

Healthcare Banking Bulletin

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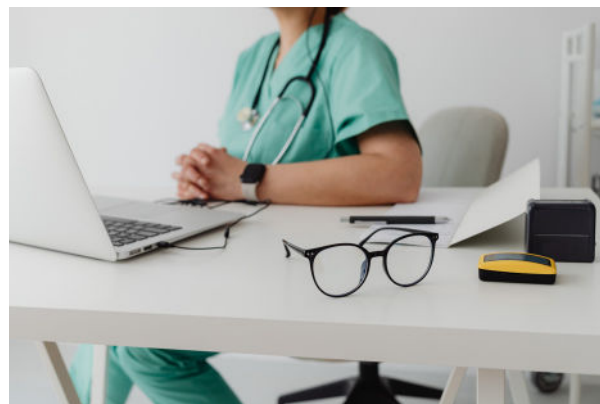
Prepare for End of Year A Five-Part Series

For the next five months, we are going to drill into the key areas to tackle before the end of the year including: budgeting, review fee schedules, insurance reminders, compliance, risk assessments, and celebrating staff.

If you've gone into a grocery store lately then it's likely you've seen Halloween or even Christmas décor. As of the writing of this article, I can confirm it's still August and I can purchase both Halloween candy and Christmas candy at my local supermarket. While it seems rushed the truth is that the end of the year is coming rapidly. Stay with us to set your organization for success in 2024.

Month One: Budget

In some places, this word incites fear, wrath, excitement, or an odd combination of all three. Regardless of which one you resonate with, it is essential that you make budgeting a priority before the end of the year.



The key components for optimal benefit out of budgeting are (1) accurate revenue projections, (2) comprehensive expense analyses, and (3) ongoing evaluation.

Accurate Revenue Projection

Estimate your expected patient volume and the types of services you'll provide. This will help you forecast your revenue based on the average reimbursement rates for the services you offer.

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Prepare for End of Year

Consider seasonal variations and trends that affect patient flow and revenue. The upcoming flu season might create an uptick in patient visits. Factor in patient insurance coverage and understand the reimbursement rates from different insurance providers to accurately estimate your expected revenue.

Comprehensive Expense Analysis

Identify and categorize all your expenses, including fixed costs, variable costs, and one-time expenses. Consider both direct and indirect costs and make sure to account for regulatory and compliance costs, such as licensing fees, malpractice insurance, and any necessary certifications.

To truly prepare, make sure to create a contingency fund to handle emergencies or unforeseen circumstances.

Ongoing Evaluation and Flexibility

Regularly monitor your budget against actual performance to identify areas where you might be overspending or where revenue projections are falling short. Remember that this is a living breathing document so you should be ready to adjust your budget as circumstances change. Healthcare regulations, patient demographics, and economic factors can all impact your budget.

Regularly reviewing your budget and making necessary adjustments will help your medical practice navigate financial challenges and achieve long-term success.

The budgeting process, like all things related to the revenue cycle, should not be performed in a silo. Involve key stakeholders in your budgeting process, including clinicians, administrative staff, and financial experts, to ensure a well-rounded perspective and to foster buy-in for the budget's implementation.

Depending on the size of your organization, consider investing in technology and practice management software to streamline administrative tasks and improve financial tracking. Whenever you can accurately and efficiently automate a process you free up manual effort for other tasks.

CALL TO ACTION: Do you need support with the budgeting process? Give us a call, at Core Bank we do much more than loans and checking accounts. We can help you evaluate your annual budgets and find areas of savings.

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