A majority of group practices of 10 or more physicians (68 percent) said they would seek advice from an outside party to transform their operations financially and clinically before the second quarter of 2019.¹

CASE STUDY NO. 3
REVENUE CYCLE ASSESSMENT

**Practice:** Five neurological surgery physicians and seven nonphysician practitioners with four locations in a large metropolitan market

- **CHALLENGE:** The practice outsourced management and billing responsibilities to a third-party management service organization (MSO) that mismanaged the practice’s revenue cycle. The practice’s accounts receivable (AR) that were aged 120-plus days grew to nearly $9 million, representing 45 percent of total AR. The practice’s standard fee schedule was set at 500 percent of Medicare payment rates. The adjusted collection percentage was 46 percent, falling grossly below specialty benchmarks.

- **OUTCOME:** TMA Practice Consulting assessed the practice, and with the consultants’ ongoing oversight, the practice severed its relationship with the MSO and put into place a new management structure. In one year, the practice’s fee schedule was lowered to 300 percent of Medicare payment rates, AR aged 120-plus days decreased by $4 million (44 percent), the adjusted collection percentage increased by 21 percent, and the number of days in AR decreased by 33 days.

The likelihood of collecting a patient’s full balance drops 20% as soon as the patient walks out the door.² After 90 days, the likelihood drops to 11% Practices can expect to receive only 14¢ of every dollar for accounts turned over to collection agencies.⁴

Find out how TMA practice management consultants can work for your practice. Contact TMA Practice Consulting at (800) 523-8776, or email practice.consulting@texmed.org today!

texmed.org/Consulting

² WebPT Blog, The Importance of Collections/Avoid Writing Off Copays, by Heidi Jennenga, PT, DPT, ATC, March 25, 2013.