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BEATING THE ODDS

In healthcare, we love hearing that a patient “beat the odds.” It means inspired success, the best possible outcome, a happy future. It is a cause for celebration.

Increasingly, we use that kind of language to talk about practices and medical groups that thrive despite our challenging environment. But instead of celebrating, we can fall into a trap of believing that the odds are not in our favor. The better performers are unicorns, we say — wonderful and inspiring, but existing outside of the real world of healthcare — and what they accomplish isn’t possible for the rest of us.

Beating the odds is not magical or miraculous, though. Any practice can achieve top performance when the people within it make a sustained effort to do more of the right things well, when they pursue excellence. As our CEO, Halee Fischer-Wright, MD, MMM, FAAP, FACMPE, wrote in *Back to Balance*, there is “no great savior, no outside force that’s going to come along and make healthcare in America work as well in practice as in promise. We are the ones [who] we have been waiting for.”

To help practices achieve the promise, we want to share what we’ve learned are the “right things” — the things better performers do consistently to sustain their success. The practices we’ve identified as better performers — those that excel based on data we gathered from 2,941 medical groups — focus their time, effort and resources on building great cultures, on making strategic progress and on steadily improving operations. They are consistent, and they are devoted to the effort.

In the following pages, we’ve woven insights drawn from MGMA DataDive data sets, original qualitative research with better performers, MGMA Stat polls and other resources to paint a picture of how better performers achieve those big three goals. We’ll share the great results they achieve, the tactics that have worked and areas where they continue to improve, and we’ll highlight how their operations differ from other practices. By revealing some of the approaches behind the successes, we hope to inspire any practice — every practice — to push for top performance.

HOW WE DEFINE “BETTER PERFORMANCE”

Just as there is no single path to building a high-performance group, there is no single measure for better performance. We’ve chosen measures that capture how groups can thrive in our ever-changing healthcare environment based on four categories. Groups could achieve better-performer status in each of the categories; many were better performers in more than one.

- **In operations**, better-performing practices focused on using resources efficiently and creating and sticking to a financial plan.
- **In productivity**, better-performing practices were those whose providers and staff successfully contributed to earned revenue for the practice.
- **In profitability**, better-performing practices had lower operating costs as a percent of revenue and managed their revenue cycle better.
- **In value**, better-performing practices reported on quality metrics while also excelling in at least one other category.
BETTER PERFORMANCE BRINGS BIG BENEFITS

To achieve any big, long-term goal, you have to want it, you have to stick with it, and you have to believe that the goal is worth it. In practices, that is true for staff, providers, administrators, executives and board members. Better-performing practices maintain their focus and commitment to steady improvement over time. To help you understand the value of the effort, we’ve shared what those successes can look like or some of the key results for better performers (in any of the categories).

What you won’t see in these comparisons are salary or other important operating expenses. While better performers have lower costs in some areas, their total expenses are often higher. They invest in good people, good technology and good systems — and then they maximize the return on those investments, achieving lower operating costs as a percent of revenue.

Our performance highlights are primarily financial, but throughout the rest of this report we’ll share other data that gets to the heart of how better performers achieve these results — how they deliver quality, value and satisfaction. Their financial performance gives them the freedom to make choices in how they respond to changes in the broader healthcare environment, and those choices deliver a greater return on the investments they make in the practice.

BETTER PERFORMERS HAVE HIGHER INCOME AFTER OPERATING EXPENSES PER PHYSICIAN*

*Median medical revenue after operating costs per full-time-equivalent (FTE) physician. Operating costs subtracted include total support staff costs (compensation and benefits) and total general operating costs (information technology (IT), drug supply, medical and surgical supply, furniture and equipment, etc.).
**BETTER PERFORMERS HAVE HIGHER INCOME AFTER OPERATING EXPENSES PER PHYSICIAN**

*Hospital – or Integrated Delivery System (IDS) Owned Practices*

*Median medical revenue after operating costs per full-time-equivalent (FTE) physician. Operating costs subtracted include total support staff costs (compensation and benefits) and total general operating costs (information technology (IT), drug supply, medical and surgical supply, furniture and equipment, etc.).

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**BETTER PERFORMERS HAVE LOWER GENERAL OPERATING COSTS PER PHYSICIAN**

<table>
<thead>
<tr>
<th></th>
<th>Physician-owned</th>
<th>Hospital – or IDS-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary care</td>
<td>▼ 3.6%</td>
<td>▼ 10.2%</td>
</tr>
<tr>
<td>Nonsurgical specialties</td>
<td>▼ 21.1%</td>
<td>▼ 14.4%</td>
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<tr>
<td>Surgical specialties</td>
<td>▼ 20.0%</td>
<td>▼ 6.1%</td>
</tr>
<tr>
<td>Multispecialty</td>
<td>▼ 1.2%</td>
<td>▼ 2.5%</td>
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*Median general operating costs per FTE physician, which do not include the cost of providers and staff.*
BETTER PERFORMERS ACHIEVE HIGHER WORK RVUS PER PHYSICIAN*  
PHYSICIAN-OWNED PRACTICES

*Median work RVUs per FTE physician. We did not have complete data for physician-owned multispecialty groups to include.

BETTER PERFORMERS ACHIEVE HIGHER WORK RVUS PER PHYSICIAN*  
HOSPITAL – OR IDS-OWNED PRACTICES

*Median work RVUs per FTE physician.
BETTER PERFORMERS COLLECT MORE IN A/R IN THE FIRST 30 DAYS*

*Mean percent of accounts receivable (A/R) collected in 0 to 30 days by practice.

MORE BETTER PERFORMANCE HIGHLIGHTS

**Primary care better performers, compared to all practices:**
- Have nearly 300 more patient encounters per physician
- Have 8.6% greater net income per physician

**Nonsurgical specialty better performers, compared to all practices:**
- Have nearly 400 more patient encounters per physician
- Have 6.1% greater net income per provider

**Surgical specialty better performers, compared to all practices:**
- Complete almost 300 more procedures per physician
- Have 16.6% lower total operating costs per provider

**Multispecialty better performers, compared to all practices:**
- Produce 25.5% more total RVUs per provider
- Have 10.2% lower total operating costs per physician
BUILD AN ENGAGING, PATIENT-FOCUSED CULTURE

Are you satisfied with your organization’s culture?

When we asked this question in an April 2018 MGMA Stat poll, we weren’t surprised by the results. While 52% of participants responded “yes,” 48% responded “somewhat” or “no.” Getting culture “right” is difficult, particularly in a fraught environment with ever-changing challenges. From those who responded “yes,” though, we received inspiring comments about engaged staff and providers, a shared sense of purpose, and greater teamwork and camaraderie.

Across our data and research, we see signs that better performers put more focus on and effort into building an engaging, patient-focused culture. As one leader shared, “I make sure that my employees are treated with respect and feel valued. When you have happy employees, your company runs much smoother. When they [see] value in what they do, they put forth the effort toward patient care and everything else that they do.” Better performers leverage their cultures to maximize their investment in people and achieve better outcomes and results.

Communication, engagement, empowerment, and leaders modeling behavior and living values — four factors of a culture of excellence — show up again and again in our research. The MGMA Research & Analysis report: Building a positive practice culture: Critical factors for success, releasing in November 2018, explores how groups can improve in each area. Better performers already use many of those strategies.

What do they do differently that reveals their culture focus? One example is how they approach provider and staff satisfaction surveys. It probably won’t come as a surprise to learn that better performers are more likely to conduct them. It’s what they do with the results that especially sets them apart.

For more on culture, consider attending one of these sessions at MGMA18 | The Annual Conference:

A07-E
Using Communication, Performance Culture to Reduce Employee Burnout
Monday, Oct. 1, 11:00 am-12:30 pm

G11
Building and Maintaining a Positive Workplace Culture in Healthcare
Tuesday, Oct. 2, 1:30-2:30 pm

I12
Balancing Patient-Centric and Provider-Engaging Cultures in Hospital Systems
Tuesday, Oct. 2, 4:00-5:00 pm

K05
Transformational Thinking to Boost Your Practice Culture
Wednesday, Oct. 3, 8:15-9:15 am
Better performers share the results of their satisfaction surveys transparently and throughout the organization — from office staff to providers to managers to senior leaders to members of the board. Everybody is included in the engagement and well-being of valuable team members. And as one survey respondent described, with knowledge and engagement, the entire staff identifies opportunities for improvement, creates action plans and makes progress. To improve engagement and empowerment of staff and providers, top performers shared the following tactics.

✓ “We switched to SMART [specific, measurable, achievable, relevant and timely] employee evaluations with a 70% goal-oriented evaluation process.”

✓ “Education of employees on their role in the ‘big picture.’”

✓ “We place emphasis on continued learning, and budget for staff to attend conferences and stay up-to-date on industry activity.”

✓ “Reaching out on a daily basis.”

✓ “We have implemented an employee orientation program with a general orientation, an IT orientation and a department orientation.”

This same pattern of gathering information, sharing it and doing something with it shows up in how better performers conduct and use patient satisfaction surveys. They understand that if you want to build a truly patient-focused practice, you need to empower everybody with timely information about the patient’s perspective.
“If you want a successful relationship with your physicians — if you want to develop the kind of relationship with the physicians that engenders trust and confidence — transparency is a must.”

That statement, written by Kenneth Hertz, principal consultant, MGMA Consulting, in a recent article, is true for the relationships with and between all of the people of the practice. Information transparency in better-performing practices reflects a deeper belief in the importance of open communication in a culture of excellence.

When asked, “What are the most important tactics your practice has implemented to achieve better performer status?,” many responders mentioned improved communication. We also asked them to share their most successful communication strategies, which are summarized in the box on the next page. Most described a focus on two-way communication that helps people feel heard, respected and included. For better performers, though, communication is also highly focused on improvement — and that takes strategic focus.

For more on culture, consider attending one of these sessions at MGMA18 | The Annual Conference:

**B10**
Breaking the Silence: Handling Difficult Conversations
Monday, Oct. 1, 1:30-2:30 pm

**H04**
Extreme Makeover: Office Communication Edition
Tuesday, Oct. 2, 2:45-3:45 pm
FOCUS ON STRATEGIC PROGRESS

“If you don’t know where you’re going, you might not get there.” Yogi Berra knew a thing or two about being a better performer: By the end of a baseball season, winning was all about setting and achieving goals, for each player and for the team.

Better performers battle an overwhelmed, in-the-weeds mentality — the belief that there is not enough time to focus on all of the right improvements — with a sustained focus on strategic progress. They establish a vision, a strategy and goals, and those goals help them prioritize their efforts and resources while also juggling the daily operations of the practice. With focus, they make progress over time — often incremental, sometimes radical — that translates into better performance.

A strategic plan is important, but it has to be an active plan. Better performers consistently revisit their strategy to make adjustments — either to the goals or to their plans for achieving goals. As Yvette Doran, MGMA Board chair, wrote in an article for MGMA Connection magazine, “You may be confidently leading a practice with healthy margins and happy physicians, but success is no reason for not keeping up with shifts in the industry and having an open mind for the opportunities that exist.”

The same is true for their financial strategy, or budget. “We rely heavily on our budget and strategic plan to ensure we are keeping pace,” wrote one survey participant.

COMMUNICATION STRATEGIES OF BETTER PERFORMERS

- Monthly meetings focused on information sharing, active listening and collaborative problem-solving
- Committees that are either team-based (such as a nurses committee) or cross-functional that communicate issues and ideas to leaders and bring information back to teams
- Monthly newsletters or email updates to share how the practice is progressing on key goals and other important news
- Daily or weekly “huddles” of 15 minutes or less to catch up on immediate priorities and reconnect as a team
- Consistent and immediate email communication about changes within the practice
- Regular face-to-face communication, especially “management by walking around”
- Specific and regular cross-functional or team meetings devoted to improvement, such as revenue cycle, operations efficiency or patient intake

For more on creating and executing a powerful strategy, consider attending one of these sessions at MGMA18 | The Annual Conference:

B02
Chaos to Clarity: Developing a Strategic Plan for Your Medical Group
Monday, Oct. 1, 1:30-2:30 pm

G01
Monetizing Quality with Strategic Plan Alignment
Tuesday, Oct. 2, 1:30-2:30 pm

K08
Strategic Options for Orthopedic Groups
Wednesday, Oct. 3, 8:15-9:15 am
BETTER PERFORMERS HAVE ANNUAL BUDGETS AND REGULARLY ANALYZE THEIR PROGRESS

- **Has an annual budget**
  - Better performers: 97.7%
  - All practices: 94.3%

- **Conducts financial analysis at least monthly**
  - Better performers: 87.2%
  - All practices: 84.3%

BETTER PERFORMERS REGULARLY REVISIT THEIR ORGANIZATIONAL STRATEGY

- **At least monthly**: 27%
- **Every few months**: 18%
- **Few times a year**: 36%
- **Yearly**: 9%
- **Every other year**: 9%
- **Other**: 9%
The focus on executing strategy shows up in small and large ways in better-performing practices. The box at right lists some of the strategic shifts survey participants raised as critical to their success. **A dominant theme across a host of questions was close, regular monitoring of performance against the plan or budget,** especially relying on data, analytics and benchmarking. Among participants surveyed, 54.5% made improvements in analytics and reporting, and 45.5% made improvements in benchmarking. And when asked about the most important tactics for achieving better performance, responders shared ideas like “significant investment in analytics,” “creating a strong relationship between analytics, administration, operations and the physicians,” and “benchmarking is incorporated into financial review.”

Better performers seek out insight into their own performance that they can use to keep their strategy on track. They align their day-to-day improvement efforts with that strategy. With regular adjustments and steady effort, they apply Jim Collins’ **flywheel concept** — their efforts and improvements compound over time and turn the flywheel faster and faster.

### 11 WAYS BETTER PERFORMERS USE STRATEGY TO SUCCEED

1. Establish metrics and goals for teams to maintain performance and accountability.
2. Assess compensation models to retain top talent.
3. Revisit vendor contracts for cost, value and strategic alignment.
4. Invest in appropriate technology.
5. Regularly assess costs and reduce them wherever and whenever possible.
6. Revise and integrate systems and processes that support the entire practice or group, particularly revenue cycle management, billing and collections.
7. Increase patient access and engagement with cross-departmental strategies.
8. Develop standard work and implement it across teams and practices.
9. Tie incentives to goals.
10. Adjust schedules, operating hours and staffing to achieve goals.
11. Focus on efficiently reporting key metrics, quality measures and population health metrics, and then benchmarking to identify new strategic opportunities.

For more on performance analytics, consider attending this session at MGMA18 | The Annual Conference:

**E01 Business Intelligence: Giving Analytics Meaning**
Tuesday, Oct. 2, 8:00-9:00 am
BETTER PERFORMERS USE THESE MGMA DATADIVE REPORTS FOR BENCHMARKING

COST AND REVENUE
- Staffing per FTE physician
- A/R, collections, payer mix, practice data
- Productivity per FTE physician
- Productivity per FTE provider
- Expenses per FTE physician

PROVIDER COMPENSATION
- Total compensation
- Work RVUs
- Compensation per work RVUs

INVEST IN IMPROVING OPERATIONS

“We are constantly evaluating our processes and looking for improvement opportunities.”
That one sentence from a better performer says worlds about the mindset and culture of these practices. As another wrote, the practice focuses on “continual monitoring of all phases of operations.” Better performers are systematic about improvement — they invest time in the effort, they invest resources, and they maximize the tools and information available to them.

One of the biggest considerations in operation improvements for practices is technology. Depending on the article you are reading or the day of the week, technology is either the downfall or the savior of modern medicine. Better performers see it as a tool that if used well can help them streamline operations; improve communication with staff, providers and patients; boost patient engagement and compliance; and deliver better insights. The majority of the survey participants had recently invested in new technology.
Better performers also work to get the best return on their available tools. Many mentioned making better use of the technology and software they already had, sharing tactics like:

- “Loaded coding instructions within the practice management system to increase number of clean claims”
- “Online patient forms integrated with appointment reminder system”
- “Utilized new features our practice management system offers to provide better patient care and access to information to help with revenue cycle processes”

Better-performing practices balance a focus on technology and tools with a focus on people. First, they invest in the people of the practice. “Operations,” they know, aren’t just procedures, systems and practices. They are human activities driven by human skills, talents, insights and effort. Improvement in operations requires improvement by individuals, and that requires education and motivation. Many better performers mentioned budgeting for and offering education and training for staff, often role-specific but also cross-training to both better support practice operations and to help people grow in their careers.

Better performers also encompass patients in everything they do, and efforts to steadily improve the patient experience shine through in survey responses, whether practices are investing in a patient portal, focusing on getting more patients in for their wellness visits or increasing access with longer hours. Patient engagement is a universal issue in healthcare, especially in the transition to value-based payment approaches. It has to be a focus of operations improvements.

Improving operations in a sustainable way requires balance, and when that effort is balanced, it supports a positive, patient-focused culture.
Nothing we’ve shared in this report is unattainable by any practice, whether it’s the results of pursuing excellence or the focus, effort and investment to get there. It simply requires a purposeful approach to improving the right things — culture, strategy, operations. With steady progress, anything becomes possible.

For more on improving operations and efficiency, consider attending one of these sessions at MGMA18 | The Annual Conference:

**A08-E**
Beating the Benchmarks:
Better Results with Practice Operations Data
Monday, Oct. 1, 11:00 am-12:30 pm

**C03-E**
Access Optimization:
10 Steps for Meeting Patient Needs
Monday, Oct. 1, 3:00-4:30 pm

**I07**
Change Management for Practice Leaders:
Models for Team Engagement, Success
Tuesday, Oct. 2, 4:00-5:00 pm

**I09**
Should I Stay or Should I Go:
EHR Optimization Decision-Making
Tuesday, Oct. 2, 4:00-5:00 pm
ABOUT THE DATA

This report relies on data and insights from multiple sources.

The 2017 MGMA DataDive Better Performers data set was evaluated among 2,941 groups; 676 of those groups were considered better performers in at least one of four categories — operations, productivity, profitability and value — and only 32 of the groups achieving the final designation in three or four categories. Beginning with the 2017 data set, better-performers data is reported across multiple MGMA surveys, including the Practice Operations Survey, Cost and Revenue Survey, Management and Staff Compensation Survey and Physician Compensation and Production Survey. Participation in multiple MGMA surveys was required in order to be considered for better-performer status. MGMA Better Performers data was first created in 1999.

2018 MGMA DataDive Better Performers data will be available in October 2018; see mgma.com/bp for more information.

Many of the comparisons between better performers and all other practices were drawn from the 2017 MGMA DataDive Practice Operations Survey data set. Financial comparisons were primarily drawn from the 2017 MGMA DataDive Cost and Revenue Survey data set.

The qualitative research was conducted via an online follow-up survey sent to 133 practices that achieved better-performer status in the 2017 data set, of which 33 responded.

MGMA Stat is a weekly national poll that addresses medical practice management topics, the impact of new legislation and related issues. Participation is open to all healthcare leaders and varies by poll. The culture poll was conducted on April 10, 2018, and received 1,389 responses.