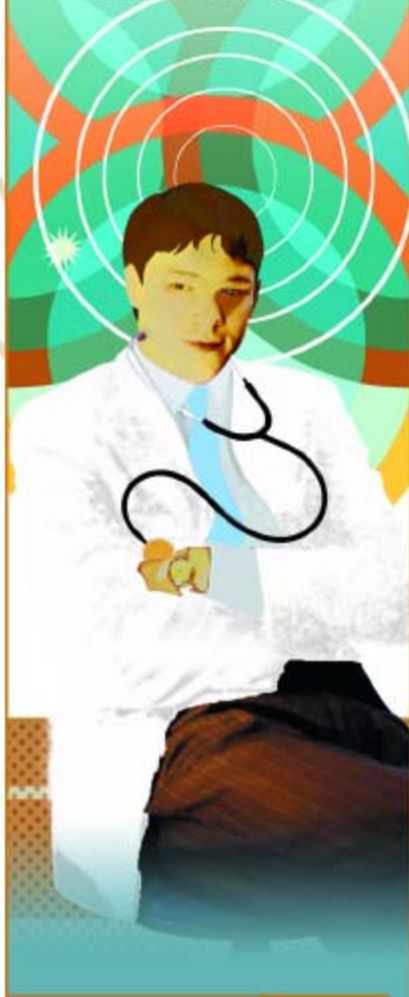




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## LEARN FROM EXPERIENCE

### Is My Self Managed Billing Office Overstaffed, Overpaid and Underperforming?

I know that I tend to see more cases on one end of the scale than the other because of my profession, but my sense is that if you are even asking the question, then the answer is probably "yes". I would go so far as to say that most radiology group managing partners would admit to themselves that their office is overstuffed, but the cure is worse than the pain. Remember that Medicare allowances (and likely managed care allowances) are scheduled to decrease 5% per year for the next 5 years. Let's just see if that position is sustained as income gets tighter.

A reasonable benchmark to determine if you are overstuffed is the ratio of FTE billing staff to FTE physicians. That ratio should be about one to one including all management for a small practice. If the group has over 10 members, the ratio drops to .8 billing FTE's per reading FTE and to .7 if over 20.

How did you end up being overstuffed weighed against these ratios? Any sequence of events that lead to this status was most likely due less to lack of management discipline as it was to failing to keep up with technological and outsourcing opportunities. That's good news for you because these solutions are well tested and provide benefits that exceed just that of trimming your staff. You will need outside help to implement these improvements, but the benefits easily make it worth the investment.

The other reason you may be overstuffed is because your Business Manager grew with the job, had no formal business training, "loves" her staff, and nobody has challenged her requests for additional staff. Telltale signs of offices like these are Manager References to "floaters", "part timers", "seasonal staff", "trainers", "every staff

member knows every job in the office", and most everyone having a "title". Unfortunately, these offices have the most overpaid staff. Reengineering these offices is very difficult. Most practices in this situation are best served by hiring a billing agency which affords both the technical advantages and the proper staff yielding nothing short of a windfall of revenue for the practice prompting the partners to ask, "Why didn't we do this years ago?"

In addition to the aforementioned, another indicator of an office staff being overpaid is lack of attrition. If you get every prospective employee you want, you are overpaying. If your staff employed between one and ten years does not turn over in number every five years, you are overpaying. Unless your practice has grown substantially, most everyone working for you over 10 years, with the possible exception of the manager, is overpaid. Yes, I know turnover is expensive, but overpaying is a negative annuity with the only benefit being not dealing with turnover. 95% of the work your billing staff does is just not that challenging. Speed, accuracy, and overall competency are achieved in two to three years. After that, you are just paying more for the same productivity and the avoiding the hassle of turnover-not a good return on investment.

So compare your self managed billing staff count to the above benchmarks. If you are overstuffed and/or overpaying, consider whether that bothers you. If it does, don't let it eat at you. Make a plan to "stop the bleeding" today.

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