



## **Medical groups rank cost of running a practice as No. 1 worry**

ENGLEWOOD, CO – The 2009 Medical Group Management Association survey reveals the three top challenges of running a group practice remain the same as in 2008, with money worries at the top.

According to "Medical practice today: What members have to say," the top three concerns are:

- \* Dealing with operating costs that are rising more rapidly than revenues;
- \* Maintaining physician compensation levels in an environment of declining reimbursement; and
- \* Selecting and implementing a new electronic health record.

After those top three concerns, the priorities changed somewhat from 2008.

This year, respondents listed collecting from self-pay patients and those with high-deductible health plans and health savings accounts as the fourth-highest challenge. In 2008, the fourth-ranked challenge was recruiting physicians, which ranked sixth this year. Managing finances in the face of uncertain Medicare reimbursement rates rounded out the top five for the second year in a row.

"Medical practice managers have one of the most difficult jobs in healthcare," said William F. Jesse, MD, the MGMA's president and CEO. "Running a successful business that provides medical care is an incredibly difficult task in these economically challenging times. But the professionalism that MGMA members bring to their work enables them to persevere."

The MGMA asked respondents to rate and listen to lead MGMA researcher James Margolis' podcast. The organization also asked how the recession is affecting their medical groups and how they are responding.

Ranked by average score, the most probable effects of the recession on practices are:

- \* An increase in uninsured patients;
- \* Improved billing and collections and/or denial management processes;
- \* Decreased revenues;
- \* Postponed capital expenditures;
- \* Operating budget cuts; and
- \* Staff hiring freezes.



Many respondents said they were experiencing the effects of the recession on their practices:

- \* 36.6 percent said they have postponed capital expenditures;
- \* 34.7 percent are seeing a rise in uninsured patients;
- \* 34.5 percent have implemented a staff hiring freeze;
- \* 33.9 percent have cut operating budgets;
- \* 33.3 percent have improved billing and collections processes; and
- \* 33.1 percent have witnessed a decrease in revenue.

"At their core, medical practices are small- to medium-sized businesses, and the recession has affected them in many of the same ways as other businesses," Jessee said.

On the positive side, nearly 82 percent of respondents said there is a zero probability that their group will file for bankruptcy protection, and nearly 80 percent said there is a zero probability their practice will close because of the poor economy.

The MGMA conducted the online survey Feb. 2-26, It received 2,077 responses, a rate of 13.4 percent.

With these statistics unsecured working capital from Caduceus Banc, will put you practice in a positive position to grow or reserve cash flow and still be able to run your practice efficiently but profitable in the economic environment of today.