

# The Facility's Role in Office Economics: The Bottom Line

Richard C. Haines, Jr.\* and Larry R. Brooks†

**T**he object of medical practice is to deliver services in a timely manner. To prosper in the current environment, clinicians must stress productivity and efficiency. This article discusses the impact of office space configuration on these factors. Not only is profitability increased, satisfaction improves as providers can spend more face-to-face time with patients, and waits are reduced.

**Key words:** Medical office space; medical practice productivity; medical practice efficiency; medical office space configuration.

You practice medicine. Your ability to do this relies on your ability to run a “profitable” business. Often, in medicine profitability is treated as a dirty word, but consider what happens if you are not profitable:

- You cannot stay in business and are therefore not able to make your knowledge, skills, and intellect available to your patient community.
- You cannot support your family.
- You don't have the discretionary income to buy equipment to serve your patients.
- Having a profit is fundamental to the well being of your patients and your family.

Look at the profit and loss statement of your practice, or any business for that matter. They all break down into the same categories. We refer to this as the Fundamental Equation:

$$\text{Income} - \text{Expense} = \text{Net Income}$$

The object of any business is to drive up net income. This can be done in two basic ways: increase income or decrease expenses—or both.

To understand how you can influence these variables in the interest of your practice, a couple of definitions are in order: *productive* is the ability to produce, be generative, creative; *efficient* is functioning effectively with the least waste (of time or effort)

It is important to recognize the fundamental difference between productivity and efficiency. Each plays a role in maximizing net income.

To drive up income, productivity comes into play. It is necessary either to add new capability or to increase the volume of: physician production, billable tasks/tests, and ancillary services.

To drive down expenses, efficiency comes into play. It is necessary to lower: salaries, rent, equipment costs, and consumable costs.

It is difficult to drive up productivity without looking at ways to be more efficient. Helping the doctor be more efficient frees up time to see more patients, thus increasing that doctor's productivity.

Efficiency by itself does not necessarily increase productivity. Helping a billing clerk be more efficient does not raise the practice's productivity base—it does not generate more revenue. It is desirable, however, to help that billing clerk to be as efficient as possible—perhaps getting the job done with one less billing clerk (thus holding down expenses and increasing net income).

***Help the staff be more efficient by giving them the communications systems they need. This will allow more work to be done better by fewer people.***

It is important to be critical of how your practice does things. It needs to drive up income by helping the doctor be more productive by being more efficient. This may require the addition of staff. While the expense side of the practice may go up, if it is outdistanced by the increase in the income side, then the addition of staff is warranted.

Use communications systems. Nothing gets done while staff is walking around the office. Help the staff be

\*President, Medical Design International; 2100 East Exchange Place, Suite 400 Tucker, Georgia 30084; phone: 770-939-7950; fax: 770-939-7522; Web site: [www.mdatlanta.com](http://www.mdatlanta.com). † Senior medical planning consultant, Medical Design International (same as above).

Copyright © 2005 by Greenbranch Publishing LLC.



job done with fewer staff members. Let's look at each of these opportunities.

**Fewer Square Feet.** This can be done by building only what is really necessary and by using space efficiently when it is built.

**Use the space you build intensively.** If each doctor is in the office only some of the time, then organize the doctor access schedule to minimize peaks and valleys. If a four-doctor group averages six half-days per doctor per week in the clinic, then all the doctors' needs can be met with no more than three doctors in the office at once. Build for three, not four.

***If each doctor is in the office only some of the time, then organize the doctor access schedule to minimize peaks and valleys.***

For many practices the doctor's personal office is a "vestigial organ." If it is a place to gather junk and plop mail, consider developing a "bullpen" where all the doctors have a dedicated work area within a larger room.

**Organize your hallways so they are double-loaded.** Approximately 25 to 30 percent of your entire office space is consumed by hallways. Double-loading means putting rooms on both sides of the hallway, not just one (Figure 5).

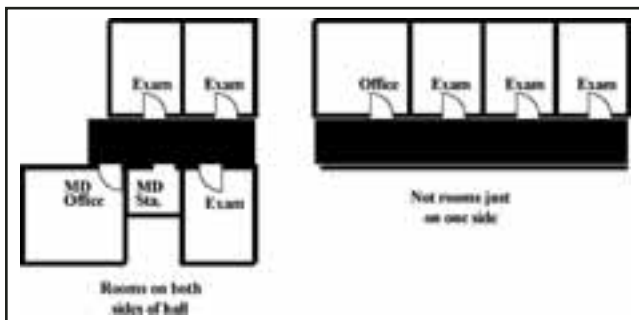


Figure 5

## Fewer Staff

Space can help you operate with fewer staff members—or at least keep from adding more staff. How? By keeping the staff from excess walking. Nothing constructive gets done while walking, so keep it to a minimum. When the staff is walking, they are not near their workstations and therefore inaccessible to their colleagues (and doctors).

To eliminate excess walking, consider the following:

- Break up waiting rooms so patients wait nearer their doctor, and thus the nurse can get them into an exam room more quickly. Try to gauge the optimal waiting space that you will need. Keep in mind that exam rooms can serve as waiting space. Still, it is better to err on the side of slightly excess space rather than be short and have folks stand in the hall even temporarily.
- Have the nurse station at the front of the doctor/patient hall, so the staff has easy supervision of the exam hall.
- Use sub-waiting areas to hold patients between one service in the office (such as the exam) and another (such as an x-ray).
- If your staff does diagnostic tests, have enough diagnostic rooms so the staff does not have to wait for one test to finish before the next can begin.
- Make sure all staff members have a place of their own to work. Jumping around the office looking for an empty chair wastes time.
- Also consider outsourcing certain functions such as billing; this is a common practice in many offices. If you consider the costs of space in addition to personnel and equipment, you may find that the price per bill may be lower by using an outside service than by doing it in-house. Keep in mind, though, that you may have better control of your collection procedures by keeping this service in the office. The same calculation applies to other services such as laboratory and x-ray. The cost of space must be entered into your calculations of profitability.

Other improvements, such as communications systems, will help the staff be more efficient, but the suggestions in this section are spatial concepts that will assist staff with their job performance.

There are added benefits to optimal space configuration:

- Increased patient and, ultimately, provider satisfaction. The clinician can spend more time in face-to-face interactions.
- Improvement in billing in the evaluation/management codes that are based on time standards.
- Reduction in waiting times, the greatest source of frustration for patients.

In conclusion, these space issues will help you run a more profitable practice. The key is to have the space work for you, not the other way around. ■