

THE BEST WAYS TO
**Cut costs for your
Medical Practice**



“Cutting cost” and “medical practice” seem like two items that shouldn’t be in the same sentence.

Wouldn't that mean endangering the quality of care you give to your patients?

If you own your own medical practice, then you should treat it like a business. If you don't want to face overwhelming expenses that would make it difficult to turn a profit, you must cut costs.

Fortunately, there are ways you can cut costs for your medical practice and still deliver superior care and service, which we'll go over in this guide. But first, here's what you don't have to do to cut costs in your medical practice.

You Don't Necessarily Have To Lay Off Staff

Cutting costs doesn't always mean you have to cut staff. Heck! Keeping your staff can save you money by cutting down on overtime and delegating more responsibilities to staff whose potentials aren't effectively used.



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The 7 Best Ways To Cut Cost For Your Medical Practice

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Consolidate Incidentals

2

Slash Management Management Expenses

3

Manage Miscellaneous Spending

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Utilize The 'Six Sigma' Methodology

5

Improve Clinical Management

6

Review Your Supply Chain

7

Use Efficient Technology



1

Consolidate Incidentals

When thinking of cutting costs, incidentals like event tickets, holiday parties, and weekend get-togethers are the first items that may come to mind. But, wait a minute! Don't ax those incidentals just yet.

Yes, they're a significant part of your expenses, and may not seem necessary. However, they also motivate your employees and can help improve their productivity ⁽¹⁾. So, instead of eliminating these non-business costs, you can merge them with other business activities to cut costs.

E X A M P L E

When hosting a weekend get-together or holiday party, include seminars or training as part of the event. That is, combine a non-business event with an employee development event. This will save cost on venue, vendors and event souvenirs.

2

Slash Management Expenses

You should consider cutting down management before cutting down staff. Yes, you will need capable management to supervise and coordinate tasks around your practice.

However, some of the management roles are often redundant, and only increase overall costs. There's no point in having two types of managers performing similar functions. Instead, merge roles to minimize the expenses of paying two management salaries.

3

Manage Miscellaneous Spending

Miscellaneous spending is a large cost that is difficult to control. Why? Because miscellaneous includes a wide range of things. Plus, your employees don't need to check in with senior management to purchase a miscellaneous item. Nevertheless, you can manage miscellaneous spending better to cut costs.

One significant way to do that is to combine the miscellaneous purchase of different departments ⁽⁴⁾. You will get a better bargain on group purchases rather than individual department small-scale purchases.

EXAMPLE

If your chief nursing officer performs some of the roles as the head of the nursing unit, combine both positions. Keep one of the management positions, and expand their roles to cover the functions of the other.



EXAMPLE

Several employees in your practice are attending a conference out of state. Instead of each department booking travel arrangements separately, you can book in bulk to score some major travel discounts.

4

Utilize The 'Six Sigma' Methodology

The six sigma methodology is a quality control method that helps businesses work faster with fewer resources and less errors. You can apply this methodology in your medical practice to eliminate unnecessary tests, inefficient use of equipment, and more ⁽³⁾.

This will help prevent misdiagnosis and medical errors, which may result in high legal costs, as well as reduce the waste of resources.

EXAMPLE

If a patient has uncomplicated back pain, a medical professional trained in six-sigma technology will be able to identify whether or not ordering an x-ray is unnecessary.



5

Improve Clinical Management

A medical practice needs patients to run as a business. However, you don't need to admit more patients in order for your practice to break even. In fact, you can cut costs by offering better clinical management of mild and chronic conditions to prevent extended hospital admissions ⁽²⁾.

By doing this, you can avoid nosocomial infection that often leads to wasteful spending of staff's time and hospital resources.

6

Review Your Supply Chain

There are several ways this can help cut costs for your medical practice. First, you must be ready to cut ties with your current supplier. If you rely too much on one vendor, you may be missing out on better deals from other suppliers. Secondly, reduce unused and expired supplies by ensuring that products with low use are not ordered in bulk. Lastly, merge supplies purchases from all of your departments into one order to take advantage of wholesale discounts.

EXAMPLE

Several employees in your practice are attending a conference out of state. Instead of each department booking travel arrangements separately, you can book in bulk to score some major travel discounts.



EXAMPLE

When you want to order supplies, call for quotations from different medical supply vendors. This will enable you to get you better deals and products.



7

Use Efficient Technology

Replacing some traditional activities with technology can reduce costs in several aspects of running your practice. More importantly, it can cut down on your administrative cost. With an app or online calendar, patients can schedule their own appointment and get reminders automatically, thereby reducing your phone bills.

You can reduce spending on printing marketing materials by promoting your practice online. Telemedicine is also a useful way of using technology to cut costs.

EXAMPLE

A tech tool that auto-verifies insurance details will free up your admin staff to concentrate on other important tasks. One that can automatically send bills electronically saves you money on printing and mailing bills.

Now that you know the best ways to cut costs for your medical practice?



WHAT'S
NEXT?

It may be surprising, but your next step is to contact your accountants to review your books and identify the gaps where you can cut costs easily.

If your medical practice doesn't already have an accounting team, you can **reach out to us at Williams Accounting & Consulting.** We can help keep your books updated and save you money on your taxes.

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