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November 28, 2014

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How To Increase Your Income

Years ago, I met someone who ran a food concession business at a large public venue, a county fair ground.

The prices that he could charge, say, for a hot dog, were set by contract with the county. His costs, though, were determined by the market.

As you might imagine, he soon got squeezed, squeezed hard. Costs rose while prices remained constrained.

Sound familiar? Chances are, you're in the same business, you're just selling healthcare instead of hot dogs.

Your prices are set by way of contracts with payors, are subject to the limits of government reimbursement, or are tied to provisions of exclusive contracts requiring plan participation.

In "normal" businesses, owners can grow their enterprise by increasing the price, by acting to stimulate their customers' frequency of purchase or the size of purchase. They can expand into new products and new locations.

Entrepreneurial physicians in more elective focused specialties, dermatology, for example, can stimulate frequency of patient visits and can venture into non-payor reimbursed lines of business that present opportunities for premium pricing, for multiple procedures, and for "in the bag" items.

Those physicians in less elective, or non-elective, practices may lack the easy ability to increase patients' out of pocket expenditures or even frequency of purchase (for example, ER docs can't easily offer a special on one's second broken arm), but do have the opportunity to stay on top of renegotiating their payor agreements and in seeking to expand the scope of their practices to other offices and other facilities — that is, as long as the reimbursement at those locations warrants the expansion.

For example, in some parts of the country, ER medicine is being deconstructed just like ASCs were used to deconstruct hospitals. ASCs are essentially hospitals minus all but the O.R. Now, stand alone ER's dot some urban landscapes, hospitals minus all but the emergency room.

And, for all medical groups, there are ways to deconstruct what it is that you do and then construct new lines of business from it.

If you simply ask what the best practices are in your specialty of such-and-such-ology, you're never going to get a useful answer. Getting useful answers starts with asking better questions.

The alternative is to become a de facto public utility, but without the ability to use monopoly power to obtain a rate increase. Heck, that's like selling price-regulated hot dogs at the county fair.

Wisdom. Applied. 71 - How To Become a Millionaire

"How do you become a millionaire? Make a billion dollars and then buy an airline." -- Warren Buffett

Directions: Clarity For Medical Group Leaders



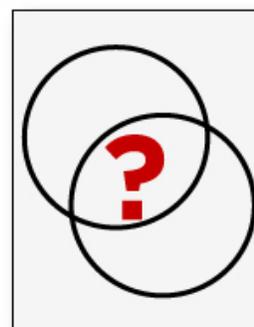
COMPLIMENTARY BOOK DOWNLOAD

The healthcare market is changing rapidly, bringing new sets of problems.

How can you find a solution, how can you engage in the right development of strategy, and how can you to plan your, or your group's, future without tools to help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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Recent Interviews and Published Articles

Mark's article **Bundled Billing or Bungled Billing?** was published in the October 2014 issue of Pain Medicine News. Read or download [here](#).



All Things Personal

When I was a kid, some of my friends got robots for Christmas. Back then, robots were toys made out of scrap metal, powered by a spring you'd wind up with a protruding metal key.

Last week, the Wall Street Journal reported that Amazon got robots for Christmas, too. 10,000 of them will be deployed to work in their warehouses.

In 1962, Christmas robots broke by mid-January. Amazon's robots don't take breaks. They don't get paid, either. And they certainly can't go on strike for a "living wage."

Robots move supplies around hospitals, too. They can assist in surgery. Soon, they may be performing it alone.

As important as it is that you provide services in a way that your competitors don't or won't, creating an experience monopoly, it will undoubtedly get to the point that what can be automated in healthcare, will be automated. That means that you have no choice but to focus even harder on those elements of human interaction, of consultation, and of customer service that can't be automated.

Your Amazon order of *Goodnight Moon* for little Johnny or Jill is moved from rack to packaging by the much improved cousin of Robby the Robot.

In the Amazon warehouse, it really is *goodnight* for that little old lady whispering "hush;" she's no longer needed.

Recently Published Blog Posts

Monday, November 24

Blog Post: [Is Your Medical Group Being Governed Or Governed?](#)

Wednesday, November 20

Podcast: [Why You Need A Different View Of Business Strategy](#)

Thursday, November 19

Podcast: [Is Your Group Running On Autopilot?](#)

Monday, November 17

Blog Post: [Don't Incentivize For What You Shouldn't Get](#)

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Mark's article **What's Your Anesthesia Group Worth? And Why It Might Not Make Any Difference** was published in the Summer 2014 issue of *Communique*. Read or download [here](#).

Mark was quoted in Michael Vlessides's article **Does Anesthesia Need Its Own NTSB?** Published in the August issue of *Anesthesiology News*. Read [here](#).

Mark's article **Anesthesia Group Acquisitions and Alternatives** was published in the June issue of *Anesthesiology News*. Read or download [here](#).

Upcoming Presentations

Date: April 17, 2015

Time: 9:00 AM

Topic: From the Company Model to Joint Ventures to Just Sending Statements: Anesthesia Business and Deal Structure Compliance Traps

Location: [The Advanced Institute for Anesthesia Practice Management 2015](#), Las Vegas, Nevada

Date: April 17, 2015

Time: 2:00 PM

Topic: Is Your Anesthesia Group a Business or Club?

Location: [The Advanced Institute for Anesthesia Practice Management 2015](#), Las Vegas, Nevada

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