses, collections and support staffing, with benchmarks pulled directly from the *2023 MGMA DataDive Cost and Revenue* report, which includes data from more than 4,000 organizations across a variety of specialties and practice types. With additional context from MGMA *Stat* polling and MGMA member insights, the report offers practical advice on discovering the missing pieces to restore practice revenues and continue ongoing financial recovery.

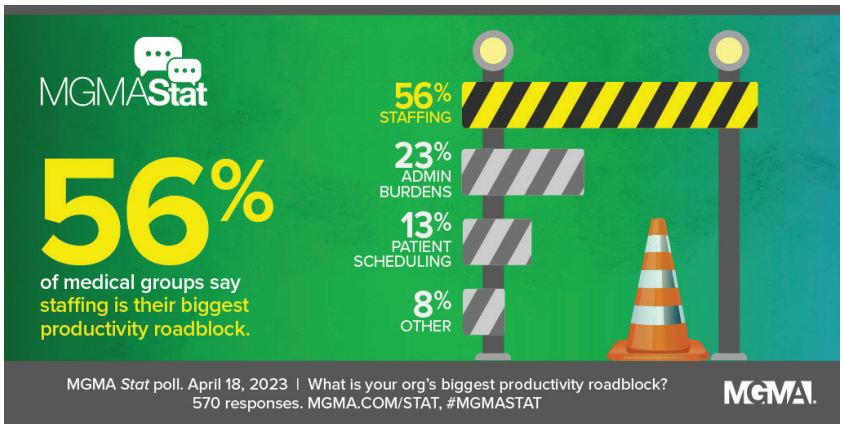
Key takeaways within this report:

- Median support staff in physician-owned primary care practices have dropped by more than three full-time-equivalent (FTE) roles since the start of the COVID-19 pandemic.
- While some practices report total encounters are on the rise, most practices — with the exception of independent surgical practices — have experienced a decrease in the number of unique patients.
- Hospital-owned practices reported gains in total medical revenue for the past year, with many now solidly above their pre-pandemic benchmarks.
- Many practices reported increases in outstanding A/R in 2022 and subsequent bad debts.

DATA TRENDS

REVENUE

Physician-owned practices suffered especially hard in 2022, reporting across-the-board decreases in total medical revenue, while their hospital-owned counterparts across all specialty types reported year-over-year increases, putting them firmly ahead of their pre-pandemic levels.

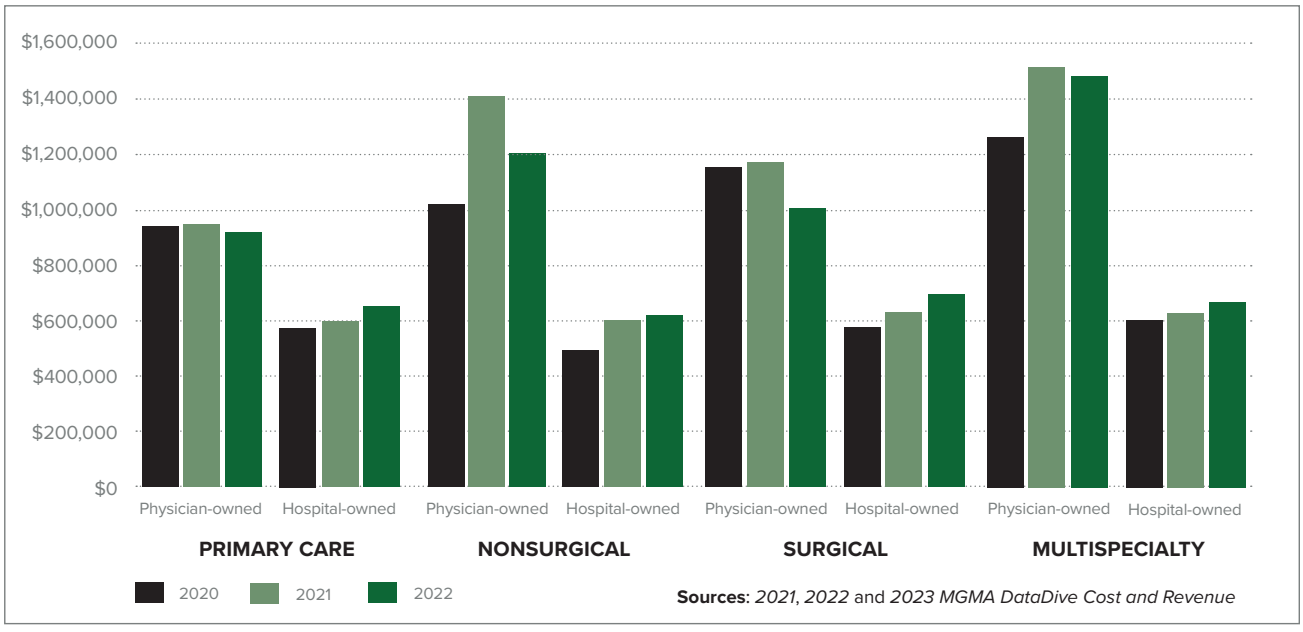


TREND IN TOTAL MEDICAL REVENUE PER FTE PHYSICIAN

	Physician-owned			Hospital/IDS-owned		
Practice type	**2021-2022 (1-year trend)**	**2020-2022 (3-year trend)**	**2018-2022 (5-year trend)**	**2021-2022 (1-year trend)**	**2020-2022 (3-year trend)**	**2018-2022 (5-year trend)**
Primary care	-2.19% ($20,536)	-1.85% ($17,278)	5.26% $45,904	10.71% $63,815	13.51% $78,540	19.73% $108,749
Nonsurgical	-14.88% ($210,650)	17.80% $182,114	13.18% $140,323	1.79% $10,848	25.68% $126,045	34.55% $158.383
Surgical	-14.53% ($170,966)	-13.09% ($151,474)	-12.14% ($138,983)	2.69% $16,695	12.01% $68,440	15.89% $87,481
Multispecialty	-2.42% ($36,841)	16.56% $211,140	6.57% $91,703	8.01% $49,979	11.42% $69,106	1.75% $11,626

Source: *2023 MGMA DataDive Cost and Revenue*

TREND IN TOTAL MEDICAL REVENUE PER FTE PHYSICIAN



Sources: *2021*, *2022* and *2023 MGMA DataDive Cost and Revenue*

The financial strains placed on patients — initially as the pandemic resulted in furloughs and layoffs, and later as consumer prices skyrocketed from surging inflation — have medical practices struggling to collect patient A/R, with the proliferation of high-deductible health plans not making efforts easier.

TREND IN 120+ DAYS IN A/R		
Practice type	**Physician-owned**	**Hospital-owned**
Primary care	3.20%	-0.45%
Nonsurgical	5.90%	-2.16%
Surgical	1.84%	-0.67%

Source: *2023 MGMA DataDive Cost and Revenue*

The latest MGMA DataDive Cost and Revenue benchmarks show many practices reported increases in outstanding A/R and subsequently bad debts.

TREND IN BAD DEBTS DUE TO FFS ACTIVITY PER FTE PHYSICIAN				
	Physician-owned		**Hospital-owned**	
Practice type	**2021-2022 (1-year trend)**	**2020-2022 (3-year trend)**	**2021-2022 (1-year trend)**	**2020-2022 (3-year trend)**
Primary care	*	*	30.64%	38.344%
Nonsurgical	31.30%	-2.47%	9.24%	-18.15%
Surgical	64.13%	46.11%	2.15%	-21.81%

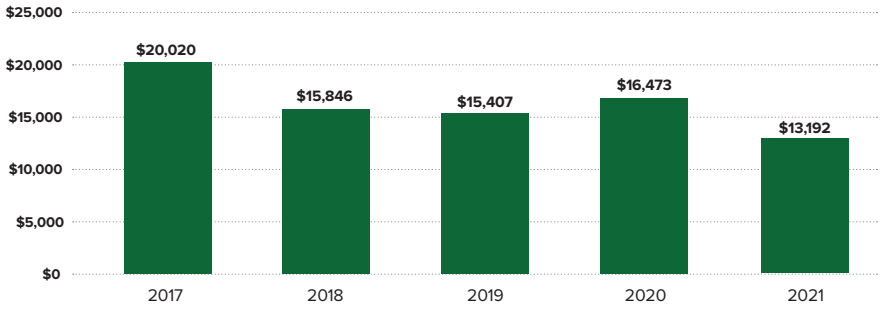
Sources: *2021-2023 MGMA DataDive Cost and Revenue* * Insufficient data for trend reporting

Previous MGMA DataDive survey reports found improvements in collecting patient-due balances earlier in the pandemic, likely as a result of revenue cycle teams being able to focus on collections during periods of lower activity. Those stable levels of revenue cycle performance pre-2022 had corresponding effects on the levels of bad debt reported. As noted in the January 2023 *MGMA Connection* magazine, bad debt per FTE physician is a crucial revenue cycle metric, as it directly reflects lost revenue to an organization.

The new benchmarks from the *2023 MGMA DataDive Cost and Revenue* report suggest that, after innovations and federal aid in 2020 and 2021 to keep many organizations afloat during the worst of the pandemic, the impacts of staffing shortages have caught up with a variety of practices regardless of ownership.

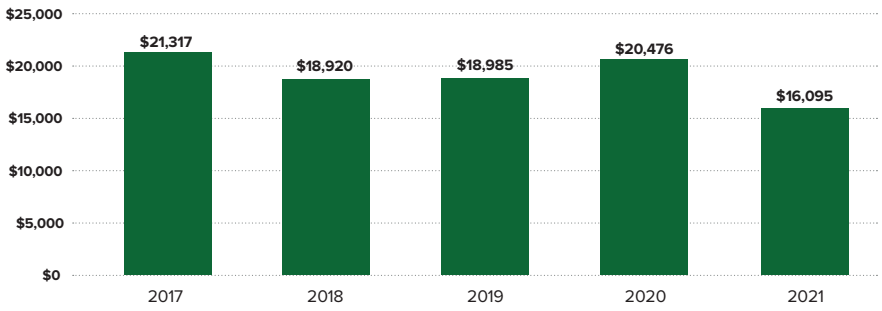
For more insight into the difficulties facing medical practices in collecting patient A/R in today's economic environment, read Robert L. Chiffelle's MGMA *Stat* article on creating a structured approach to collections.

MEDIAN BAD DEBT DUE TO FFS ACTIVITY PER FTE PHYSICIAN FOR PHYSICIAN-OWNED MULTISPECIALTY GROUPS WITH PRIMARY AND SPECIALTY CARE



Sources: *MGMA DataDive Cost and Revenue, 2018-2022* (based on 2017-2021 data)

MEDIAN BAD DEBT DUE TO FFS ACTIVITY PER FTE PHYSICIAN FOR HOSPITAL-OWNED MULTISPECIALTY GROUPS WITH PRIMARY AND SPECIALTY CARE



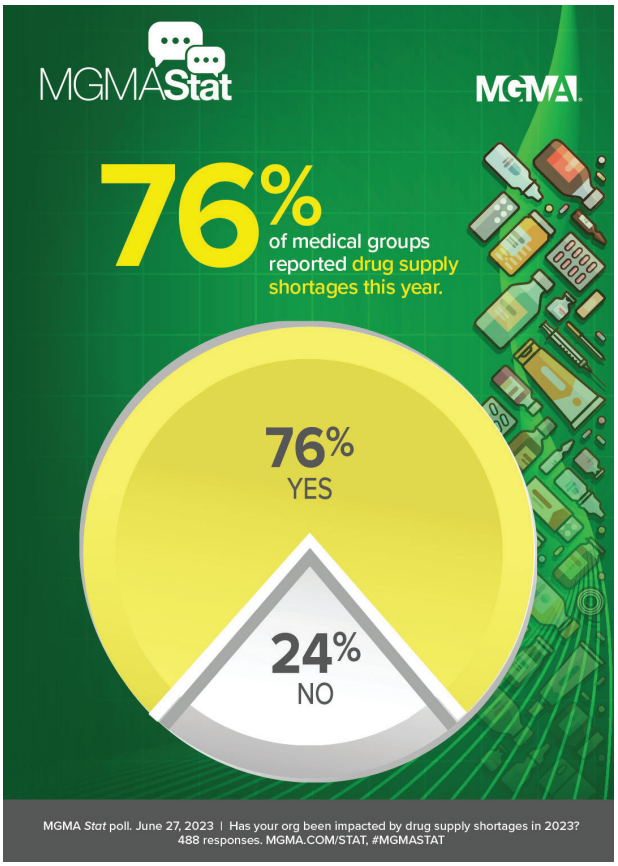
Sources: *MGMA DataDive Cost and Revenue, 2018-2022* (based on 2017-2021 data)

OPERATING EXPENSES

TREND IN TOTAL OPERATING COST PER FTE PHYSICIAN						
	Physician-owned			Hospital/IDS-owned		
Practice type	2021-2022 (1-Year Trend)	2020-2022 (3-Year Trend)	2018-2022 (5-Year Trend)	2021-2022 (1-Year Trend)	2020-2022 (3-Year Trend)	2018-2022 (5-Year Trend)
Primary care	-11.57% -$64,669	-10.51% -$58,066	-3.09% -$15,761	12.02% $47,059	8.41% $34,015	$4.91% $20,535
Nonsurgical	-8.00% -$58,232	10.44% $63,357	-3.16% -$21,897	6.47% $20,955	29.43% $78,430	17.99% $52,578
Surgical	35.57% $140,141	21.74% $95,382	74.16% $227,431	6.41% $22,212	11.85% $39,067	6.36% $22,064
Multispecialty	4.09% $38,080	11.26% $98,014	11.50% $99,848	7.46% $34,017	20.04% $81,766	1.94% $9,333

Source: *2023 MGMA DataDive Cost and Revenue*

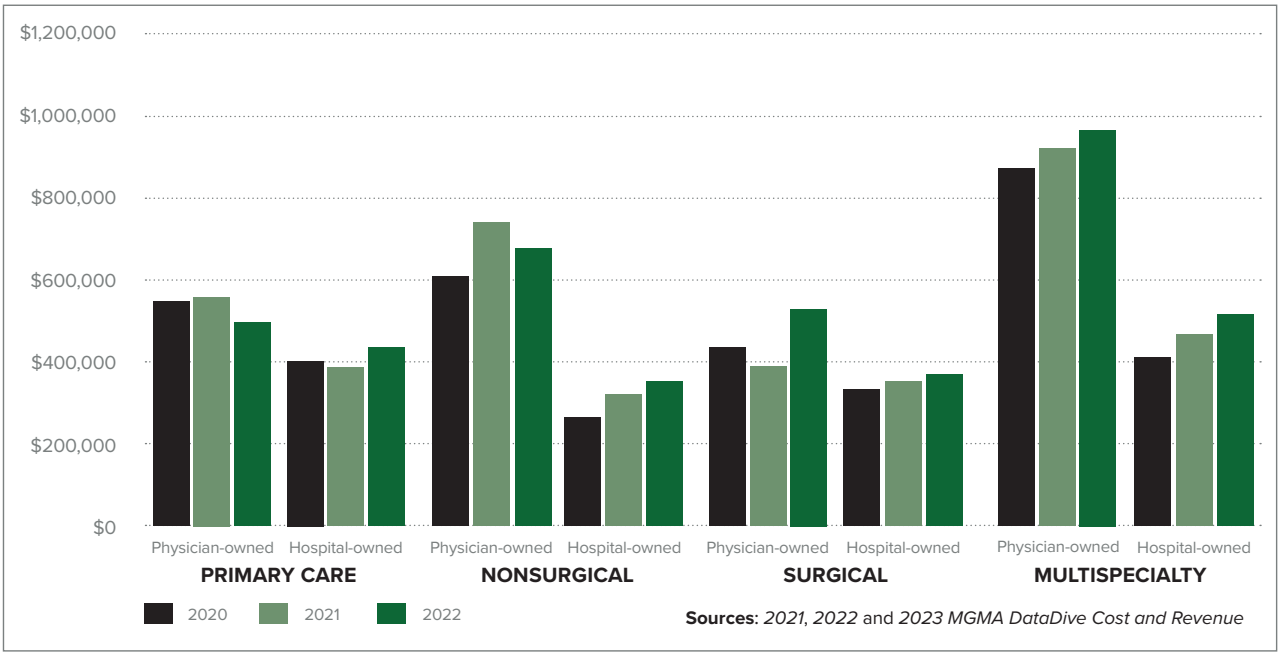
Physician-owned primary care practices have reported an overall decrease in operating expenses over the past year, driven largely by decreases in support staff costs possibly due to staffing shortages. Other areas of decreased operating expenses reported in the survey data included drug and medical/surgical supplies, which also could have some association with lower procurement amid key inventory shortages. Recent MGMA *Stat* polling found that more than three in four medical groups reported impacts from ongoing drug supply shortages, which one practice leader called "a pandemic all its own."



Among medical group leaders who responded to the MGMA *Stat* poll, the most reported areas of shortages and lengths of impact were:

- Supplies of lidocaine, Marcaine and epinephrine injections have been disrupted for more than a year, and many groups report that Bicillin injections have recently been more difficult to acquire. Several medical group leaders specifically mentioned the difficulty in acquiring the more highly concentrated 2% lidocaine. "At one point we did find a supplier who had a limited supply of 1% [lidocaine] and we paid an exorbitant amount for it," one respondent told MGMA.
- Some groups reported stimulant medication shortages that began throughout the pandemic persist today.
- The past six months have seen increased reports of shortages of ADHD medications and some antibiotics.
- Fluorescein and other diagnostic contrast agents have been difficult to obtain in the past year following the shutdown of operations of Akorn Operating Co. in Illinois, which produced 100% of the U.S. supply of various injection solutions, per *Becker's Hospital Review*.

TREND IN TOTAL OPERATING COST PER FTE PHYSICIAN

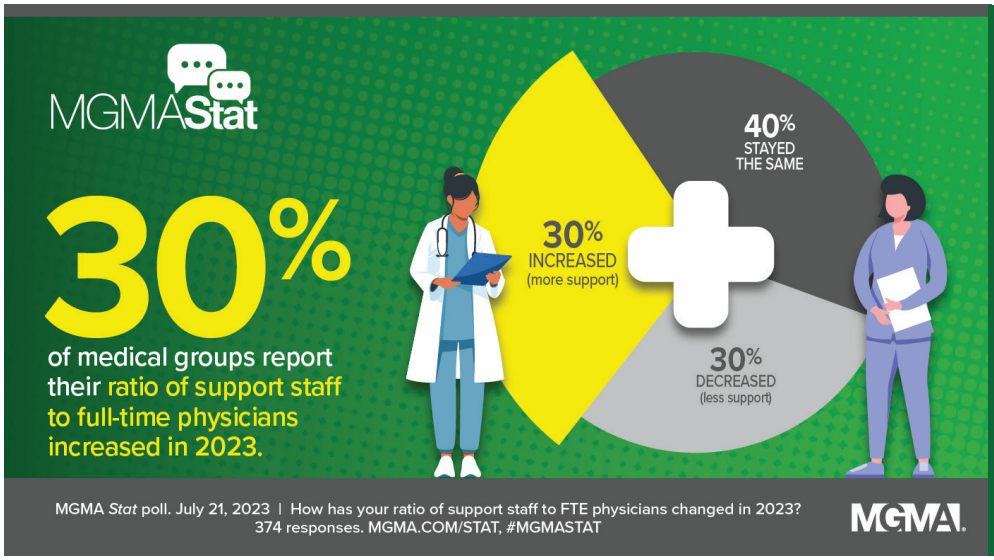


Sources: *2021*, *2022* and *2023 MGMA DataDive Cost and Revenue*

Issues with drug supplies were the largest contributing factor among physician-owned surgical practices, which reported the largest overall increases in operating expenses in the latest survey data.

However, whatever savings were managed through the decreased costs from lower staffing levels were offset by increases in information technology costs, building and occupancy costs, administrative supplies/services and professional liability insurance expenses, such as malpractice premiums. This marks another year since the start of the COVID-19 pandemic in which medical practices reported rising expenses associated with their malpractice premiums: A June 28, 2022, MGMA *Stat* poll found that 62% of medical practices reported an increase in their doctors' malpractice premiums since 2020.

Across the board, hospital-owned practices also experienced an increase in total operating cost — which includes total support staff cost and total general operating expenses — from 2021 to 2022. Top contributing factors included drug supply and billing/collection purchased services.



LOOKING AHEAD:

As medical group practices work to address staffing shortages, a July 2023 MGMA *Stat* poll found that seven in 10 say they haven't increased their clinical support staff per FTE physician thus far in 2023.

STAFFING

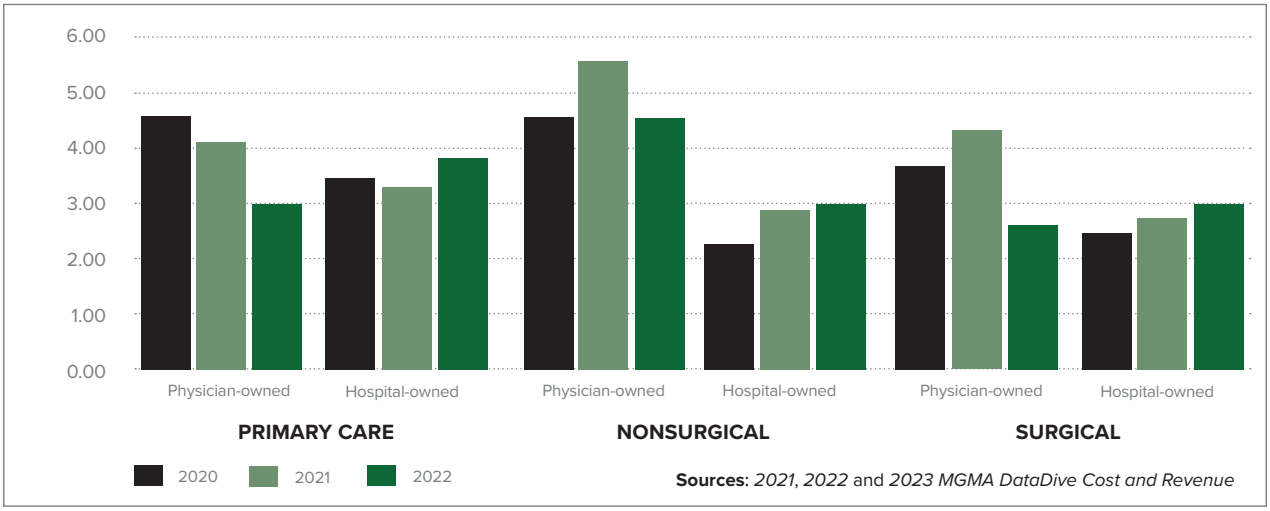
While there was almost universal concern about difficulty hiring and retaining workers during the Great Resignation, the impacts of a tight labor market — as measured by total support staff per FTE physician — have been felt the most in physician-owned practices, which reported decreases in staffing levels across all specialty types in 2022.

TREND IN TOTAL SUPPORT STAFF PER FTE PHYSICIAN

	Physician-owned		Hospital/IDS-owned	
Practice type	**2021-2022 (1-Year Trend)**	**2020-2022 (3-Year Trend)**	**2021-2022 (1-Year Trend)**	**2020-2022 (3-Year Trend)**
Primary care	-1.17	-1.57	0.24	0.08
Nonsurgical	-0.87	-0.02	0.11	0.70
Surgical	-1.57	-1.11	0.21	0.53

Sources: *2021-2023 MGMA DataDive Cost and Revenue*

TREND IN TOTAL SUPPORT STAFF BY OWNERSHIP AND PRACTICE TYPE, 2020 TO 2022



Sources: *2021*, *2022* and *2023 MGMA DataDive Cost and Revenue*

This is especially concerning in physician-owned primary care practices, which have reported decreases in total support staff for four consecutive years: From 5.08 total support staff per FTE physician in 2019 to 3.0 in 2022. Looking more closely at breakdowns available within MGMA DataDive, the decrease in support staff is split almost evenly across business office, front office and clinical support staff positions.

While these numbers may not seem significant at a glance, consider the significance: A physician-owned primary care practice would have had about 11.7 business operations support staff at the start of the pandemic; today that figure is down to 8.5, a loss of 3.2 FTE workers.

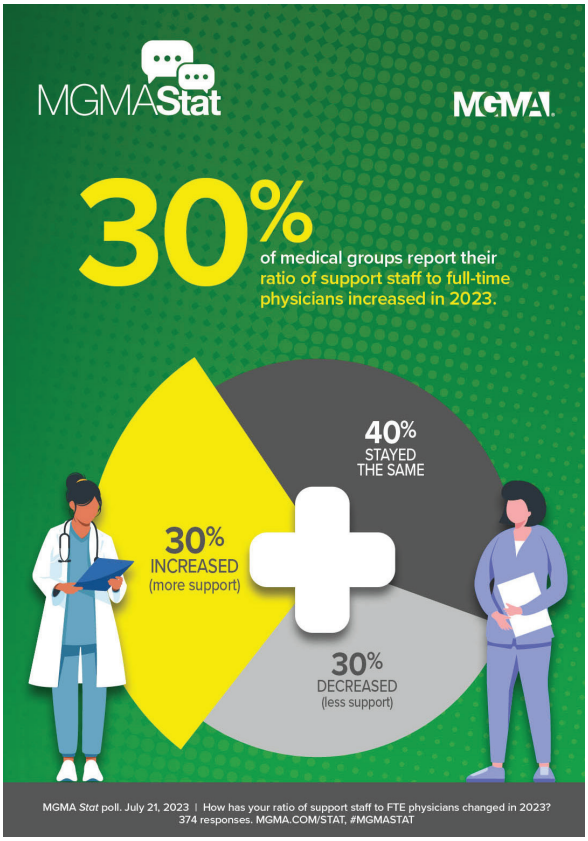
TREND IN BUSINESS OPERATIONS SUPPORT STAFF PER FTE PHYSICIAN

	Physician-owned		Hospital/IDS-owned	
Practice type	**2021-2022 (1-Year Trend)**	**2020-2022 (3-Year Trend)**	**2021-2022 (1-Year Trend)**	**2020-2022 (3-Year Trend)**
Primary care	-0.43	-0.32	0.13	0.18
Nonsurgical	0.01	0.11	0.29	0.37
Surgical	-0.44	-0.4	0.29	0.37

Sources: *2021-2023 MGMA DataDive Cost and Revenue*

EVEN MEDICAL GROUPS THAT IMPROVED SUPPORT STAFF HIRING STILL STRUGGLE POST-GREAT RESIGNATION

Finding the right support staff for medical group practices is still a major challenge for hiring managers across healthcare, and nearly half of those reporting success say it hasn't been enough to keep pace with patient demand.



A July 21, 2023, MGMA *Stat* poll asked healthcare leaders how their practices' ratio of support staff to FTE physicians has changed in 2023. Only 30% reported an increase in support staff, while 70% told MGMA that their levels of support staff per doctor stayed the same (40%) or decreased (30%) so far this year. The poll had 374 applicable responses.

While the tight labor market is nothing new, the degree to which it is impacting healthcare provider organizations remains worrisome: Among the practice leaders who said their support staffing levels stayed the same or increased, more than four in 10 (44%) said their current support staffing levels were not adequate to meet patient demand, compared to 56% who told MGMA they were at adequate staffing levels.

The practice leaders who saw a drop in their support staffing levels thus far in 2023 noted several major impacts from the continued difficulty to hire adequate support staff in their facilities:

- Lost productivity, which can lead to higher dissatisfaction or turnover among physicians
- Worsening morale and added strain on other staff doing extra work to make up for positions that are difficult to hire (e.g., registered nurses and medical assistants)
- More time spent by human resources and practice leaders in recruitment
- Worsening patient experience because of patient access impacts and decreased care coordination
- Increased expenses from temporary/contract workers to fill gaps.

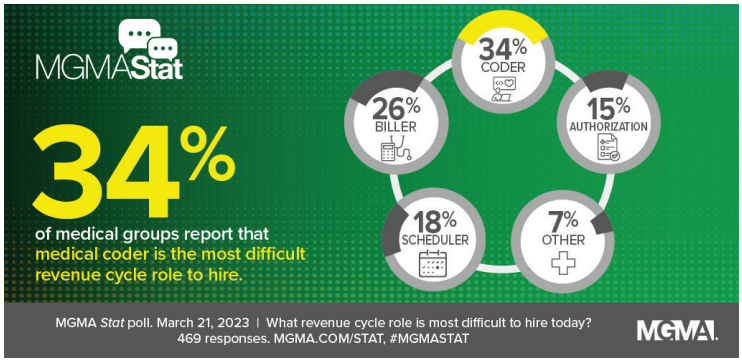
Many practice leaders told MGMA that even their previous sources for temporary workers have become less reliable this year or that larger hospitals or systems have outbid them. In addition to temporary/contract work, several respondents to the poll said their biggest response to these impacts — aside from budget cuts — has been to outsource certain roles within the practice, especially in billing and other revenue cycle support roles.

One practice leader told MGMA that the organization has "incentivized current staff to take on additional responsibilities" as they dealt with attrition. This approach allowed the group to eliminate one work-at-home position thanks to other workers taking on new responsibilities.

BOTTOM LINE IMPACTS FROM REVENUE CYCLE STAFFING CHALLENGES

While physician and nursing shortages get several headlines, the staff who help manage the revenue cycle can have significant impacts on workflows and an organization's bottom line.

These new benchmarks from *MGMA DataDive Cost and Revenue* echo MGMA *Stat* polling from March 2023, which noted several key revenue cycle roles being difficult to hire amid ongoing staffing shortages:



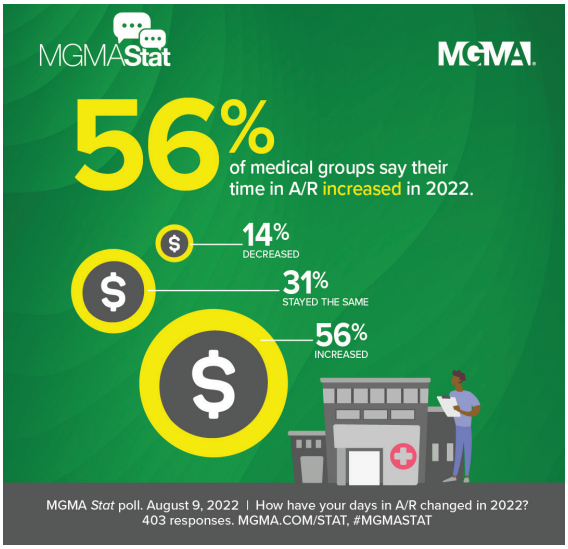
- The most frequently cited difficulty was in hiring medical coders (34%), which is not surprising given the amount of specialized education and training compared to some other revenue cycle roles. The Bureau of Labor Statistics (BLS) already estimates that there are roughly 12,300 new medical records specialist roles set to be created between 2021 and 2031, or about 7% more than 2021 levels.
- Billers (26%) were the second most common response.
- Schedulers (18%) and staff to manage authorizations (15%) made up a third of all responses.
- Another 7% of practice leaders responded "other," with many pointing to issues hiring:
  - Managers for specific areas of revenue cycle management (RCM), especially billing managers
  - Staff to handle provider credentialing
  - Front-office staff who verify patient information and handle place-of-service collections
  - Patient engagement representatives.

Additionally, several medical practice leaders noted that they had relatively few issues with staffing RCM roles on account of hiring remote employees and having "an abundance of candidates" each time they post a job in these areas.

QUANTIFYING THE IMPACTS OF RCM HIRING ISSUES

Being short-staffed in your practice's revenue cycle process can cause several problems that can negatively impact a provider's revenue and financial performance.

- **Increased days in A/R**: With fewer staff to manage accounts receivable, a practice can have a backlog of unpaid claims, leading to an increase in days in A/R, affecting the practice's cash flow. This sort of disruption was noted in an Aug. 9, 2022, MGMA *Stat* poll, in which 56% of medical groups reported their time in A/R increased in 2022, often on account of staffing difficulties.



- **Increased denials**: Short-staffed revenue cycle departments may not have the resources to manage denials effectively, resulting in an increase in denied claims.
- **Decreased productivity and morale**: When staff are constantly working short, team productivity and morale may dip, resulting in more errors. Errors or delays in any part of the revenue cycle process will affect the practice's revenue.
- **Missed opportunities**: Short-staffed revenue cycle departments may not have the bandwidth nor the training to pursue or follow up on all available revenue opportunities. The practice needs to have staff available to correct coding errors, pursue underpayments, work denials timely, and review their key performance indicator (KPI) metrics for process improvement opportunities. According to the *2022 MGMA DataDive Practice Operations survey* report (based on 2021 data), the median turnover rate of business operations staff was at 16.72% for multispecialty groups with primary and surgical care, with a hire rate for those positions at 16.78%. If you have a revolving door for your revenue cycle staff, your practice may struggle to meet and improve processes in the department.

There are several ways an organization can be creative in staffing revenue cycle positions:

- **Cross-training**: Consider cross-training staff members to perform a variety of multiple revenue cycle tasks where possible. Roles such as patient access representative, billing specialist, accounts receivable specialist or denials management specialist could be cross trained, allowing for more flexibility and for staff to grow.
- **Part-time or shared positions**: Offering part-time or shared positions can provide flexibility for staff members who may have other obligations and can reduce the cost of hiring full-time staff, if you are struggling to do so.
- **Remote work**: Offer remote work options for revenue cycle positions. This can expand the pool of potential candidates.
- **Technology solutions**: If your practice has not already found a way to automate your revenue cycle, do so now! Automated billing systems or revenue cycle software can reduce workload and allow staff to focus on higher-level tasks. It also reduces paperwork errors that can occur.
- **Internship or apprenticeship programs**: "Growing your own" is a way many practices have dealt with staffing shortages. An organization may want to consider starting an internship or apprenticeship program to provide training and development opportunities for individuals interested in revenue cycle positions.
- **Outsourcing**: There are pros and cons to outsourcing your revenue cycle management department or even outsourcing only part of it. Either way, you will need to have a process in place and KPIs that you track to make sure that services are being delivered as expected.

"GROWING YOUR OWN" IS A WAY MANY PRACTICES HAVE DEALT WITH STAFFING SHORTAGES. AN ORGANIZATION MAY WANT TO CONSIDER STARTING AN INTERNSHIP OR APPRENTICESHIP PROGRAM TO PROVIDE TRAINING AND DEVELOPMENT OPPORTUNITIES FOR INDIVIDUALS INTERESTED IN REVENUE CYCLE POSITIONS.

It is important for organizations to assess their revenue cycle needs and resources to determine the appropriate staffing levels for their RCM department. Benchmarking against industry staffing levels as well as other revenue cycle management KPIs are ways to help ensure that your organization is maximizing revenue and cash flow, while minimizing denials and other revenue cycle-related challenges.

PRODUCTIVITY

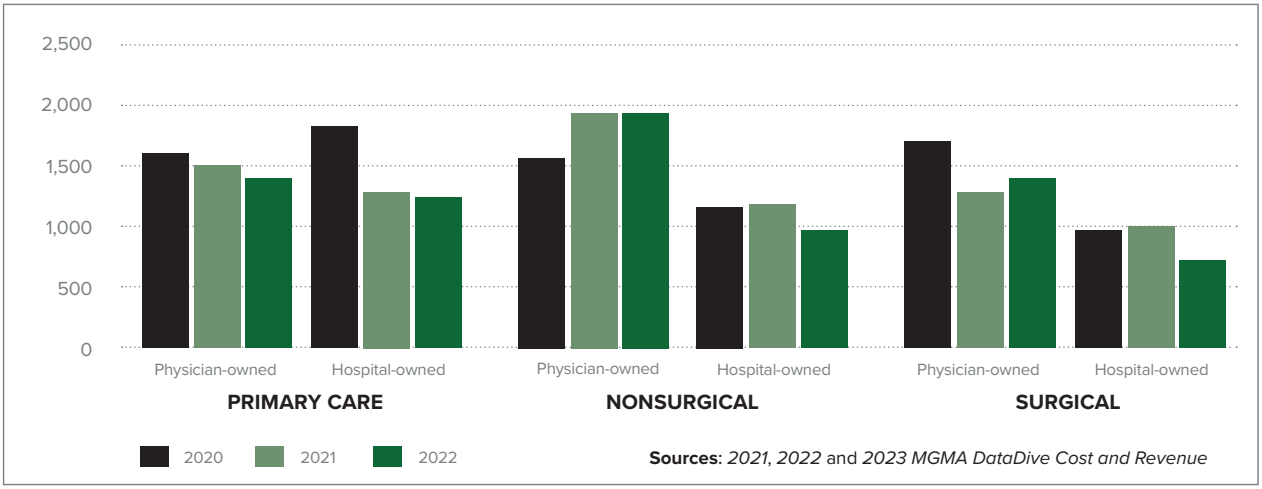
For most care settings measured in *MGMA DataDive Cost and Revenue* survey benchmarks, practices have experienced a decrease in the number of unique patients, with the exception of physician-owned surgical practices. Despite those reported decreases in the number of unique patients, some practices are reporting increases in the number of total encounters. Total encounters reflect the number of direct provider-to-patient interactions regardless of setting, including tele-visits and e-visits.

ONE-YEAR TREND IN NUMBER OF PATIENTS AND ENCOUNTERS PER FTE PHYSICIAN

	Physician-owned		Hospital/IDS-owned	
Practice type	Total patients	Total encounters	Total patients	Total encounters
Primary care	-5.21%	-8.41%	-1.92%	5.96%
Nonsurgical	-0.16%	9.62%	-13.93%	-6.51%
Surgical	8.08%	42.94%	-27.68%	1.60%

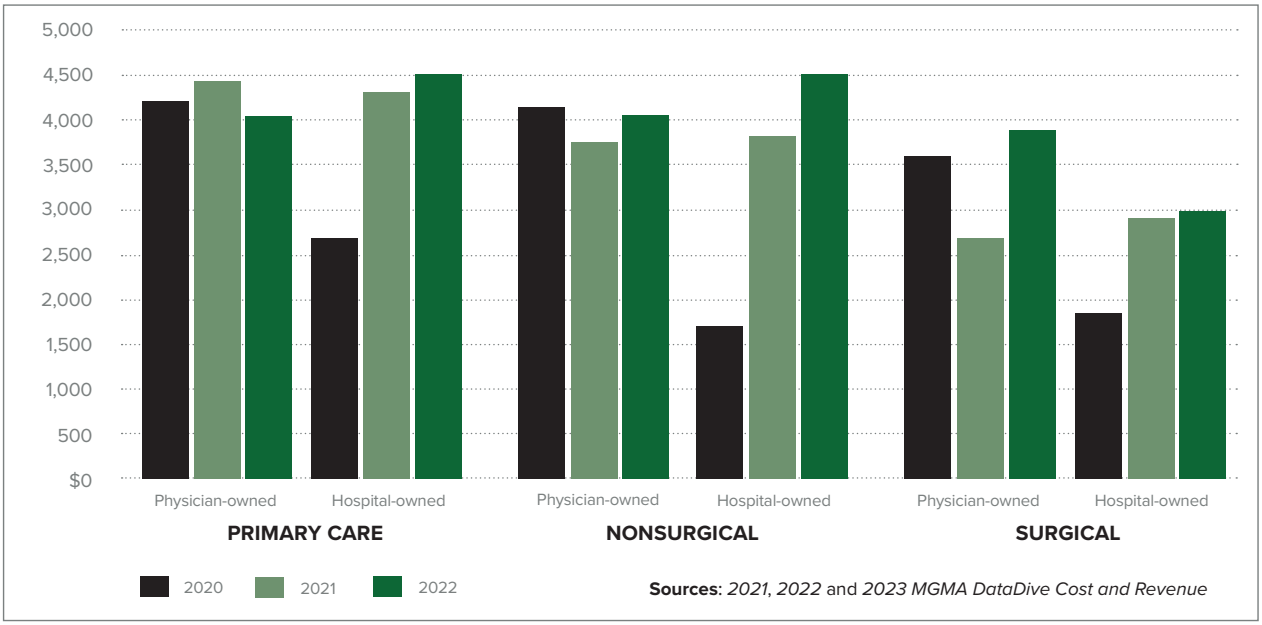
Source: *2023 MGMA DataDive Cost and Revenue*

TREND IN NUMBER OF PATIENTS PER FTE PHYSICIAN



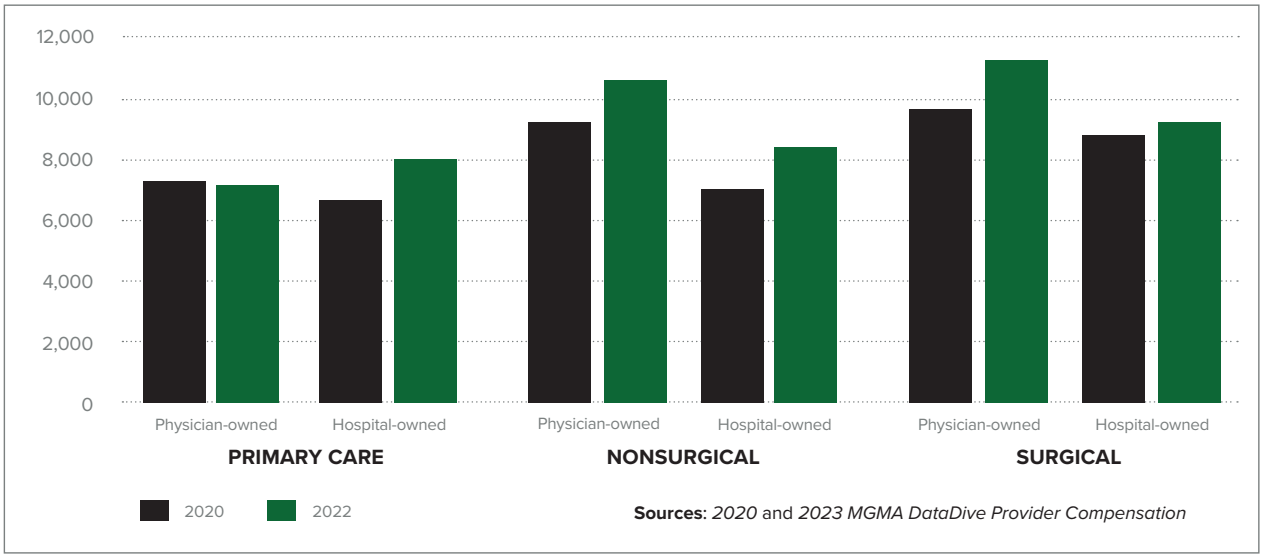
Sources: *2021*, *2022* and *2023 MGMA DataDive Cost and Revenue*

TREND IN TOTAL ENCOUNTERS PER FTE PHYSICIAN

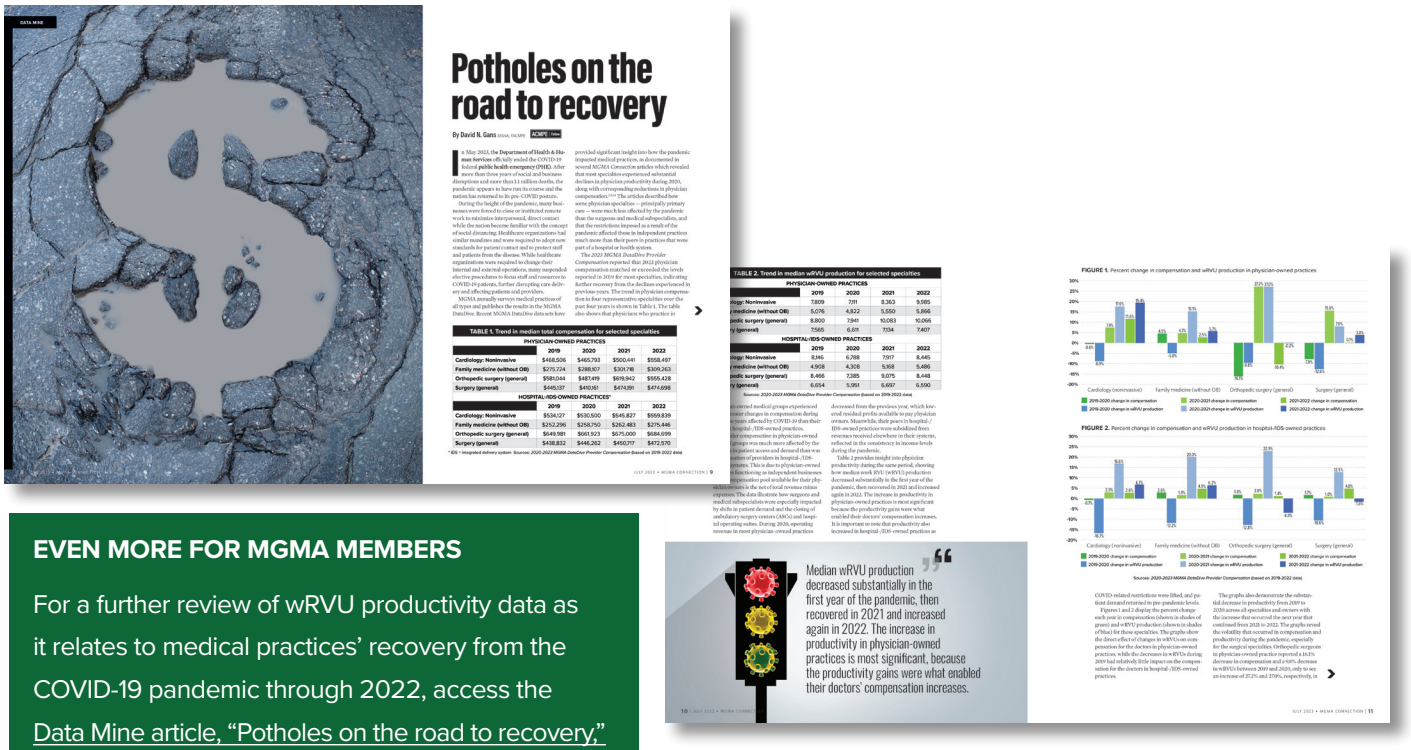


Sources: *2021*, *2022* and *2023 MGMA DataDive Cost and Revenue*

TREND IN WORK RVUs PER FTE PHYSICIAN



Beyond encounters, work RVUs (wRVUs) also quantify productivity, with the added benefit of taking into account the complexity of the visits. As seen in the *2023 MGMA DataDive Cost and Revenue* survey report, productivity measured as wRVUs increased across the board, to the extent that these levels are finally surpassing pre-pandemic levels.

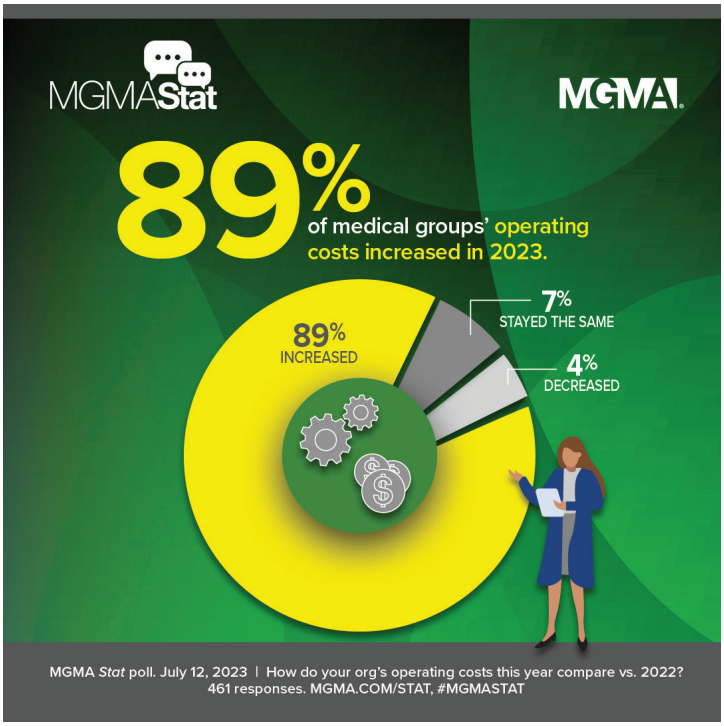


EVEN MORE FOR MGMA MEMBERS

For a further review of wRVU productivity data as it relates to medical practices' recovery from the COVID-19 pandemic through 2022, access the Data Mine article, "Potholes on the road to recovery," in the July 2023 *MGMA Connection* magazine.

CONCLUSION

A July 12, 2023, MGMA *Stat* poll found that 96% of medical groups have seen their operating costs increase (89%) or stay the same (7%) compared to 2022, while only 4% report a decrease in those costs versus last year. The poll had 461 applicable responses.



In addition to these broad findings, the poll also found that the average increase in operating costs this year was 12.5%, with the top drivers of those higher costs being higher wages and salaries for labor, increased expenses for supplies and IT.

These trends come as the latest report on U.S. inflation shows that the annual increase in the Consumer Price Index (CPI) dropped to its lowest level in more than two years, hitting 3% in June, down from 4% in May.

Among medical group leaders whose organization held operating costs steady or managed to decrease them versus 2022 levels, they frequently attributed it to:

- Elimination of agency staffing/travel nurses
- Closer budget analysis
- Contract review with suppliers and vendors and either changing vendors or discontinuing unnecessary services
- Consolidation of operations
- Staff reductions
- Eliminating consulting and business travel expenses.

These findings show little positive change for medical groups hoping to rein in expenses, which was a near universal concern last year: A June 21, 2022, MGMA *Stat* poll found that 90% of medical groups reported that their costs had risen faster than revenues at that point in 2022, with staffing/labor costs as the most frequently cited area of rising expenses. "Labor is up 30% from a year ago," one respondent told MGMA at the time. "That has turned our margin negative."

In the months ahead, MGMA will provide further analysis of the *2023 MGMA DataDive Cost and Revenue* data set, to better understand how benchmarks compare by ownership and also contextualize how some of the positive gains in productivity and compensation from this year's survey reports are the result of the innovative and intentional work of medical group managers and executives to track the appropriate KPIs and make data-driven decisions.

THINKING FORWARD

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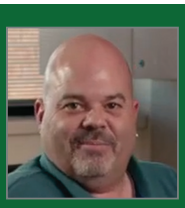
UNDERSTANDING MGMA COST AND REVENUE DATA

MGMA DataDive is an excellent resource to help you make the decisions needed to improve your practice operations. The following tips will help you understand and interpret data within *MGMA DataDive Cost and Revenue*.



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MGMA REPORTS DATA BACK FROM LOWEST TO HIGHEST VALUES

How does this affect the interpretation of data? Depending on the metric, it will change the desired benchmarking ranking. Here's a simple rule of thumb to determine the best methodology for benchmarking your practice's data:

- **Money coming into the practice: above the median**
  - Fee for service
  - Other medical revenue
  - Total medical revenue
- **Money leaving the practice: below the median**
  - Support staff cost
  - General operating cost
  - Total operating cost
- **For metrics related to the time to collect the practice's revenue, the sooner the better.**
  - **A/R aging buckets**: A practice should aspire to be above the median in the 0-30 days bucket, but below the median in the 120+ days bucket. A higher percentage in 0-30 days is indicative of a practice having success collecting its revenue in a timely manner. Inversely, a higher percentage in the 120+ days is indicative of a practice letting its revenue slip through the cracks.
  - **Days (or months) in A/R**: A practice needs to be below the median in the number of days (months) it takes to collect on the practice's charges.

BENCHMARK TOTALS ARE NOT LIKELY TO ADD UP

There are several reasons benchmark totals aren't likely to add up, with participation counts being the most obvious. Trying to sum the detailed data under the totals and subtotals is in essence taking the details from practices A to D and trying to add them up to practice E's total.

MEAN VERSUS MEDIAN

The mean is the average of all the values submitted by participants divided by the number of participants. The median is the midpoint of the data submitted, laid out from lowest to highest.

Using the values of $150k, $200k and $400k, the mean would be $250k ($150k + $200k + $400k/3 = $250k) and the median would be $200k.

Metrics such as A/R aging buckets and payer mix provide a complete picture. Benchmarking against the days in A/R aging buckets, we would expect the sum of the 0-30 days, 31-60 days, 61-90 days, 91-120 and 120+ days to equal 100%. Using the mean, we are likely to get to 100%. The median values aren't likely to equal 100% and may be substantially above or under 100%.

HOSPITAL-OWNED PRACTICES VERSUS PHYSICIAN-OWNED PRACTICES

Due to centralized services found in hospital systems and split-fee billing, it is recommended the organization ownership filter be applied to separate the hospital-owned and physician-owned practice benchmarks.

GLOSSARY

- **Adjusted fee-for-service (FFS) collection percentage**: Net collections percentage
- **Net income, excluding financial support**: Investment; subsidy; profit/loss
- **Primary care**: Combination of family medicine, internal medicine, pediatrics, etc.
- **Provider**: A combination of physicians and advanced practice providers
- **Total medical revenue**: Net charges
- **Total operating cost**: Overhead or the expenses a practice pays to operate.

Centralized services found in hospital systems (billing and coding, laboratory and imaging, call center, etc.) will result in hospital-owned practices reporting lower FTE staffing than physician-owned practices. Centralized staff aren't employed at the practice level and are not captured as FTEs in the survey.

Split-fee billing occurs when a service is moved out of the practice. A hospital-owned practice may require a patient to visit an imaging center for an X-ray. The professional component is billed by the practice and the technical component is billed by the hospital, resulting in the revenue being split between the practice and the hospital. The result is a much lower revenue stream into the hospital-owned practice.

DATA ARE ALWAYS BASED ON THE "CUT" SELECTED

MGMA DataDive Cost and Revenue allows the user to cut the data from a variety of selections, including:

- Per FTE physician
- As a % of total medical revenue
- Per wRVU or per 10,000 wRVUs.

Regardless of the metric being viewed, the data are always based on the cut applied to the table. Working with the staffing table and a "per FTE Physician" cut, we'll find a total provider metric. We'll also find a total support staff metric in the same table. Although the total provider and total support staff are contained within the same table, MGMA would not advise assuming there is a relationship between the two metrics.

For example, if the total provider per FTE physician was 1.47 at the median and the total support staff per FTE physician was 5.85, we would not state for every 1.47 providers a practice should employ 5.85 support staff. As the cut is still based on a 1.0 FTE physician, we would only state for every 1.0 FTE physician a practice would employ 5.85 support staff.

ADDITIONAL RESOURCES

- **MGMA Benchmarking Data** — Understand the past and present to propel your practice into the future with industry-leading data analysis, reports and surveys.
- **MGMA Consulting** — Get an organizational tune-up and overcome new challenges with the help of experts in medical practice management.
- **MGMA Career Center** — Looking to fill open positions at your practice? Reach out to the MGMA Career Center to customize a package that fits your hiring needs.
- **Ask MGMA** — Turn to this MGMA member-benefit service to get subject-matter expert guidance on a range of topics.
- **MGMA *Stat*** — Real-time data at your fingertips, with free data stories each Thursday.

The data and content teams wish to thank the medical practices that contributed their insights to the *2023 Cost and Revenue* survey, as well as the thousands of healthcare leaders who participate in MGMA *Stat*.

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