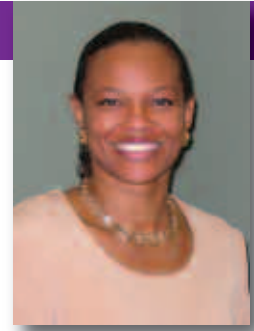


How Your Medical Practice Can Weather an Economic Recession



By Valora Gurganious, MBA

The conventional wisdom in our society is that healthcare is “recession-proof.” Despite that perception, medical practices are businesses and are as susceptible to economic cycles as other small businesses. The doctor/owner must prepare to weather an economic storm that will lead to declining practice revenues, growing accounts receivable and tighter cash flows within the practice. How does the doctor prepare to ride out this storm? Here are a few suggestions:

- **MARKET THE PRACTICE.** Many people assume that when patients have less money to spend, businesses should cut back on marketing, branding and image creation in the marketplace. This can, in fact, be the best time to promote your practice. Other advertisers often cut their ad budgets during lean times, making the cost of print, Internet and broadcast media advertising cheaper than ever. Moreover, your message will stand out and be more memorable without competing with the “clutter” of ads that appear during boom times. When the economy rebounds, your practice will be foremost in the minds of patients, who will now seek your healthcare services.
- **KEEP COSTS DOWN.** Reassess your staffing levels. If patient volume has declined, consider moving some staffers to part-time or staggered four-day workweeks. You avoid layoffs and retain valued employees until the economy picks back up. Investigate group-purchasing organizations to achieve cost savings on office supplies, equipment or medications that you order each month. As a small practice, the quantities you order rarely qualify you for the volume discounts available through your medical association, IPA or other affiliate’s group purchasing organization. Inquire with those groups about how you may be eligible for 10-40 percent discounts on the same items you order every month. Keep an eye toward utility consumption, watching for unnecessary use and waste.
- **GO ELECTRONIC.** If you are not currently “paperless,” consider the cost and benefits of converting to EMR. With EMR, your biller, front desk/checkout staff, insurance clerk, medical assistant and office manager can all have access to a given patient’s information at the same time, making it possible to get their jobs done without tracking down or waiting to access the same paper chart. In addition to increasing efficiency and reducing costs in your practice, you will also save the expense associated with storing paper charts over the long term.
- **KEEP AN EYE ON CASH COLLECTIONS.** Cash is king. During a downturn, it is expected that account aging and bad debt will increase as money becomes tighter. Insurance companies may slow their payments as well. For this reason, pay close attention to collecting co-pays, co-insurance and deductibles up front -- and be prepared to postpone patient appointments (when possible) until such payment is available.
- **CONSIDER OUTSOURCING.** For services that do not involve direct patient care, consider an outside provider rather than a full-time employee. Billing, bookkeeping, transcription, payroll and accounting could all be outsourced, making the expense variable, based on your patient volume.
- **CONSIDER AN “OFFICE MATE.”** In the case of physicians who are out of the office two or more days per week, consider sharing expenses with another physician by staggering office days. You may be able cut your rent, payroll, and utility expenses.
- **NEGOTIATE INSURANCE SAVINGS.** Some medical liability companies offer discounts just for taking a risk management course. You may also reap discounts for consolidating all of your insurance with a single carrier.

Economic recession is difficult for both patients and physicians. With smart planning, an eye on controlling expenses and creative promotion of your practice, you cannot only weather the storm, you can thrive in spite of it. ■

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