

Boost Your Profits

9 Tips to Strategic Savings for Healthcare Industry Professionals

As insurance companies continue to ratchet down on reimbursement and the Affordable Care Act continues to evolve, many healthcare business owners, and particularly physicians, are worried about the health of their business. It's a justifiable concern, but there are areas where you can actually make a difference.

The **Healthcare Consulting Team** at **Kerkering Barberio** has crafted a list of nine expense-cutting strategies that can help boost the profitability of your practice and give you a solid foundation in an ever-changing healthcare environment.

1

Understand your expenses.

A good manager is intimate with overhead and understands each component as a percentage of collections or revenue. Make sure your financial statements are structured in order to readily reveal your overhead or other practice expenses. Benchmark your results against the industry as a whole to ferret out potential problems.

2

Get a grip on salaries.

Staff salaries make up the largest single expense category in any service business. Consider these steps to boost productivity and prevent waste.

- Make sure your staff is properly using technology you've acquired, and make sure they're leveraging the features and benefits of your practice management system. Invest in training and cross-training to ensure more capable, productive employees.
- Seek out efficiencies and new ways of working. Don't get trapped in the potentially costly "we've-always-done-it-this-way" mentality.
- Find the right person for the job and offer competitive pay and benefits. Sure, the dollars are important, but for many employees, intangibles like a family-friendly workplace matter just as much.
- Implement seasonal hiring, if appropriate, to cut down on overtime and prevent burnout during your busiest periods. Also consider asking staff to take non-paid/voluntary leave during your slow period. You may be surprised at the response; many working parents and other employees are eager for time off.
- Consider outsourcing tasks that make sense. Your staff may not possess the skill set to get certain tasks accomplished correctly, timely or efficiently. It may make sense to outsource check writing, payroll and billing functions.

3

Survey your space.

After personnel, occupancy is likely your biggest expense. Take the time to closely review your lease. Consider renegotiating your lease with more favorable terms and updating your current office. A professional space planner can help determine if it's being used to maximum benefit in terms of productivity.

Phone: 941.365.4617
Toll Free: 800.966.8676

SARASOTA
1990 Main Street
Suite 801
Sarasota, FL 34236

LAKEWOOD RANCH
9423 Town Center Parkway
Lakewood Ranch, FL 34202

TAMPA
4830 West Kennedy Boulevard
Suite 600
Tampa, FL 33609
813.675.8800

kbgrp.com

4 Revisit equipment leases.

Do you know the buy-out date for your leased equipment? The vendor may not inform you, which means you may continue to be charged the monthly lease rate until you exercise the buy-out option.

5 Review warranties and maintenance agreements.

Trimming expenses in this area is a function of committing the time to review existing agreements with an eye to cost vs. value.

6 Audit insurance policies.

When's the last time you or your business manager comprehensively reviewed your insurance policies? At Kerkering Barberio, we brought in a consultant to review our business insurance approach and expenditures. It was a valuable step that saved us thousands of dollars.

7 Review bank fees and services.

Here, too, a few hours with a consultant could potentially save you quite a bit. Many services that were once fee-based are now free, and you may not be taking advantage of these. Ask your banker about services like remote capture and get a second opinion about credit card and swipe fees.

8 Pay with plastic.

We recommend establishing a dedicated business credit card for practice-related expenses in order to take advantage of cash back and air miles.

9 Tackle taxes.

Talk with your accountant to be sure you're maximizing your deductions and utilizing incentives that are available to you and your company.

It All Adds Up

Any one of these steps on its own may not yield significant savings, and it can be easy to ignore the "small stuff" for just that reason. It's quite likely that you will be pleasantly surprised at the increased profitability that is possible by strategically reviewing and reducing expenses.



ABOUT THE AUTHOR

Kathleen Hargreaves, CPA/CFP®/CPC®

Kathleen "Kathy" Hargreaves, CPA/CFP®/CPC® joined Kerkering Barberio in 1992 and was admitted as a shareholder in 1997. She leads the firm's Healthcare Consulting Services segment and specializes in individual and business tax consulting. Kathy and her team provide best practice service solutions to healthcare industry organizations, including all physician specialties, laboratories, hospitals and ambulatory surgery centers. Kathy can be reached by email at khargreaves@kbgrp.com.

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