The Importance of Data Analytics for Medical Practices

October 05, 2017 | MGMA 2017 [1], Operations [2], Performance [3], Physician Productivity [4], Staff [5]
By Keith L. Martin [6]

Collecting data to analyze practice operations doesn't need to be intimidating. 'One expert explains why.

Source: Physicians Practice

Medical practices have always tracked their "numbers." From the days of tracking patient payments via paper to EHRs to now monitoring performance on quality metrics, physicians and practice staff are keeping a close eyes on the data their office produces.

"It's shifting away from just an accounting and payroll function to becoming more of a strategic thought partner at the practice, providing real insight to support organizational decisions, whether that person is a physician or a practice administrator," says Mandi Clossey, CPA, a principal with Somerset CPAs and Advisors, in Indianapolis. At this year's Medical Group Management Association Annual Conference in Anaheim, Calif., Clossey will present "Building Real-Time Analytics for Practice Improvement." Her session, scheduled for Monday, October 9, from 7 to 8 a.m. Pacific, will explain how practices can measure progress toward their goals using key financial indicators.

Physicians Practice recently spoke to Clossey about her session and the importance of data analytics, especially for smaller practices.

Physicians Practice: What are the specific benefits for practices in looking at their data analytics?

Mandi Clossey: The benefits of a deeper data analytics person or the ability to do that internally in a practice and benchmarking is pretty amazing. I think benchmarking, as we look at it, is an important tool in data analytics. You utilize it to identify best practices and then areas where improvement may be needed in your practice. So when we think of benchmarking and key performance indicators (KPIs), sometimes [practices] get caught up in a feeling of "I don't know if I want to benchmark as I don't want to see all the areas that need improvement" [and get a little overwhelmed].

Mandi Clossey, CPA  But they....can use the KPIs for their core practice metrics, looking internally, and in ...broader scope, for performance of ancillary services and [staff] position productivity, for example, especially as more and more practices are utilizing extenders in today's healthcare world.

Data has been around for a long time. The [issue] a lot of practices face, specifically some of the small to medium size ones, is that they've had this data, yet no one has paid much attention to it. Or they take a snapshot view of it and are caught up in day-to-day practice management and don't really utilize the data or react upon it.
So I think the real struggle in many organizations, due to the sheer volume of healthcare information and analytics is: Where do I even begin? The practice with the data that is acting upon it is obviously in a better position, from negotiating with payers to different contracts.

**PP: So how do small practices best get a handle on utilizing data?**

**Clossey:** You need leadership on the management team and physicians need to drive and be engaged in the practice data. If you have one person who is all on-board with gathering data and doing all the analytics and no one is else to support them from the management team or physicians, then it all goes to nil.

You need a culture of data within your practice and to really understand the data. What often happens is a physician will go to a conference and come back and say "Well, the sky is falling because our overhead is 70 percent and someone at the conference told me theirs was 35 percent." Most would understand 35 percent not realistic, but they come back and think they need to cut staff, etc. So we need to understand the data and compare apples to apples when we look at your practice versus others.

**PP: What metrics would you recommend small practices pay the most attention to?**

**Clossey:** You definitely want to look at your overhead — staff and facilities are the two major buckets at your practice. So you want to look at staffing and expenses and your staff FTEs. You also want to look at your facilities. Your office expenses and marketing are small [low] hanging fruit you can cut and it won't make a dramatic difference.

You need to look at your revenue cycle. What does our [accounts receivable] aging look like? What is our payer mix so we can understand whether we have a high commercial volume or a high Medicare volume? Those are things might affect revenue number.

From a physician / provider standpoint, we need to look at patient volume, number of surgical cases, compensation and relative value units as key indicators. Then you would want to look at your ancillary service line: if you have an allergy or audio department or a pharmacy or an urgent care or MRI. What is the profitability there? That way, if you want to add a new service line, you can build out a service line based on patient volume looks like, revenue projections, patients captured, and other things of that nature.

**PP: Do practices need to invest in an advanced dashboard for all their data or is there a simple, low-cost way to follow your advice?**

**Clossey:** I'd say start with an Excel spreadsheet if you don't have anything else. You don't need to spend hundreds of thousands of dollars on an automated tool that refreshes nightly right out of the gate. We do a lot of things in Excel, so you can have a provider dashboard that backs up to your financial statements. A very easy Excel manipulation sets something [like that] up.

Now long term, you may want to look at something else as practice grows and there are a variety of tools out there that do automated uploads to look at things, even call center data, on a daily basis. Focus on key components you should be tracking internally and reporting to management team and what you may want to report to your physicians.

---

**Source URL:**

**Links:**