

Eli's Rehab Report

IRFs: Hone Your Operations Budget to Boost Your Bottom Line

Increase productivity and eliminate excess with this expert advice.

Everyone's talking about escalating health care inefficiencies and costs, but that doesn't help you figure out where your operation can crack down.

All great healthcare providers have one thing in common, and that's high-performing clinical care. But after providing that top-notch care, successful providers also have honed their operation's goals so that everyone knows exactly how and why to achieve them, says **Paul Martin** with Martin Healthcare Advisors in Mount Laurel, N.J.

Martin suggests that rehab practices follow these steps to rein in their operational goals, get therapists' buy-in, and bring financial targets inline:

Step 1: Track your practice's achievements over the past year.

Before you can eliminate inefficiencies and boost productivity in your practice, you need a baseline to compare future results to. "Collect historical data going back three to six months at the least and three years at the most," Martin suggests.

Where to look: Most rehab providers have their operational data "scattered all over the place," Martin says, with some information resting in your billing system, some in your financial statements, and still more in patient records or documentation.

When you're collecting data, you should look at charges, collections, new patient referrals, new patient visits, units of service, and the other volume indicators that will show how well your business performed.

Step 2: Use key metrics to measure productivity.

If your staffers' main goal is to productively treat your patients, inefficiencies will automatically decrease, Martin says. Therefore, your main focus should be on streamlining therapists' workflow and creating some targets (goals) that everyone works toward.

One way: Each week, track the number of patient visits per referral, charges per visit, cash per visit, and visits per day. These metrics should be compared against the targets that have been established by you and your staff. This will give you a good idea of how productive your staff is. At the end of the week, share the results with your staffers so that everyone sees the benefits.

Your timely per-visit scrutiny will also expose trends in patient care or operational habits that would otherwise affect your bottom line. You will likely see behaviors that lead to positive results, and you'll want to incorporate those into your goals, Martin says. Similarly, you'll see behaviors and decisions that lead to negative results and should be phased out.

Case study: Martin worked with a facility with declining outcomes and dwindling patients. After measuring per-visit statistics, the facility realized that the number of patients being seen three times per week (as was standard procedure for the practice) had slipped from 15 percent to 2 percent of total patients.

Why: The facility's therapists had decided to schedule fewer visits per week to better alleviate patients' worries over co-pays and medical bills. By tracking those metrics, the facility righted the course and began building back up its patient base, Martin shares with **Eli**. "The facility currently sees 28 percent of its patients at a rate of three times per week" he says.

Next steps: Now that you're in the habit of weekly monitoring, look at visits-per-month and compare where your metrics are against where you thought they'd be. Drawing these comparisons will help you keep your goals realistic and help you predict the next year's goals.