

Controlling Overhead Costs

If it's been a while since you took a good look at your practice's overhead costs, you may be missing out on opportunities to boost profitability. Here are some key areas to scrutinize.

Staffing

Your biggest expense is probably the cost of staffing your practice. There are several ways to keep staffing expenses in check. Start by reviewing how well skills and duties are aligned from the standpoint of staffing costs. For example, having medical assistants take vital signs and update histories will free up higher paid RNs for higher level functions. You may be able to trim expenses -- and improve efficiency -- by using part-timers for filing and other clerical duties.

Overtime

Take a look at how much overtime the practice is paying. Staffing crunches caused by vacation and sick leave are typically unavoidable. But if completing the daily workload at your practice routinely requires overtime, staggering shifts may give you better coverage and keep overtime to a minimum. Another way to ensure you have extra coverage during busy times is to encourage cross training so staff members can perform each other's jobs and fill in as needed.

Compensation

Pay and benefits may vary considerably from one location to another and even from one practice to another. If your pay scale is low, it may drive up the rate of employee turnover. On the other hand, paying above-market rates can inflate your overhead unnecessarily. Find out what other local physicians are paying or get wage and benefit data from your medical society or chamber of commerce to use as a benchmark when you are making compensation decisions.

Supplies

Medical and office supplies are another cost center. In a busy practice, it may be easier and quicker to keep ordering from the same familiar sources without regard to cost. However, you may be missing out on opportunities to significantly trim expenses. Choose several of your practice's "high-volume" items and find out how much other vendors and online suppliers are charging. Then, see if you can negotiate lower prices with your current suppliers, consolidate orders with fewer vendors, or switch to new suppliers to save money.

A review of overhead expenses may take time, but the net result could be significant savings.