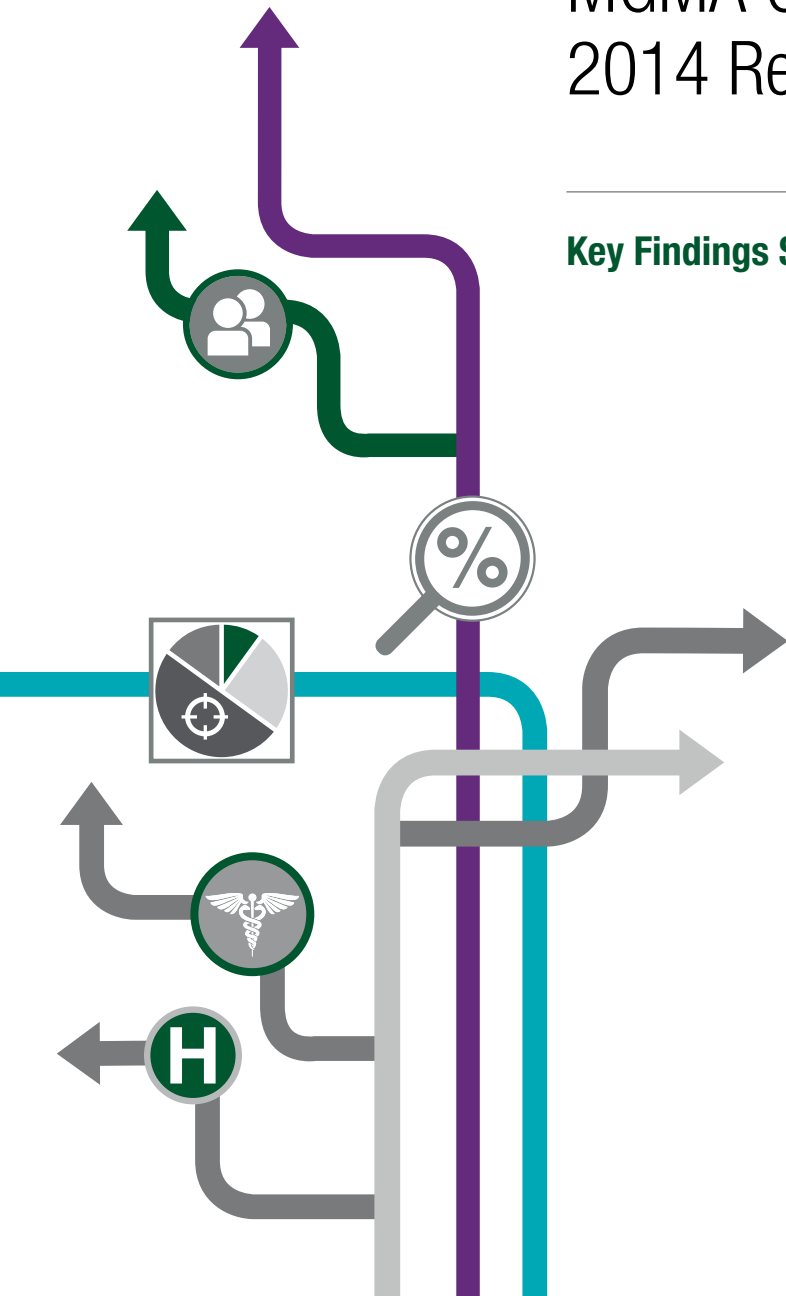




MGMA Cost Survey: 2014 Report Based on 2013 Data

Key Findings Summary Report



MGMA Cost Survey: 2014 Report Based on 2013 Data

Each year, MGMA surveys its members and nonmembers to obtain the most recent cost and revenue data. This year's survey remains the industry leader for benchmarking data, representing

2,518 groups.

The Data Solutions staff reached the following results and conclusions by historical and current-year trend analyses. These analyses provide insight on factors that influence cost and revenue measures. The median is used in the analysis, and the report reflects data submitted for the 2013 fiscal year.

Key Findings

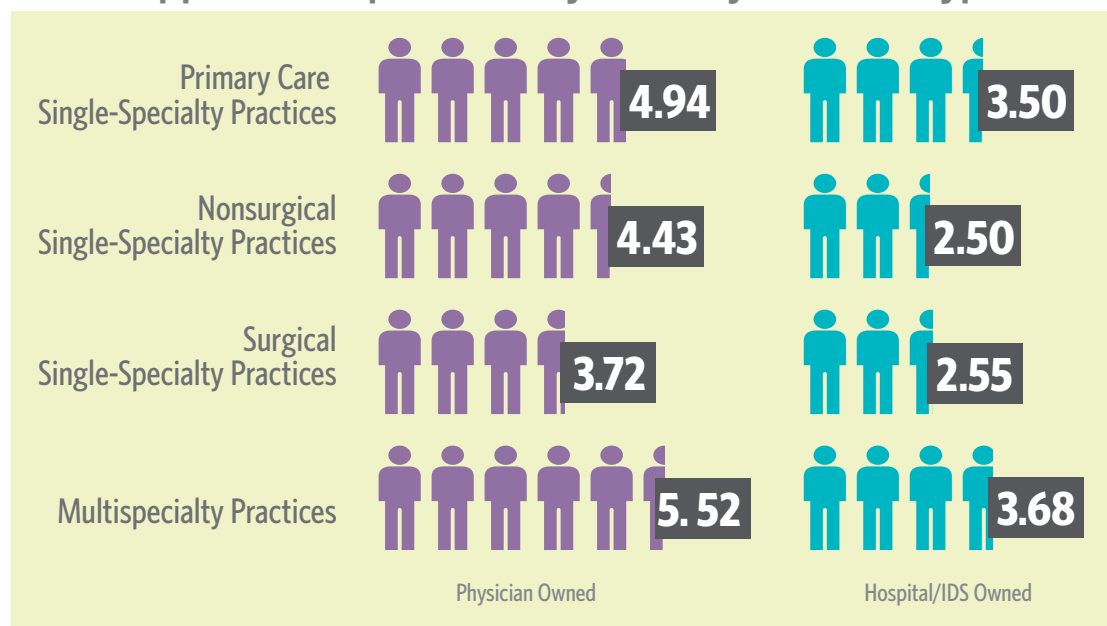
- **Primary Care** practices have **2,505 patients** per FTE physician and **spend \$265.21 per patient** in total cost.
- **Nonsurgical** practices have **1,507 patients** per FTE physician and **earn \$349.14 per patient** in total medical revenue.

Factors Influencing Cost and Revenue

Practice Ownership Plays a Role in Practice Size

Physician-owned practices have more total support staff per FTE physician than hospital/IDS-owned practices, regardless of practice type. The largest variance occurs in **Nonsurgical single-specialty** practices with **1.93 more support staff** per FTE physician in physician-owned practices. The **lowest variance occurs in Surgical single-specialty** practices with just **1.17 more total support staff** per FTE physician in physician-owned practices.

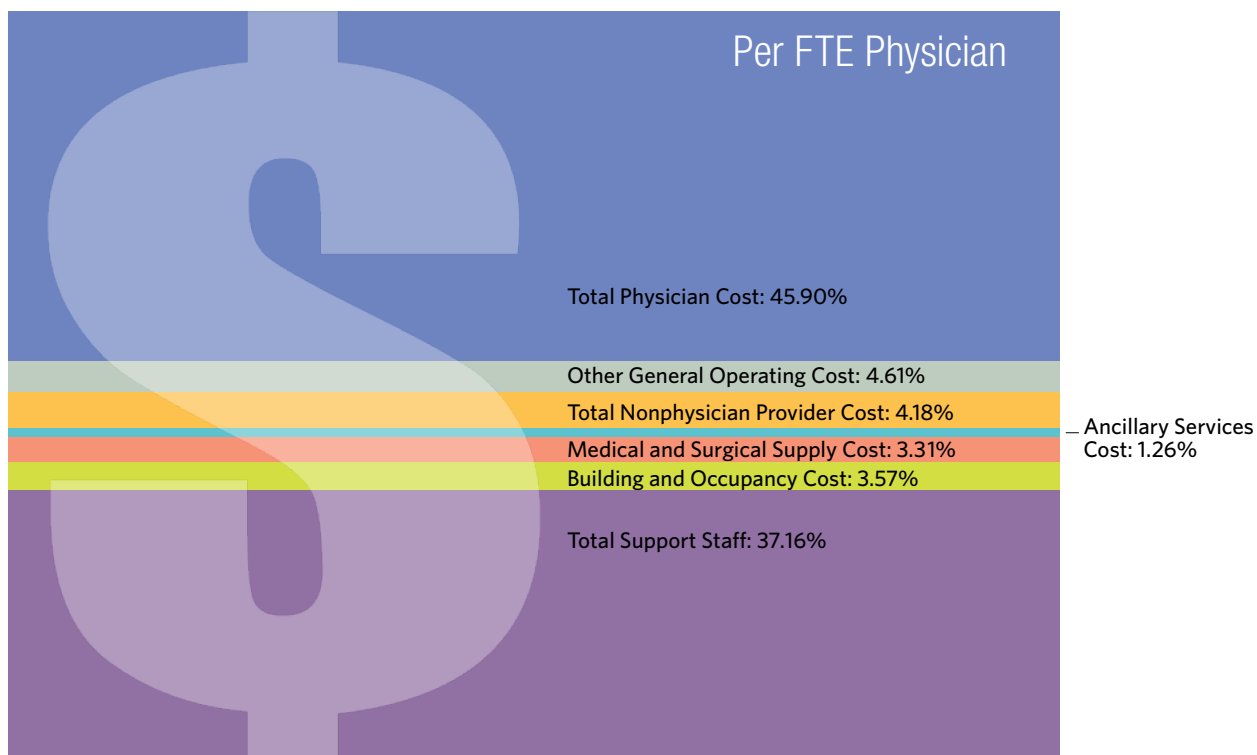
Total Support Staff per FTE Physician by Practice Type



Personnel Costs are the Bulk of Total Costs

Total physician, total nonphysician provider, and total support staff costs alone **represent over 85% of the total practice costs in Multispecialty practices** (45.90%, 4.18%, and 37.16%, respectively). **Building and occupancy** and **medical and surgical supply** costs represent just **under 7%** of total costs, and **ancillary services** costs is just **1.26% of total costs**.

Cost Categories as a Percentage of Total Cost for Multispecialty Practices



Key Findings

- ➔ **Multispecialty** practices **collect 56.64% of their accounts receivables** in the **first 30 days**.
*Mean is used with A/R data.
- ➔ **Primary Care single-specialty** practices have a **higher adjusted FFS collection percent** than Surgical and Nonsurgical single-specialty practices (96.56%, 93.58%, and 94.87%, respectively).
- ➔ **Multispecialty, Primary Care only, physician-owned** practices have \$3,427 per FTE physician in **net income**.

Payer Mix Varies Little across Multispecialty Practices

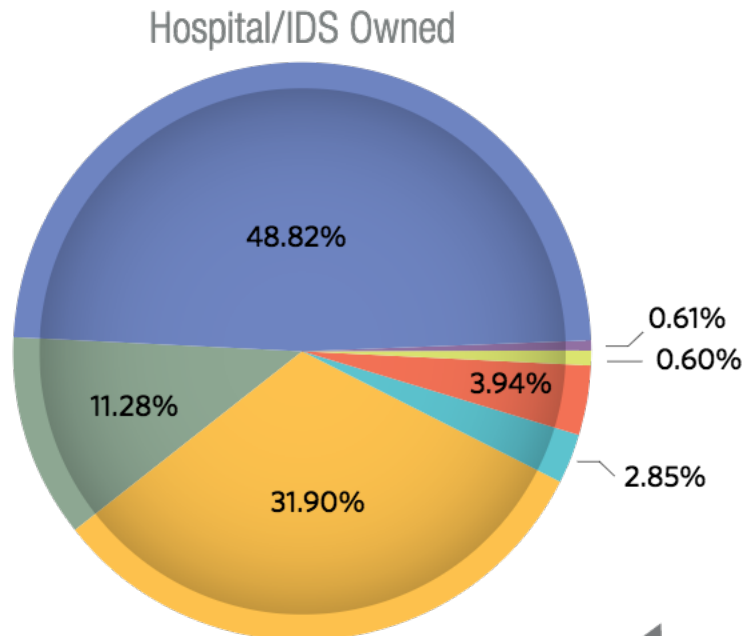
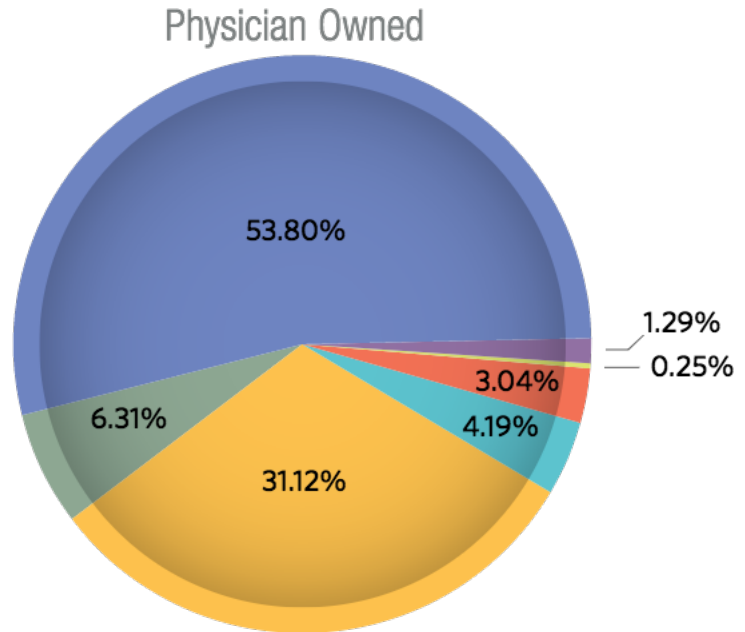
Payer mix for Multispecialty practices, regardless of whether they are physician-owned or hospital/IDS-owned, have similar makeups. In **physician-owned** practices, **commercial payers compose 53.80%** of charges, while **government payers** make up only **42.91% of charges**.

In **hospital/IDS-owned** Multispecialty practices, **commercial payers compose 48.82%** of charges, while **government payers** make up **nearly the same with 46.64% of charges**.

Payer Mix Gross Charges, All Multispecialty Practices

*Mean is used with Payer Mix data.

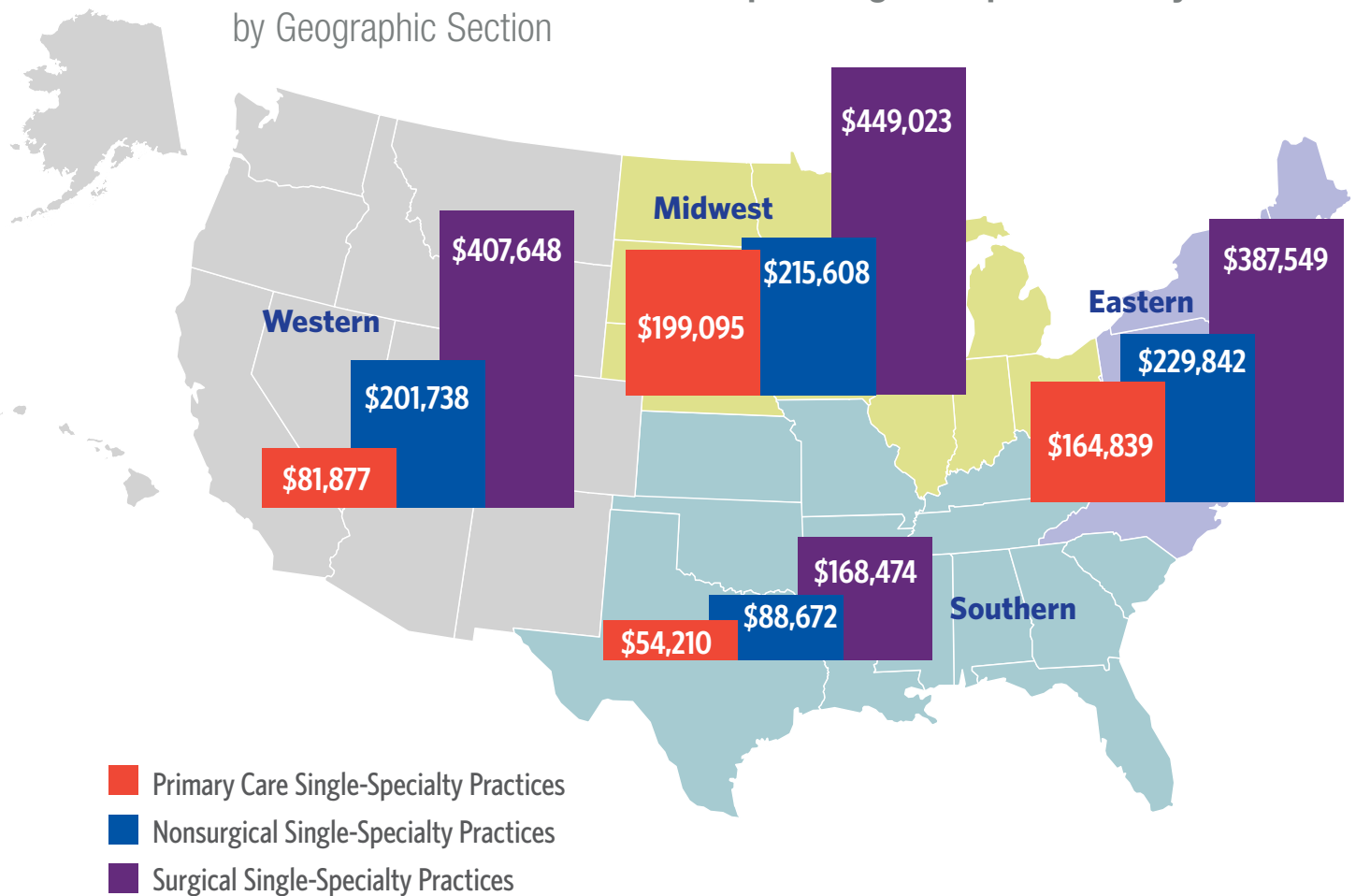
- Commercial
- Workers' Compensation
- Charity Care and Prof Courtesy
- Self-Pay
- Other Government Payers
- Medicare
- Medicaid



Geographic Section Plays a Role in Total Medical Revenue after Operating Cost

Both practice type and geographic section play a role in total medical revenue after operating cost. **Primary Care and Surgical single-specialty** practices in the **midwest** earn almost four times more than their counterparts in the southern section. **Surgical single-specialty** practices earn more in each of the geographic sections than **Primary Care and Nonsurgical** single-specialty practices. Total medical revenue after operating cost doesn't account for physician compensation costs.

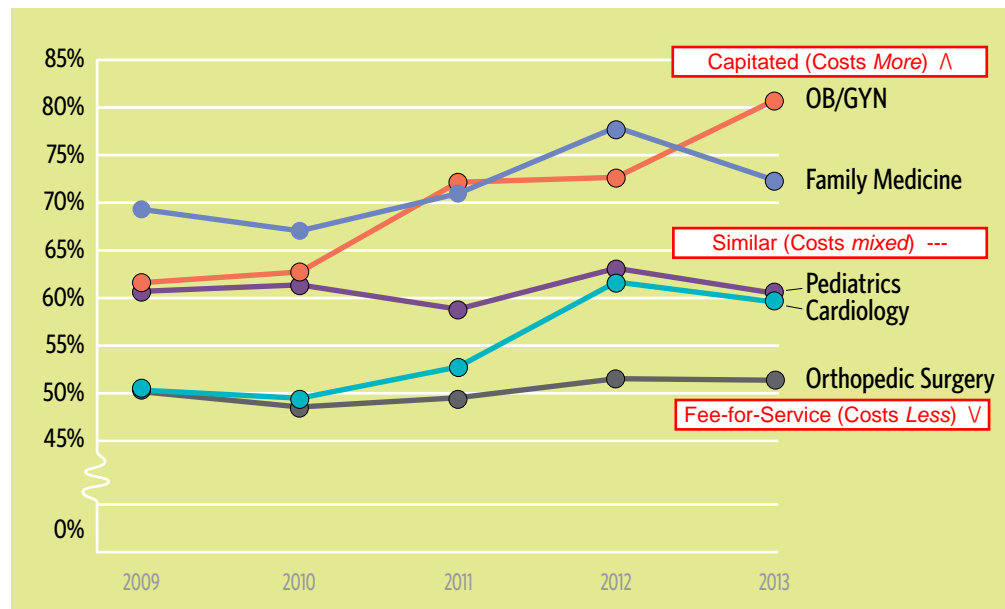
Total Medical Revenue After Operating Cost per FTE Physician by Geographic Section



Total Operating Cost as a Percentage of Total Medical Revenue Trends Vary across Specialties

Total operating cost as a percentage of total medical revenue has remained fairly **stable for Orthopedic Surgery** through the last five years. **Cardiology, Family Medicine, and Pediatrics** report a **decrease** in total operating cost as a percentage of total medical revenue **from 2012 to 2013** (2.10%, 5.56%, and 2.62%, respectively), while **OB/GYN reports an increase of 8.09%** between 2012 and 2013.

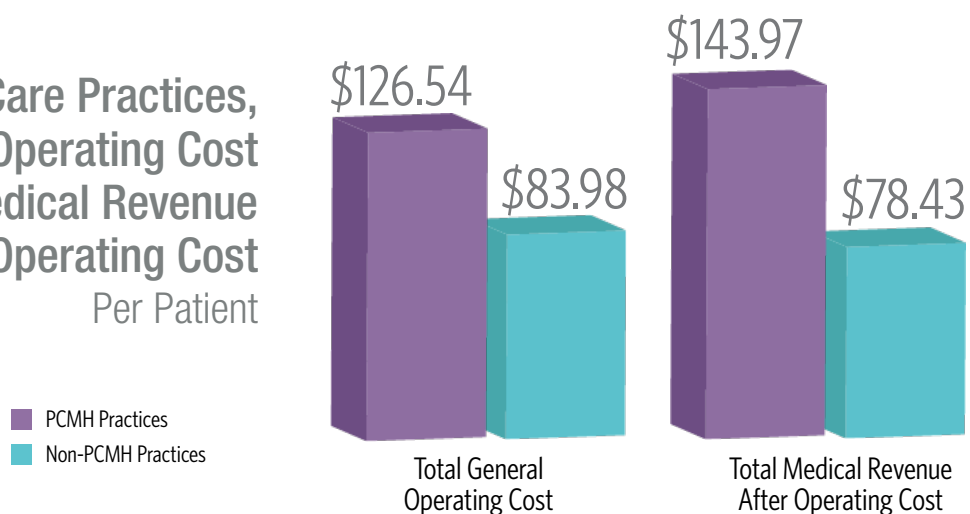
Total Operating Cost as a Percentage of Total Medical Revenue Per FTE Physician



PCMH Practices Earn More in Total Medical Revenue after Operating Cost than Non-PCMH Practices

Patient centered medical home (PCMH) practices spend **\$42.56 more per patient** in total general operating costs than non-PCMH practices, **but earn \$65.54 more per patient in total medical revenue after operating cost**.

All Primary Care Practices, Total General Operating Cost and Total Medical Revenue After Operating Cost Per Patient



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