



A New Practice Manager's Guide To Excellence

Janet Day, MBA, CMPE | Senior Healthcare Advisor
Kami West, CPA | Manager



“Your future is whatever you make it. So, make it a good one.”



Who are we?



jday@kassouf.com
205.443.2582

Janet Day, MBA, CMPE



As a Senior Healthcare Advisor, Janet specializes in consulting services for healthcare providers and hospital networks with an emphasis on physician services, operations, practice management and revenue cycle management. Her areas of specialty include practice start up, feasibility analysis, business operations, human resources, employee recruitment and employee benefits. Janet has 30 years of experience in healthcare management. She is the prior owner of a management services organization and a past board member with Medical Group Management Association (MGMA). She is a member of the Healthcare Leaders Association.



Education:

Bachelor of Science, Birmingham-Southern College
Master of Business Administration, Samford University



Certifications:

Certified Medical Practice Executive (CMPE)

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Who are we?



kwest@kassouf.com
205.443.2596

Kami West, CPA | Manager



Kami provides accounting and advisory services for medical practices, ranging from single-provider family practices to multi-provider specialty groups. She helps clients succeed by creating reliable financials and offering tax planning for both individuals and businesses. Kami also works closely with Kassouf's healthcare advisors on various projects, such as assisting businesses with new practice startups and solving problems related to revenue cycle management.



Education:

Bachelor of Science, The University of Alabama
Master of Tax Accounting, The University of Alabama



Certifications:

Certified Public Accountant (CPA)

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Agenda


- Workforce Management Basics
- Revenue Cycle Management
- Regulatory Compliance
- Financial Management and Reconciliation












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Workforce Management Basics

Everybody Has to Work Around Here



Key Areas of Workforce Management

 Staff Scheduling	 Payroll
 Workload Equity	 Compliance/Fair Standard Labor Act
 Salary and Overtime Budgets	 Hiring/Firing
 Attendance and Absences	 Performance Management
 Clocking Time	



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Staff Scheduling and Workload Equity

- Focus on needs of the practice to deliver quality, cost efficient, and timely healthcare services
- Resource variances when seeing patients vs. not having patients in clinic
- Scheduling should be consistent, but must have awareness that circumstances can require flexibility
- Cross-coverage and training
- Alternative/remote schedules, when and if it works
- It's not always about adding more employees
 - Evaluate automation and workflow changes



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Salary, Overtime, Attendance and Absences

- Salaried Employees are usually Exempt Employees, as in Exempt from Overtime Pay.
 - Salary Level: Employees must receive at least \$684 per week (current 2025 Federal Rule)
 - Note: this threshold can also vary by state
 - Salary Basis: Employees are paid the set salary in any week that there is work performed, without reference to hours worked. VERY LIMITED EXCEPTIONS
 - Duties Test: Primarily Perform Executive, Administrative or Professional Duties
 - Outside Sales
 - Highly Skilled IT/Computer Work
 - Learned or Creative Professional
 - Highly Compensated Employee (\$107,432 per year)
- Attendance is important and **required**.
- Policies about use of PTO Time, Sick Time, Bereavement
 - Benefit time is not required with Fair Labor Standards Act (FLSA)
- FMLA Rules – 50 or More Employees
 - If you are a Covered Employee, then know the rules, or know where to find them!
- Be Consistent. Have a policy and adhere to it.
- <https://www.dol.gov/agencies/whd/flsa>

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Time Clocks and Payroll

- Non-Exempt employees (hourly) need a way to record time, i.e. "clock time"
- Payroll processor will set timelines for reviewing and approving time for the payroll cycle.
- Supervisor(s) should review the time reported for accuracy
 - Are staff working when they should?
 - Are hours consistent? Are overtime hours approved and justified?
 - Are they clocking in and out for lunch?
- Payroll companies can provide guidance on the appropriate forms such as W4, I9, etc. They will appropriately withhold payroll taxes and other benefit payments.
- Q: What do I do if someone consistently forgets to clock in or out?
 - FLSA requires that you pay workers for all hours, regardless if has been recorded.
 - Have a policy with levels of disciplinary action for repeat offenders.






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Performance Management and Hiring/Firing



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 • Performance Evaluations
 - Address performance issues early and consistently
 - Praise and critique
 - Evaluations should be specific and honest
 - Newly hired by 90 days and annually
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 • Hiring
 - Application for employment
 - Check references
 - I9s, eVerify, OIG exclusion database
 - Background and drug Screenings
 - Letter of offer contingent upon satisfactorily clearing screenings
 - Benefits and payroll processing
 - HIPAA/OSHA /PCI training - signature to confirm training
 - Access to systems and facility - Who holds keys to your facility?
- 
 • Firing/Terminations
 - Exit interview - Is the employee surprised?
 - Remove staff from benefits, payroll
 - Audit your monthly bills
 - Terminate all access to systems
 - Checklist of access
 - Retrieve keys/badges etc.

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Revenue Cycle Management Basics



Patient Access, Scheduling, and Registration



Claims Follow-up and Denial Management



Verification of Eligibility and Benefits



Key Performance Indicators and Monitoring



Charge Entry and Claim Submission
• Clinical Gap Closure



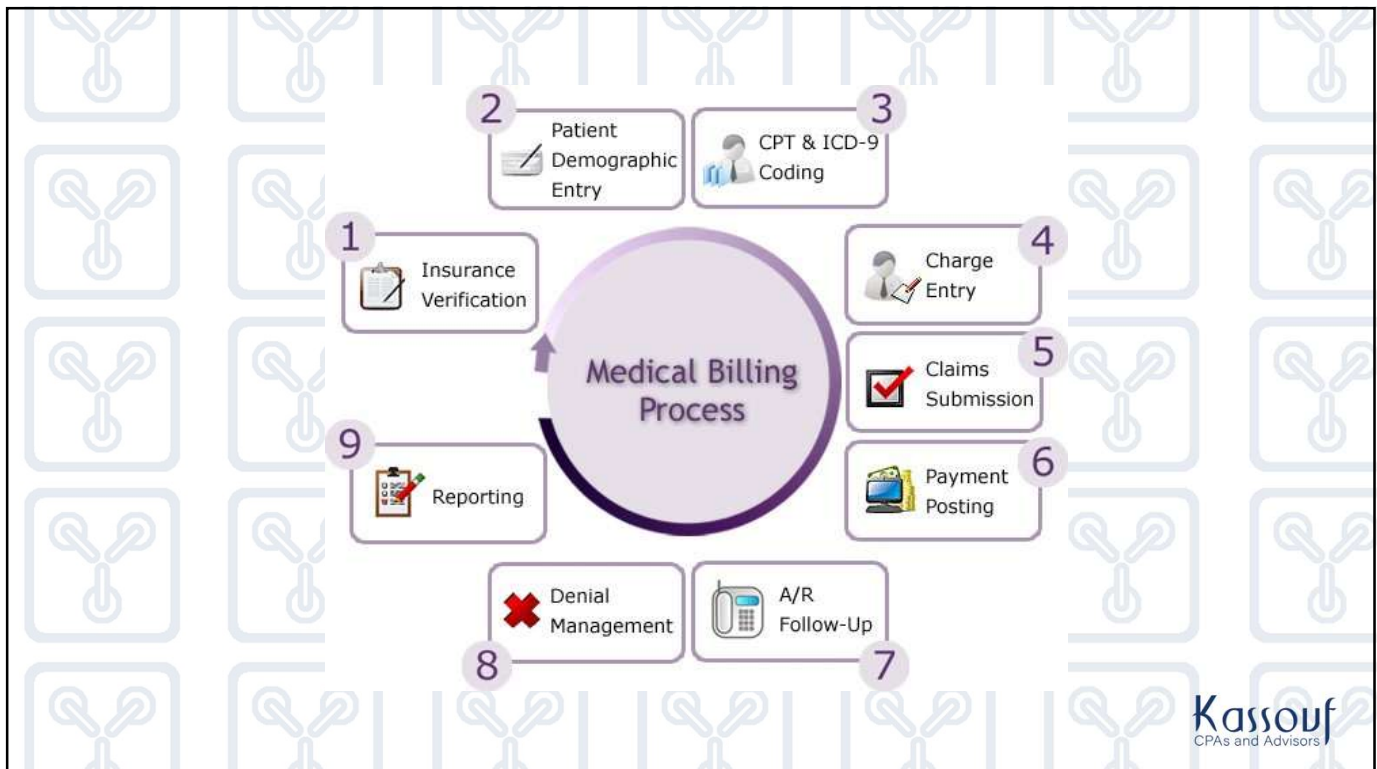
Value-based Care



Payment Posting and Reconciliation

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Patient Access, Scheduling and Registration

- Ensuring that patients can reach you
 - Phone, portal, website
 - Call system or audit
 - Once they reach you, is there an available appointment?
 - Days and hours of operation
 - Provider appointment templates with sufficient types and slots for patients
 - Waiting lists
 - Capturing enough information when scheduling
 - Name, contact info, insurance
- Registration
 - Provide pre-appointment check-in options
 - Collect time of service payments and balances
 - Verify patient eligibility and payer benefits
 - Create a positive patient experience



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Verification of Eligibility and Benefits

- Utilize automation to generate two days before patient appointment
 - Contact patient if benefits are inactive
 - Verify new patient and changed insurance
- Front desk should be trained to review benefits and eligibility reports
- Is referral or authorization required?
- What is the copay? What is the deductible? How much is satisfied?
- System should be enabled to support these processes.
- Staff must be comfortable asking for payment.
- Collection at both front desk and check out



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Charge Entry and Claim Submission

- Charge entry, automation, or integrated with the goal for two days from date of service
 - Include quality codes for gap closures
 - Lag time by provider: Completing charts
 - E and M suggestions: Modifier suggestion
- Conduct coding reviews for accuracy and completeness
- Claim Scrubbing: Pre-submission Review
- Claim submission daily
 - Clearinghouse? Each payer?
- Verify claim batches daily
- Denials vs. Rejections
- Work audit trails and rejections daily



Payment Entry and Reconciliation



- **Payment Entry**
 - ACH
 - Auto posting
 - Process the “kick outs”
 - Work zero payments, partial denials, and underpayments



- **Payment Reconciliation**
 - Practice Management System to General Ledger
 - Bank Statements to General Ledger
 - Daily bank download of deposits to the billing team
 - Tracking system
 - Refunds in Practice Management System to General Ledger

Insurance Claims Follow-up

- Define Insurance Follow-Up Protocol:
 - Organize staff and workflows
 - Create timely filing guidelines
 - Track down incorrect information
 - Issue resubmissions and secondary claims
 - Analyze denial reports and trends
- Inhouse vs Outsource



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Collections and Patient Statements

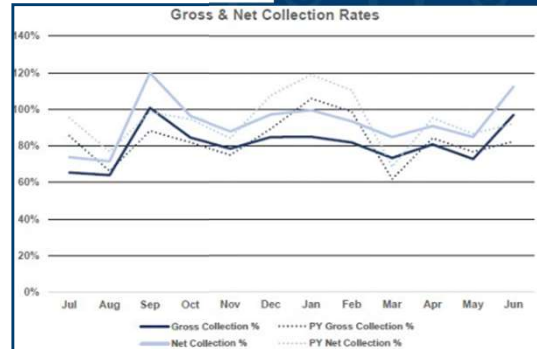
- Establish, communicate, and adhere to collections policies
 - Time of service collections
 - Patient statements
 - Electronic payment options - text, email, paper statement
 - Maximum number to send
 - Collections Status
 - Patient requests for hardship
 - Minimum balance to transfer to outside collection agency
 - Write off uncollectible
 - Patient attempts to re-establish
 - Bankruptcy
 - Chapter 7
 - Chapter 13
 - Patient abandonment and termination

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Monitor Charges, Payments, and Adjustments

- **Gross Collections = Payments/Charges**
 - Ensure all services captured
 - Missing billing – patient checked in?
 - Charts closed?
- **Net Collections = Payments/(Charges- Contractual Adj)**
 - Separate contractual write offs vs administrative write-offs
- Gross Collection Percentage
 - Trend lines
 - What effects collection percentages?



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Account Receivables: Key Performance Indicators and Monthly Monitoring

- A/R Monitoring & Management
 - % over 90 days
 - % under 60 days
 - Patient vs insurance balances
 - Credit balances
 - Days outstanding in AR
 - Total AR per FTE provider
 - Clean claim rates
 - Most common rejections and denials
 - Gross and Net Collection %
 - Number patient statements
 - Statements on hold

[Checklist For New Medical Practices 2022 REVISED.xlsx](#)

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Regulatory Compliance

- Key Areas of Regulatory Compliance
 - Fair Standard Labor Act (FSLA)
 - Health Insurance Portability and Accountability Act (HIPAA)
 - Occupational Safety and Health Administration (OSHA)
 - Clinical Laboratory Improvement Amendments (CLIA)
 - CMS Billing and Compliance (Fraud, Waste, and Abuse)
 - Stark Law and Anti-Kickback
 - Information Blocking Rule
 - No Surprises Act
 - Payment Card Industry (PCI)

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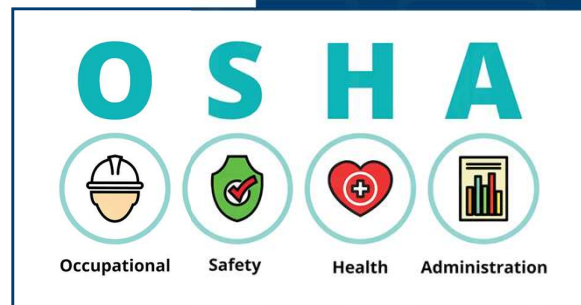
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OSHA

- OSHA training is required annually for all staff
 - Hep B vaccines available for workers with occupational exposure to blood or OPIM
- Many different OSHA subcategories in healthcare
 - Culture of Safety
 - Safe Work Environment
 - General Industry
 - Infectious Diseases
 - Blood Borne Pathogens
 - Personal Protective Equipment
 - Respiratory Protection Standard
 - Secondary Container Labeling and Hazard Communication
 - MSDS – Material Safety Data Sheets
 - Safe Patient Handling - Universal Precautions
 - Workplace Violence
 - Fire/Severe Weather

<https://www.osha.gov/healthcare>

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FSLA

- Covered Enterprise
- Minimum Wage is \$7.25/hour, effective July 2009. Can vary by state
- Child Labor Laws (rules for workers below 16 years of age)
- Overtime Rules (1.5x regular pay for overtime)
- Lunch Break
- Exempt vs Non-Exempt
- Equal pay provisions for persons with same job that requires same skill, effort, and responsibility
- Employment Posters
- <https://www.dol.gov/agencies/whd/flsa>



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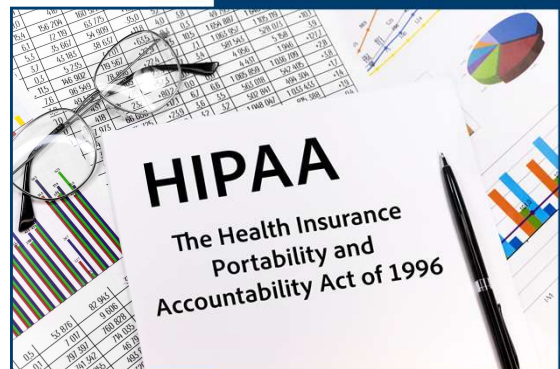
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HIPAA

- Everyone who works for a Covered Entity or Business Associate of a Covered Entity should have HIPAA training upon hiring and thereafter, at least once every year.
- HIPAA Security Risk Assessments
- People are the biggest risk factor in healthcare.
- HIPAA fines are real and per incident.
- Policies and training are critical.
- New regulations effective Feb 16, 2026
 - Notice of Privacy Practices
 - Authorization to Release Information
 - Permissible contacts

<https://www.hhs.gov/hipaa/for-professionals/index.html>

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CLIA

- Clinical Laboratory Improvement Amendments (1988)
- Regulations and requirements to govern sites that test human specimens to diagnose, treat or prevent disease.
- Lab Complexities and Certificates
 - Waived
 - Waived PPM (provider performed microscopy)
 - Moderate Complexity
 - High Complexity
- Quality Control Policies and Procedures

<https://www.cms.gov/medicare/quality/clinical-laboratory-improvement-amendments>



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Fraud and Abuse

- Stark Law: Prohibits physician self referral to an entity for Designated Health Services (DHS), if the physician has a financial relationship with that entity.
 - Medicare/Medicaid patients
 - DHS includes labs, therapy, x-ray and imaging, supplies, etc.
 - Ownership, investment, or structured compensation arrangements
 - Penalties, treble damages, and exclusion from the Medicare program
 - Updated changes in the law to allow for Value Based Care, allowance of mental health services to providers
 - <https://www.cms.gov/medicare/regulations-guidance/physician-self-referral?redirect=/physicianselfreferral/>
- Anti-Kickback Statute: Prohibits providing rewards for referral of business paid by the federal health care programs.
 - Criminal statute, up to 5 years in prison
 - Examples are “free or reduced rent that is not FMV;” over-compensation for medical directorships; money and gifts from pharmaceutical, device, or DME suppliers
 - Waiving copayments for patients
 - OIG Safe Harbors protect some arrangements, such as ASC investments.
 - <https://oig.hhs.gov/compliance/physician-education/fraud-abuse-laws/>

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Fraud and Abuse - Continued

- False Claims Act: Intent is to prevent federal dollars from being spent on overpriced or shoddy goods and services
 - No specific intent is required to be considered fraud. Knowledge, ignorance, or reckless disregard can be fraud.
 - Both substantial civil as well as criminal penalties.
- Exclusion and Civil Monetary Penalties
 - OIG is required to exclude individuals and business from participating in federal health care programs upon conviction of crimes against Medicare or Medicaid, felony convictions for healthcare fraud, theft, or financial misconduct.
 - Federal healthcare programs include Medicare, Medicaid, TRICARE, and Veterans Health
 - No payment and no services
 - OIG can seek monetary penalties based on details of the violation
 - \$10,000 to \$50,000 per violation

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No Surprises Act / Information Blocking / PCI

- No Surprises Act, effective January 1, 2022
 - Part of Consolidated Appropriations Act and enforces rules which restrict instances of “surprise billing”
 - Patients must be given Good Faith Estimates for out-of-pocket expenses prior to services being rendered.
 - <https://www.cms.gov/NoSurprises>
- Information Blocking Rule, established in 21st Century Cures Act
 - Regulation issued by HHS to prohibit practices that interfere with the access, exchange, or use of electronic health information.
 - Regulatory interpretation has gone through a variety of iterations.
 - Blanket Exceptions and Do No Harm
 - Deadline for compliance was April 5, 2021
 - <https://www.healthit.gov/topic/information-blocking>
- Payment Card Industry (PCI)
 - Regulated by the Payment Card Industry
 - Securely store and transmit credit card data
 - <https://www.pcisecuritystandards.org/>



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Financial Management and Reconciliation



Key Areas of Financial Management



Bookkeeping



Accounting and financial reporting



Record keeping



Budgeting and forecasting



Monthly reconciliation of bank statements



Expense management



Monthly cash to AR reconciliations



Internal controls

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Financial Management: Why?

- It is the backbone of a medical practice.
- Ensures the practice's ability to provide quality care, to comply with regulations, and to adapt to the dynamic healthcare landscape

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Bookkeeping and Record Keeping Best Practices

- Establish a daily, weekly, and monthly routine for tasks
 - Daily – deposits to the bank
 - Weekly – accounts payable and accounting entries/transaction postings
 - Bi-weekly – report payroll and record in accounting system
 - Daily, weekly, and/or monthly – reconcile collections from A/R system to the bank account/ledger
 - Monthly – reconcile bank and credit card statement to accounting records
- Accurate Recordkeeping
 - Maintain records of all financial transactions, including patient billing/deposits, expenses, and receipts.
 - Ensure HIPAA compliant financial record storage
 - Follow IRS and state retention guidelines
 - Request Forms W-9 from vendors providing services up-front for yearend reporting
 - Utilize an accounting system such as QuickBooks, Sage, etc.
- Work with an accounting firm to review the books to ensure accuracy and compliance with financial standards

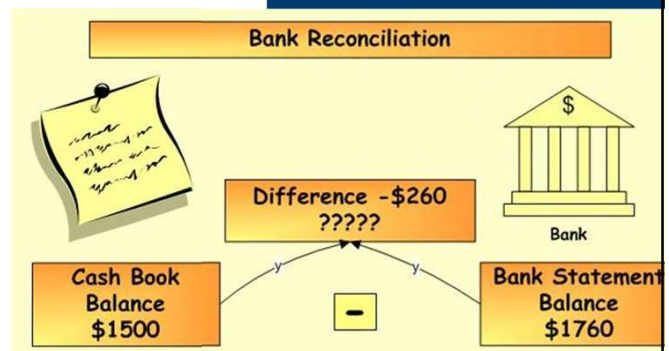


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Bank Reconciliation – What is it and why is it prepared?

- What is it?
 - The process of comparing two different records: the company's bank and book balances at month-end.
- Why is it prepared?
 - To identify differences between the balances per the bank statement and company's books
 - To ensure all transactions are accounted for and to identify any discrepancies or timing differences (e.g. duplicates, checks that need to be voided, bank errors, mismatched transactions etc.)
- What are outstanding/uncleared checks?
 - A check recorded on the books but has not yet been cleared by the bank as a deduction from the company's bank cash balance.
 - Review the uncleared checks on the bank reconciliation monthly to determine if refund checks should be reissued, vendor checks may need to be voided, or if any checks need to be turned over to the state as unclaimed property.



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Monthly Cash to Accounts Receivable Reconciliation

- A/R is the largest asset, not on your financial statement (cash basis)
- Compare posted payments to actual bank deposits
- Investigate variances to determine cause
- Payment Reconciliation
 - PM to Bank Statement
 - Bank Statement to Income
 - Refunds in PM to P&L
- All practices should do this, but it is rarely done!



Practice Name _____
 Monthly cash and AR reconciliation

Month of: _____

Cash deposited in bank this month (bank statement)		
AR pmts posted to AR system		
Difference		\$ - -
AR posted last month, dep this month		
	\$ - -	\$ - - Subtract
AR posted next month, dep this month		
	\$ - -	\$ - - Subtract
AR posted this month, dep next month		
	\$ - -	\$ - - Add
Other Deposits Not Keyed in AR System		#REF!
		#REF!

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Internal Financial Controls – Protecting the Practice



Segregation of Duties:

Person who opens mail/collecting money should not be the one making bank deposits
 The person making the bank deposits should be separate from the person recording the deposits in the accounting software and billing/posting



Authorization and Approval:

Staff should not have access to purchase equipment without the approval at appropriate level
 Owner should be signing checks and providing electronic approval.
 Owner should first confirm the supporting documentation such as invoices, packing slips, and purchase orders are attached or provided



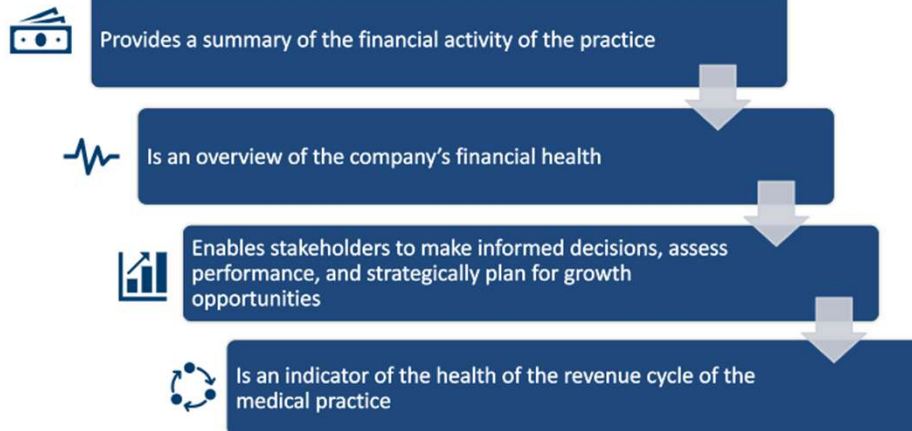
Physical Controls:

Cash box should be locked
 Money/checks should not be left in unlocked desk
 Checkbook and credit cards should be locked



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Why is Financial Reporting Important?



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The Three Core Financial Statements



1. Balance Sheet – Snapshot of the business at a particular moment in time



2. Income Statement (Profit & Loss) – Summary of income and expenses for a particular period of time



3. Statement of Cash Flow – Summary of amount of cash entering and leaving over a period of time



Financial statements show you where a company's money came from, where it went, and where it is now. Each answers a different financial question.

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Accounting Methods

Two Basic Methods – Cash and Accrual



Cash Basis

- Recognizes income and expenses when money changes hands
- Only actual receipt of cash from patient/insurance creates income
- Only actual payment of bill creates expense
- Physician owned medical practices typically use this method



Accrual Basis

- Recognizes income and expenses when economic activity occurs
- Billing patient visit creates income
- Receiving supplies creates expense
- Hospitals typically use this method

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Balance Sheet – “Are We Financially Stable?”



- **Assets** – What you own
- **Liabilities** – What you owe
- **Equity** – Your ownership value or net worth

Assets, Liabilities and Net Worth (Equity)

Assets = Liabilities + Net Worth

Assets – Liabilities = Net Worth

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Example, M.D., P.C.
Balance Sheet
September 30, 2023 and 2022
(Compiled)

	Sep 23	Sep 22
ASSETS		
Current Assets		
1105 - Petty cash	\$ 420.00	\$ 420.00
1130 - Cash in bank - savings	77,913.57	73,789.49
1135 - Cash in bank - money market	306,934.87	202,117.80
1140 - Cash in bank - checking	41,132.50	39,203.93
1150 - Cash in bank - checking (2)	41,379.94	41,267.85
Total Current Assets	469,771.78	356,798.07
Fixed Assets		
1400 - Automobile	67,671.40	67,671.40
1500 - Medical equipment	90,417.34	88,373.34
1510 - Computer equipment	32,141.37	28,962.80
1520 - Furniture and equipment	48,414.48	46,613.84
1530 - Leasehold improvements	54,613.89	54,613.89
1600 - Accumulated depreciation	(266,827.43)	(251,248.48)
Total Fixed Assets	29,431.03	34,978.79
TOTAL ASSETS	499,202.81	391,776.86
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
2155 - 401(k) match	25,089.27	19,612.79
2170 - Amount due profit sharing plan	41,693.56	37,791.01
Total Current Liabilities	66,782.83	57,403.80
Long Term Liabilities		
2225 - Note payable	3,171.46	12,707.26
Total Liabilities	69,954.29	70,111.06
Stockholder's Equity		
3100 - Capital stock	100.00	100.00
3300 - Retained earnings	230,098.54	257,841.29
3400 - Sub-S corp distributions	(29,291.35)	(44,299.81)
Net Increase in Retained Earnings	227,754.33	107,720.33
Total Stockholder's Equity	429,249.52	321,361.80
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 499,202.81	\$ 391,776.86

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Income Statement (Profit & Loss)

– “Are We Profitable?”



- **Revenue** – What you earned
 - Patient/Insurance payments
- **Refunds**
 - Patient/Insurance overpayments
- **Expenses** – What you spent
 - Operating expenses (Overhead)
- **Net income** – What remains

$$\text{Revenue} - \text{Refunds} - \text{Expenses} = \text{Net Income}$$

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Example, M.D., P.C.
Profit and Loss
For the Months Ended September 30, 2023 and 2022
(Compiled)

	Sep 23	Sep 22	Jan - Sep 23	Jan - Sep 22
Revenues				
4100 Fees	\$ 116,230.86	\$ 122,779.63	\$ 1,152,021.72	\$ 1,101,075.47
4102 Refunds	(666.96)	(1,235.83)	(8,845.18)	(10,919.53)
4175 Incentive income	-	-	81,582.00	25,020.00
4200 Interest income	11.18	12.49	100.50	65.47
Total Revenues	115,574.09	121,556.29	1,224,859.04	1,115,261.41
Operating Expenses				
6000 Advertising	-	-	400.00	645.00
6200 Bank charges	66.88	98.00	1,023.79	266.47
6200 Billing	7,215.51	6,547.14	72,737.38	66,201.18
6375 Contributions	-	-	1,450.00	1,103.00
6500 Depreciation	544.33	10,456.79	14,884.86	45,267.37
6500 Dues and subscriptions	926.50	630.20	2,540.39	2,704.97
6500 Education	-	-	370.78	325.00
6700 Profit sharing expense - employees	1,570.49	2,157.10	15,640.15	13,211.60
6870 Insurance - health - employees	3,822.96	3,961.71	35,975.87	36,643.45
6880 401(k) expense - employees	925.56	1,595.81	11,502.32	8,512.79
6900 Insurance - other	150.69	150.69	12,472.00	11,363.25
6900 Interest expense	11.81	40.06	191.82	334.16
6960 Laboratory	2,240.90	2,652.40	22,289.92	22,476.34
7000 Lights, heat and water	1,442.00	1,621.03	10,003.34	7,273.83
7025 Meals and entertainment	135.15	231.11	739.28	1,278.47
7000 Meals staff	-	-	1,516.46	-
7200 Medical supplies	1,265.94	1,191.38	8,203.62	7,209.96
7100 Office	2,554.92	2,815.09	19,734.10	14,862.84
7175 Payroll service fees	322.38	287.65	2,961.95	2,879.13
7185 Postage	226.52	120.58	1,859.32	1,907.70
7200 Professional assistance	-	-	-	3,000.00
7201 Professional services - acct	3,625.00	3,200.00	50,929.10	48,892.00
7202 Professional services - legal	157.18	54.00	1,475.00	2,050.00
7200 Public relations	1,266.05	6,715.38	65,364.45	60,438.42
7260 Rent - storage	-	-	3,120.00	3,088.00
7300 Repairs and maintenance	3,163.22	8,779.28	30,343.25	82,844.83
7400 Salaries - others	29,917.18	29,609.03	287,682.18	275,969.90
7500 Taxes - payroll	3,289.33	2,198.06	22,499.95	21,640.78
7500 Taxes - other	-	-	973.94	237.00
7600 Telephone	1,929.06	1,748.10	17,651.79	17,556.69
7651 Travel	-	-	47.90	501.90
7670 Uniforms	229.71	-	909.17	-
Total Operating Expenses	71,493.25	69,270.26	717,982.54	751,064.93
Excess of Operating Revenues over Expenses	\$ 44,080.84	\$ 52,286.03	\$ 506,876.50	\$ 364,196.48

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Example, M.D., P.C.
Profit and Loss
For the Months Ended September 30, 2023 and 2022
(Compiled)

	Sep 23	Sep 22	Jan - Sep 23	Jan - Sep 22
Provider Expenses - MD				
6201 Automotive	\$ 402.72	\$ 399.67	\$ 5,903.11	\$ 5,546.98
6551 Dues and subscriptions	669.00	669.00	1,168.00	1,488.00
6581 Education	-	-	450.00	400.00
6701 Profit sharing expense	2,525.00	2,358.33	22,725.00	21,225.00
6861 Insurance - disability	-	-	2,738.20	2,738.20
6871 Insurance - health	1,573.69	1,599.21	14,203.50	14,672.84
6881 401(k) expense	461.60	1,126.80	11,672.92	9,150.00
6901 Insurance other	150.69	150.69	9,002.21	9,404.21
7025 Meals & ent - physician	27.87	-	608.26	1,340.58
7400 Salaries	11,540.00	12,081.42	123,034.73	124,791.62
7501 Taxes - payroll	882.82	924.24	9,510.25	9,644.57
7601 Telephone	224.56	282.51	1,915.04	2,485.99
7650 Travel	-	-	4,493.81	1,804.24
Provider Expenses - MD	18,457.95	20,591.87	207,425.03	204,692.23
Provider Expenses - NP				
6553 Dues and subscriptions	-	-	490.00	485.00
6703 Profit sharing expense	367.60	372.71	3,308.41	3,354.41
6873 Insurance - health	547.55	554.93	4,939.90	5,092.92
6883 401(k) expense	230.78	268.44	2,413.03	2,250.00
6903 Insurance other	-	-	1,047.00	1,503.00
7425 Salaries	5,769.24	5,769.24	54,807.78	54,807.78
7503 Taxes - payroll	441.36	441.36	4,290.92	4,290.91
Provider Expense - NP	7,356.53	7,426.68	71,297.04	71,783.92
Total Provider Expenses	25,814.48	28,018.55	278,722.07	276,476.15
Excess of Revenues over Expenses	\$ 16,268.36	\$ 7,467.48	\$ 227,754.33	\$ 187,720.33

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Benchmarking and Ratios

- Comparison of any component to its historical performance or industry averages
- Almost anything that can be measured can be benchmarked
- Look at trends overtime to help anticipate outcomes



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Overhead Rate

- 70-80% of most practice overhead consists of:
 - Staff costs
 - Salaries and fringe benefits
 - Rent and occupancy costs
 - Professional liability coverage
 - Equipment cost and depreciation
 - Medical supplies and drugs

$$\text{Overhead Rate} = \frac{\text{Overhead Costs}}{\text{Revenue}}$$

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Budget Essentials - Continued

• Expenses:

- Largest expenses are typically salaries and benefits for staff
 - Don't forget to include the provider's salary!

Fixed expenses:

- Malpractice
- Salaries
- Insurance

Variable expenses:

- Medical Supplies
- Billing expense
- Office supplies

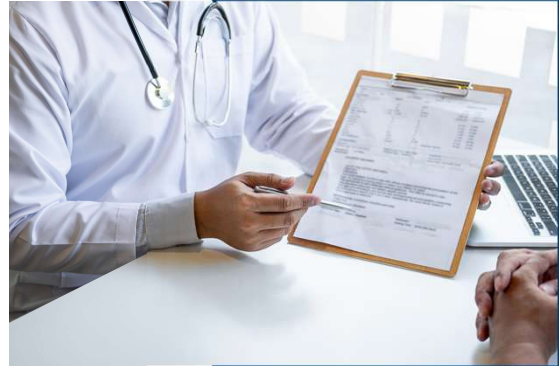


Expense Management

- Monitor and control operational costs by
 - Negotiating with vendors
 - Optimizing staffing levels
 - Seeking cost effective solutions
- Implement an approval process for expenditures to avoid unnecessary expenses.
- You can and should adjust expenses accordingly, but there is a point at which you can't reduce expenses any further and still operate.

Common Financial Mistakes in Medical Practices





- Managing by bank balance only
- Ignoring aging reports
- Failing to benchmark and track key performance indicators (KPIs)
- Lack of financial planning/budgeting



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Practical Action Steps

-  Review financials monthly with leadership
-  Track 5-10 key performance indicators
-  Compare to benchmarks quarterly
-  Use proformas before major decisions

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Conclusion: Sustainable Excellence

When leadership aligns workforce, compliance, revenue cycle, and financial discipline:

- Performance improves
- Risk decreases
- Cash flow strengthens
- Decision-making becomes data-driven
- The practice thrives long-term



Questions?

kassouf.com | @kassoufco



Janet Day, MBA, CMPE
jday@kassouf.com



Kami West, CPA
kwest@kassouf.com





Kassouf
CPAs and Advisors

2101 Highland Avenue South, Suite 300, Birmingham, AL 35205
kassouf.com | 205.443.2500
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