Tips to Save Your Pediatric Practice Money Now

BY BETSY BATES

LAS VEGAS — Physician office overhead costs are up 15%; reimbursements and collections are down. To say the least, 2009 hasn't been a boom year for pediatricians.

But don't despair.

There are ways to save money and tilt your balance sheet back in the direction of a healthy bottom line, said Dr. Norman "Chip" Harbaugh, a primary care pediatrician and practice management specialist from Atlanta.

Here are some cost-saving tips from his talks at a seminar on practical pediatrics sponsored by the American Academy of Pediatrics:

► **Maximize tax-free benefits for you and your partner(s).** Don't forget to deduct payments for malpractice, major medical, disability, life, and liability insurance. Personal expense account charges are deductible as well, including the cost of attending CME meetings; dues and subscriptions; and up to $45,000 a year for retirement spending. Younger physicians may also want to self-fund their own buyouts over the long term by purchasing variable adjustable life insurance policies.

► **Stretch your office services with mid-level providers.** Salaries for nurse practitioners and physician assistants can quickly reach the "breakeven" point and begin increasing the profits of the practice once they perform 10-13 checkups a day. Such providers also can coordinate hugely popular "quick visit" clinics, such as a sore-throat/earache walk-in clinic each weekday morning from 8 a.m. to 10 a.m.

► **Reevaluate your ratio of front office to clinical personnel.** A "good" ratio is 1 front office person to 3.5 clinical staff. "Better" is 1:3.4 if your office has a lab and 1:3.2 if your office has no lab. A ratio that's "too low" is 1:2.8 or 1:2.3, said Dr. Harbaugh.

► **Charge patients for simple but time-consuming tasks.** For example, consider charging a fee for filling out forms for camp.

► **Save on supplies.** Become part of a Physician Buying Group (PBG) for office supplies, medical supplies, and lab supplies, and especially, vaccines. Such groups have the potential for saving a practice 10%-25% on "big ticket" items and thousands of dollars a year on vaccines. Three PBGs are the National Discount Vaccine Alliance, 785-273-4165, http://nationaldiscountvaccinealliance.com; Atlanta Health Partners, 800-741-2044, www.atlantichealthpartners.com; and Physicians' Alliance, 866-348-9780, www.physall.com.

Any physician or group whose lease is expiring within 2 years should "renegotiate now." Some landlords are offering 3-6 months of free rent in exchange for a renewal of a lease.

► **Renegotiate your rent.** "Commercial real estate? They're hurting," said Dr. Harbaugh. He suggested that any physician or group whose lease is expiring within 2 years should "renegotiate now." Some landlords are offering 3-6 months of free rent in exchange for a renewal of an office space lease. Another option, especially in light of the dismal commercial real estate market, is to consider buying your own building while prices are low.

► **Stretch the use of your office space.** Could you accommodate another provider and expand your business hours from early morning to late evening, with physicians staggering their hours? Could

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'Teen Influencer' Initiative Online

The National Council on Patient Information and Education is launching the "Maximizing Your Role as a Teen Influencer: What You Can Do to Help Prevent Teen Prescription Drug Abuse" initiative, an online education workshop. For more information and to download the resource, visit www.talkaboutrx.org. ■