

SUBSCRIBE TO THE  MDNEWS E-NEWSLETTER

HOME | NEWS | VIDEO | CAREER CONNECTION | MAGAZINE | CONTACT US |    

 SEARCH

Named Among the Best 100

AHA Recognizes Presbyterian Hospitals for Heart Attack Care

Effectively Using Your Medical Office Space

# Health Care Execs Focused on Reform, Worried About Revenues

Share | RSS Feed

Friday, November 30, 2012

Filed under: [Practice Management](#)

## Key Findings From Margolin, Winer & Evens LLP, Trusted Advisor to the Healthcare Community Since 1946

The U.S. Supreme Court decision on the Patient Protection and Affordable Care Act grabbed headlines around the country recently. Not surprisingly, it's also on the minds of health care executives across the country. In a recent survey<sup>1</sup> of 500 C-level executives conducted by Margolin, Winer & Evens LLP, respondents' indicated their most significant economic concerns are health care reform, followed by Social Security, Medicare and Medicaid reform.



Unlike survey respondents in other industries polled by Margolin, Winer & Evens LLP, health care executives have a more pessimistic outlook for their industry over the next year. Very few respondents (fewer than 20%) believe revenues will increase.

Respondents expect the rate of mergers and acquisitions will rise within the industry. However, unlike other industries — where consolidation is frequently seen as an indicator of the industry's growth and maturity — in health care, many business owners and, in particular, physician practices, see consolidation as a reactive and necessary move to control the ever-rising costs of doing business.

When it comes to their businesses, health care executives are most concerned about revenue, reimbursement rates and cash flow. Unique to many health care providers is they primarily receive payment from insurance companies and government entities, rather than users (i.e., patients).

As these third parties increasingly squeeze reimbursement rates, executives are scrambling to turn a profit.

"Physician practices are facing an especially difficult reality," notes Al Materazo, head of Margolin, Winer & Evens LLP's health care practice. "They're working the same hours, but their revenues are steadily going down, and what they are taking home in compensation is in some cases half of what it was five years ago."

Ultimately, the physician will have to work much longer hours to earn the same compensation.

"This is due primarily to lower reimbursement rates," Materazo adds. "In response, they're trying to cut expenses, but they have to be very creative because they still need to see a certain volume of patients to remain profitable."

In light of this reality, it is not surprising that the majority of physician practice respondents expect their gross profit margins to stay flat (more than 60% of respondents) or decrease (nearly 20%). Profit enhancers are particularly important to this group, with nearly three-quarters indicating the need to optimize cash flow management (including billing receivable controls) and reduce insurance costs (for example, by increasing deductibles and/or utilizing captive insurance).

"Physician practices should consider having a practice management review performed to identify

Categories | Specialties

- Accounting/Economics
- Appointments
- Case Studies/Studies
- Charity Care
- Clinical Trials
- Conferences
- Continuing Education
- Ethics
- Future of Health Care
- Legal
- Legislative
- Medical Devices
- Medical Facility News
- Politics
- Practice Management
- Profiles
- Regulatory & Compliance
- Risk Management

areas where collections can be increased and expenses reduced," Materazo says.

He adds that in the face of lower reimbursement rates and rising costs, many physician practices are merging into larger practices or sacrificing an ownership stake to become part of a hospital.

"Hospitals, in particular, can negotiate higher reimbursement rates, so these kinds of mergers become an attractive option for many physicians," he says.

When it comes to their personal finances, more than half of health care executives have not considered any of the most common strategies to deal with the increasing federal income tax rates for 2013. Nor have they considered the most common techniques to mitigate effects of the estate tax, which could rise dramatically in 2013.

Margolin, Winer & Evens LLP's Healthcare Services Practice Group offers medical practitioners a team of skilled professionals experienced in the field of modern practice management. MWE's mission is to increase practice profitability by improving revenue flow and enhancing operational efficiencies.

*Reference*

1. Margolin, Winer & Evens LLP. "2012 Executive Survey." June – July 2012.

Technology  
Treatments & Techniques

OPINION POLL

**A recent medical university study found having a double mastectomy when cancer is found in only one breast does not reduce the risk of breast cancer recurrence in the three-fourths of patients. Should the practice be allowed?**

- Yes. Cancer patients have the right to decide for themselves if the procedure is right for them.
- Maybe. When women have the BRCA-1 or BRCA-2 gene mutation, personal history or strong family history of breast or ovarian cancer, the procedure should be an option.
- No. This practice is unnecessary and should not be allowed.

[VIEW RESULTS](#)

**Previous Poll:**

*In February 2012, Congress put its 14th patch in 10 years on the flawed Medicare reimbursement system. The "Doc Fix" is scheduled to expire in January 2013, and reimbursement could decline by nearly 27%. How will Congress handle it this time?*

**61%** Exactly the same as before. They'll suspend the decreases and postpone dealing with it.

**28%** They'll let it go into effect, and physician Medicare reimbursements will decline.

**11%** They'll work to fix it. The flawed SGR can't be put off anymore.

COMMENT ON THIS ARTICLE

Name  Email

Comment

Stay up-to-date with the latest medical, business and practice-management news. [Subscribe to the MDNews.com E-Newsletter](#)