

Ophthalmology Case Study

SITUATION

In 1996, two ophthalmologists practicing together contacted DoctorsManagement (DM). Like many practices that call the firm, they were seeking outside help with managing their practice. The physician owners were dissatisfied with the current state of their practice.

Their practice, located in a city with a current population of just over 125,000, had approximately five staff members at the time. Their accounts receivable was consistently a problem and their profit margin had room for improvement. Each physician was earning a salary below the national average.

The ophthalmologists shared a dream to grow their practice; however, they had little business knowledge of how to implement an effective plan. They knew that to realize their vision to become a large and progressive ophthalmology practice, they would need the assistance of experts. That is when they called DoctorsManagement.

CHALLENGES

The primary challenges were to correct inefficiencies in operations; improve the internal management procedures; correct improper coding practices; decrease the size of and number of days of accounts receivable; and develop and execute a strategic plan for growth.

STRATEGIES

DM got to work by immediately optimizing the current operations of the practice. The firm used its in-house experts to train the coding staff as well as place and train a new practice manager. With proper coding practices in place and systems in place to keep accounts receivable in check, the ophthalmologists saw improvements in revenue and profit margins. Within six months of engaging DM, the practice was running smoothly enough to implement a strategic plan to grow the practice through acquisition.

The physicians were now confident that they could handle the growth they had envisioned. DM helped the physicians identify local practices that could be acquired and approached single-physician ophthalmology practices in the area on behalf of the client. DM managed all of the recruiting, negotiations and paperwork throughout the entire acquisition process. The group acquired practices, one at a time, and grew steadily in ways that ensured that efficiencies remained intact. In fact, the efficiency of the practice never decreased and even improved through the acquisitions. The preparation paid off. The practice continued to run very efficiently, which enabled the physicians to also expand their service offerings. The combination of more patient volume and extensive service offerings caused the practice's revenue to explode without disturbing its efficient operations.

With encouragement from DM, the doctors also built a surgery center. DM assisted by performing the initial cost analysis and traffic studies, and today the group runs a successful surgery center that offers patients the most progressive treatments using state-of-the-art equipment.

RESULTS

Still a client 17 years later, the practice continues to see tremendous growth in volume and profits. Their revenue has increased thirteen-fold and the group's income is within the top 25% for ophthalmologist nationally. They continue to hire new physicians and acquire practices in the area. Their profit margin is 4% above the national average, the staff versus revenue percentage is also well above the national average, and they have a 99.2% collection ratio.

The group has five partners in the business, 15 ophthalmologists, three optometrists, and several mid-level providers across six locations. Their six offices range in size from 7,000 to 20,000 square feet and house the very latest equipment the industry has to offer. The group covers most of the sub-specialties such as cornea and retina care, lasik, pediatric ophthalmology, and optometry. They also have two board certified oculoplastics physicians on staff and differentiate themselves from the competition by offering unique cosmetic services to patients. There's nothing that this group does not offer when it comes to ophthalmology, and they deliver the very best in service and satisfaction. The staff is committed to delivering a quality experience to patients and the group's patient satisfaction rating is above the national average.

RESULTS RECAP

- 16% Average Revenue Increase
- Income within Top 25% Nationally
- From One to Six Locations
- State-of-the-Art Equipment
- 15 Ophthalmologists
- Two Oculoplastic Physicians
- Three Optometrists
- Several Mid-level Providers



**DOCTORS
MANAGEMENT**
Leave the business of medicine to us

(800) 635-4040