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Hi, it starts to Weitz. Thank you so much for joining me for this episode of The Private Medical Practice Academy in this episode, I'm going to talk to you about how do you figure out what your capacity is when you start any business. One of the first steps you're going to need to figure out is how much do you need to sell in order to make a profit? This is going to be true, regardless of whether you're starting a medical practice, adding additional services or some other businesses. In any case, the question remains the same. You fundamentally need to understand where is your revenue going to be coming from? So before we get started, I want to recognize the fact that how much you get paid for each service is important.

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And that's why I previously talked to you about understanding the payer mix and how your payer mix may affect your revenue. We'll come back and talk about the financial implications at a later date for now. We're going to put that part of the discussion aside. I want to focus on utilization first. How often will your patient or client be utilizing your service? So if you're starting a medical practice, how often do you anticipate seeing your patients now and understanding that there's going to be some variability, but ultimately we're going to need to make some basic assumptions in this practice. Are you primarily seeing patients in consultation where they are essentially a one and done? What do I mean?

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Well, you see them for the consult, render an opinion and then send them on their way. This would be an example of many sub specialty practices. If so, you need to recognize that you're going to need to have many more patients. Not that you are going to see more patients on any given day, but you are going to need to have a much larger group of people who need your services to draw from, in order to maximize products, activity to that end, I've previously talked to you about catch area and the number of people needing the service you provide just to go over this. If there are a relatively few people who need your services, then you need to be able to draw from a much larger catch area in order to reach profitability.

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Similarly, if there are numerous other businesses offering the same services you are, then you need to make sure that there's enough demand and that the catch area is not saturated. This is going to be true, regardless of whether you're a private practice or whether you're in imaging center or whether you are looking at a physical therapy center, regardless, you need to figure out how many patients am I going to be able to get, how many clients am I going to be able to get? And where are they coming from? But let's go back to talking about how often your services are actually being utilized. Let's say, for example, that you are starting a private practice. How many new patients do you need to see? Remember that when you open your doors, every patient is a new patient.

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This is true. Even if you've previously seen them and they are following you to your new practice first off and not to be Debbie downer, don't make the assumption that every patient that you currently have is going to

follow you to your new place. Second, remember that when you see them as a new patient in your new practice, you need to figure out how long you're going to spend with them. Then you need to figure out how often do you see patients in follow-up and when you see a follow up, how long do you spend with each follow up? This information is going to help you to determine how many people you can see in a day. I want to take a second to point out that this thought process is the same, regardless of whether your starting a practice or you want to start some other business.

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For example, let's say it's an imaging center. You need to understand what studies are you going to offer and how long each study takes. This is going to allow you to determine the capacity for your center on any given day. From there, we should be able to calculate how many patients or clients that you need to see in a week, a month and ultimately in a year. Similarly, let's say you want to add massage. How long does each massage or is it 60 minutes, 90 minutes? Is it a blend? This'll tell you how many patients or clients can be accommodated at any given day. And obviously inherent in this is understanding what hours you propose to be open for whatever business you're planning to run.

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Next. Let's think about how often your services we'll be utilized. As I said earlier, if you're offering only consults, then you have only new patients and you'll need many more of them. This is also true. For example, if you're thinking of starting an imaging center, for example, the person who needs an MRI of their knee probably does not need multiple repeat MRIs of the same name on any consistent basis. In sure. I understand that a patient may need an MRI of a different body part in the future and okay. They may eventually even need a repeat MRI of that knee, but it isn't anything consistent that you are going to be able to factor it.

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Now, let's go back to thinking about a private medical practice. How often do you see a patient and follow up is in part going to be a specialty dependent, maybe you see a new patient and then see 60% of them in follow up at the two week or the four week Mark. And maybe once they're stable, you see them back every three months on an ongoing basis. This may be an example of a specialty clinic. Let's say an endocrinology clinic, or perhaps you're a GYN who doesn't do any Obi. In which case you'll see a significant number of women who only see you on a once a year basis. And then some portion are follow-ups for a specific issue.

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Right you need to look at your current pattern and make some basic assumptions about what you're a new practice is going to look like. Now let's consider the procedure component of the specialty. We can come back and look at the GYN example, or we could look at, let's say, orthopedics, how much of your time is taken up by procedures? And obviously those procedures are being done on people that you've already seen in your clinic setting and who will need a follow up So you need to figure out how often are you seeing

these folks and follow up again. This is going to effect how many people you can see on any given day and what it takes you to get to being at capacity, or let's say you want to add psychological services.

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Then the client or a patient is usually seen on a weekly basis, but this does not go on indefinitely. Usually there are seen on a weekly basis for 12 to 16 weeks, or maybe you're thinking about starting a physical therapy clinic. How often are those patients seen and for what period of time, or maybe you want to add massage, in which case people come in once a week, every other week, maybe once a month, again, you're going to need to make some basic assumptions. When you're trying to figure out how many patients or clients it's going to take to make you reach your capacity.

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So you have now listen to this whole thing in thought to yourself, where am I going to get this information from? The answer is your sitting on it, look at your existing schedule to figure out how many new patients you see, how long it takes you to see them. How many follow ups you see a day and how long you spend with each one, lets say that you want us to start a physical therapy center or you want to add massage or a psychological services to your existing practice. How do you figure that out? We'll just look at your referrals. I know that when I send somebody to physical therapy, I send them three times a week for X number of weeks.

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From there, you can back into the utilization. So why are we going through this exercise? Because you need to figure out how many people you need to reach capacity, regardless of what business you are starting. You're going to need to figure out what your ramp up looks like. And from there we'll ultimately need to assign a dollar value to each service that you are going to provide in order to come up with your financial projections. Ha I told you what, we're going to come back to talking about money. Okay? So you've listened to this whole thing and now you're thinking to yourself, wait, I thought she was going to tell me how many patients do I need in order to be at capacity? Well, the answer is, it depends.

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It depends on what services you're providing. And it depends on a whole bunch of other variables as I've outlined for you. But to give you the down and dirty or a family practice physician, the average Panel size is anywhere between 1200 and 1900 patients, obviously for a specialist, that number is going to be significantly higher. There is a very simplistic formula that I've included in the notes below Panel size, which is basically the available pool of patients or clients who were going to utilize the service. Time's the visits per patient per year is equal to visits per provider per day times.

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The number of days worked per year. So for example, if a physician provides 20 visits per day, 220 days per

year, and the patient population average is to visits per patient per year. Then the ideal Panel size would be 2200. I just want to reiterate to in closing that this is really a back of the envelope approximation, it does not take into consideration how many hours you want to work in a day or how many hours you're a business will be open or it doesn't take into account variabilities in payer mix and how much money you want to make.

0 (10m 1s):

And it certainly doesn't take into consideration the variability in terms of how many patients you can actually see in any given time period. And it certainly does not take into consideration differences in office visit length or how much procedure time you're gonna be out of the office and things like that. Thanks for joining me, be sure to sign up for my newsletter below and I'll be sending you tips on how to start your practice best run your practice, grow the practice, and then ultimately be able to leverage your medical practice into multiple other businesses.

0 (10m 41s):

I hope to see you soon.