

## Physician Practice Assessment: The Foundation for Strategic Planning

By Lorraine Buck

Strategic planning for physician practice groups is key to ensuring that the practice meets established goals and objectives and also functions efficiently in terms of the cost and quality of care.

Recognizing the need for a strategic plan, no matter the size or scope of services of the group, is the first step for success; however, creating and implementing a strategic plan that makes sense for the practice can be a challenge. Corazon believes many considerations should be examined when approaching the strategic planning process: Are the timelines realistic? Are resources and financial support available? Will the plan be supported and endorsed by the entire physician group?

### Creating the Vision

Overall, the strategy set-forth should coincide with vision and mission statements, which form the foundation for long-term success. All group members should play a part in the development of these statements, as they can affect strategic decision making, impact hiring decisions, and dictate the overall communication process. The vision, designed to unite people towards a common goal creates a shared purpose and provides guidelines that determine behavior, whereas the mission defines what the practice is 'in business' to do. Together, these statements help drive the planning and implementation of change...But, how should a practice go about bridging the vision and mission statements with a strategic plan?

### Understanding the Market Opportunity

Corazon recommends beginning with a simplified strategic planning process that outlines the top issues that impact the practice. Have a good understanding of the external market, along with internal elements, such as clinical, financial, and operational processes. Assuring that the practice functions efficiently and effectively will create a solid foundation for taking on new endeavors (expanding services, purchasing new equipment, or growing the patient base) in order to thrive.

Performing an external market assessment assists in understanding the practice service area, and provides population demographics, which can assist in projecting future growth opportunities for patient care needs and the services required to meet these needs. County-specific mortality rates compared to state and national statistics can identify areas that may be underserved due to various factors such as education, socio-economic class, access to care, and improper nutritional habits. Sound information technology can provide internal market data regarding patient visits, procedure volumes, referrals, and consults, including hospital-based and/or practice-based patient visits. Paying close attention to any variances or year-to-year trends will highlight changes in the market regarding physician practices and/or changes in the insurance industry, consumer patterns, or hospital operations that could be significant. No doubt, information is power. The ability to harness this power through optimal information technology will be a key part of positioning for growth and rapid response to changes in healthcare.

### Evaluating Practice Operations

Corazon also recommends an internal assessment of practice operations, clinically as well as financially. With nationwide shortages of clinicians, achieving the right skill mix of employees has become a major challenge. Resource availability, regulatory environments, practice culture, cost containment, quality initiatives, or technological innovations can all affect day-to-day operations of a physician practice staff. Prior to adjusting skill mix, a thorough evaluation should be done in order to assess needs. For instance, consider enhancing skill among a particular

group of staff, substituting between different groups, or delegating up or down a clinical ladder. The ultimate goal is to have the staff functioning at its highest level, which not only provides job satisfaction, but also the opportunity to enhance overall service and quality patient care of the practice.

Financial performance is, and will continue to be, one of the top concerns for any medical practice group. The ability to cover the ever-increasing overhead expenses of the practice, coupled with meeting physician incomes, is a constant challenge as physician reimbursement continues to be ratcheted-down by third-party payors. Placing tight management controls on the entire revenue cycle will work to enhance overall collections and thus increase revenues for the practice.

Corazon believes that the management of this revenue cycle begins at the time of patient registration. Gathering accurate information prior to the patient's initial visit into the office will allow staff to address outstanding balances and verify insurance coverage, eligibility, and benefits. At this time, patients should be reminded of their responsibility regarding co-payments and deductibles. Proactively addressing these issues will save time, effort, and money on the back-end of the process.

The practice assessment is designed to focus on the development of recommendations that enhance and improve practice efficiency and assure effective operations and to capitalize on future market initiatives. Efforts to streamline work flow, achieve a cost-effective skill mix, evaluate the business case for related ancillary service, aggressively manage the revenue cycle, and assess practice overhead will be essential components of ongoing practice evaluation and management.

When working with physician practice groups across the country to improve operations, Corazon specifically advocates evaluating the current patient management system in terms of whether it enables print-outs of itemized, detailed bills, and/or any patient balances on the superbill/encounter form. Another important element to evaluating overall practice profitability is to evaluate the fee schedule—an important indicator of financial performance. Established fee schedules should be reviewed annually and re-negotiated as necessary.

### Defining Strategic Initiatives

Once the practice foundation is assessed, leaders can work to identify new market opportunities through:

- Outreach
- Establishment of new office locations
- Addition of new services
- Partnerships/relationships with hospitals and/or other providers
- Recruitment of new physicians or extenders to deliver services

Practice growth must be planned and balanced to take advantage of existing operating infrastructure and should parallel strategies of the physician partners for optimal success. In summary, the strategic planning process overall should be structured to yield agreement among the physicians regarding current priorities and objectives. Setting a clear plan is indeed the first step to achieving goals!

---

*Lorraine is a Senior Consultant at Corazon, a national leader in specialized consulting and recruitment services for CV program development. Corazon combines strategic business planning, market and financial analysis, feasibility studies, clinical operations, program implementation support, Heart Hospital design, best practice benchmarking, executive search, and staff/leadership education for newly established or existing heart and vascular programs. Corazon is one of the 2006 "Best Places to Work in PA."*  
Call 412-364-8200 or visit [www.corazoninc.com](http://www.corazoninc.com).