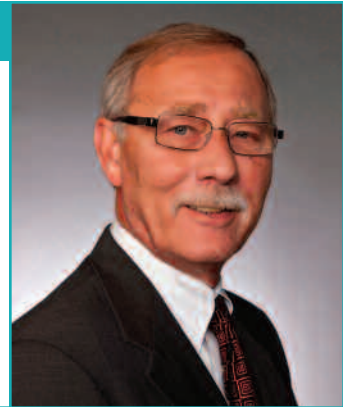


Make More by Spending Less in 2011



By Paul Frazier

All too often we look to increase revenue by working harder, acquiring more patients or other means. Make a New Year's resolution to look at *reducing your practice expenses* as a way to increase revenue.

The savings from reduced expenses translate directly into greater margins for your practice. There are many ways to reduce expenses but we are focusing on strategies with the highest potential impact on your bottom line. This article introduces the TMA's Group Purchasing Organization offered through DoctorsManagement.

SAVE WITH TMA GPO

By now, you know the same contracts available to hospital purchasing departments are available to your medical practice. The TMA has teamed up with DoctorsManagement's PowerBuyingLink in Knoxville to create a Medical Practice Group Purchasing Organization (GPO) for TMA members only. There is no fee to join, just some administrative work.

One TMA member who is making more by spending less is Columbia Pediatric Clinic in Columbia, TN. Administrator Tiffany Duncan says, "I would never have had the time to track down all of the manufacturer contracts that the PowerBuyingLink analyst was able to identify for us. We are now able to access hospital-level pricing for items like Kimberly Clark Kleenex and Cottonelle toilet paper, as well as our DeRoyal orthopedic softgoods. We saved about \$762 annually on our flu kits and about \$430 annually on our Chemstrips. The savings add up and we are looking at even more categories for 2011 savings."

Based on data so far, a typical TMA member saves about 22 percent across the

board. In other examples, contract discounts of more than \$15,000 annually were found for imaging supplies, and a significant rebate was provided to a family practice for reagents used in their lab.

HOW TO GET STARTED

If you decide to connect with the TMA PowerBuyingLink program, your analyst will automatically know which contracts would benefit you immediately. If you provide your invoices or a list of most frequently-ordered items, additional analysis can be done to see if you qualify for even more discounted pricing (referred to as tier levels), based on your volume. If a practice manager will review even one category every six weeks and ask their PowerBuyingLink analyst to review it as well, the savings over a year's time can really add up. Periodic contract audit reviews can also identify additional rebates and savings for customers. There are also pharmacy audits available to automatically track overcharges.

To get started, contact Doris Frazier of the PowerBuyingLink at 859-457-0155. Once enrolled, you will receive information to notify your vendors (distributors or manufacturers) that you are now enrolled in the TMA GPO and let them know what products are loaded. With this in place, you can confidently ask your vendors for lower TMA GPO pricing.

REMEMBER

Even if a GPO is already used in a physician office, it is often the case that not all of its contracts are utilized for their full benefit.

Don't confuse a GPO with a clinical distributor. Your distributor delivers products but a GPO negotiates lower pricing on your

behalf directly with the manufacturers. The TMA GPO will negotiate prices with distributors and actively manage your contract connections and pricing.

WHAT CAN YOU SAVE ON?

GPO discount pricing reduces everyday clinical purchases, capital equipment, laboratory services, environmental services (items such as toilet paper, c-fold towels and cleaning products), gas, suture, injectables and vaccines, and diagnostic imaging supplies (like contrast media). Members can also save on office supplies, computers, waste management, shredding, office refreshments, landlines and cell phones, Yellow Pages advertising, and uniforms.

And remember, cost reduction means a better overall financial picture for your practice. See our article next month featuring tips and tricks on how to *Boost Practice Revenue through Cost Reduction* on employee benefits, payer mix, insurance contracts, and billing, coding and reimbursements. +

Mr. Frazier is director of The Power Buying Link of DoctorsManagement, LLC, one of the most comprehensive discount buying programs available to healthcare offices, lowering costs on clinical, office and pharmaceutical purchases. Physicians have looked to DoctorsManagement since 1956 to plan and execute strategies that make their practices more profitable – and give them more time to enjoy their personal lives. Contact him at 865-531-0176.

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