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## Managing a Medical Practice During Difficult Financial Times

Ron Howrigan, President & CEO



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*“Everything is unprecedented until it happens for the first time.”*

- Chelsey 'Sully' Sullenberg

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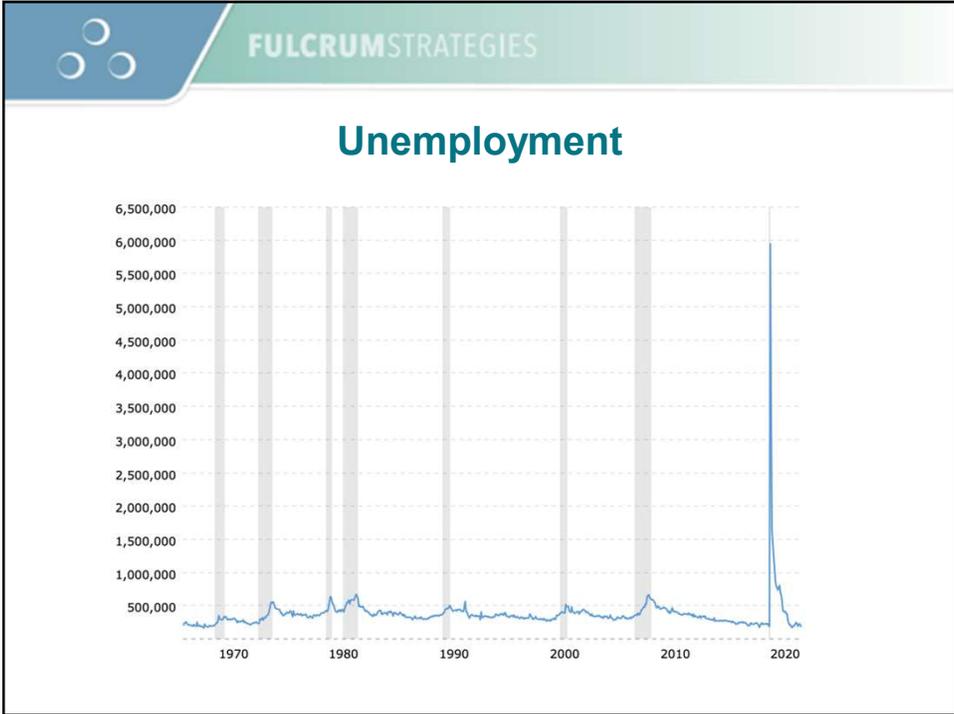
This is a category 5 hurricane



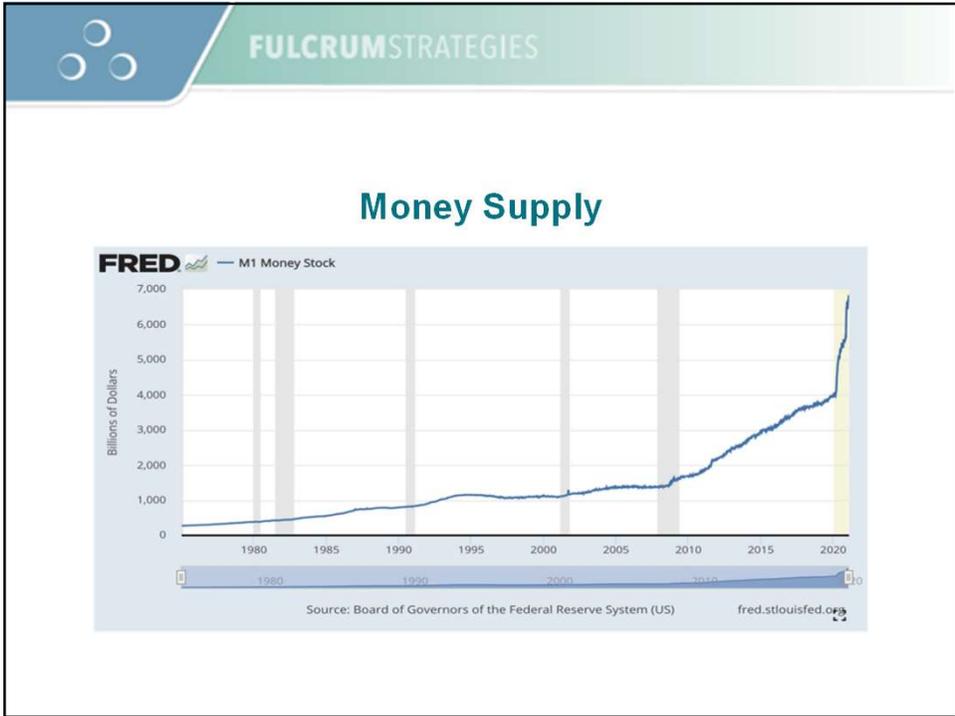
IS5007E14987

The image shows a satellite view of a hurricane with a well-defined eye and dense, swirling cloud bands. The eye is a dark blue circle in the center, surrounded by a white ring of clouds. The outer bands are composed of white and grey clouds, spiraling outwards. The background shows the Earth's surface and the curvature of the planet.

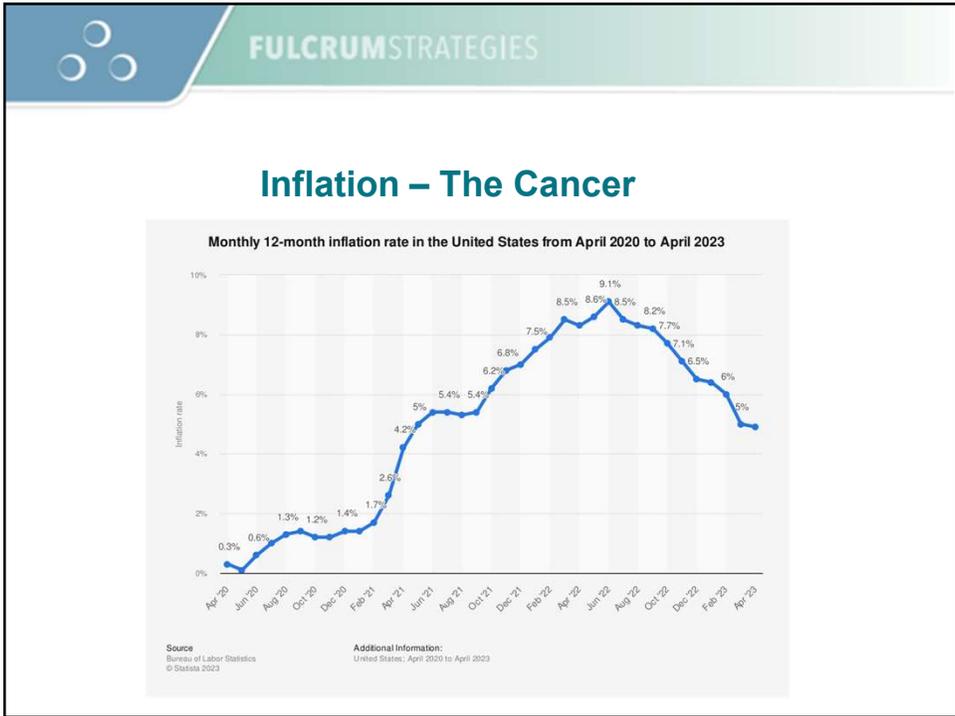
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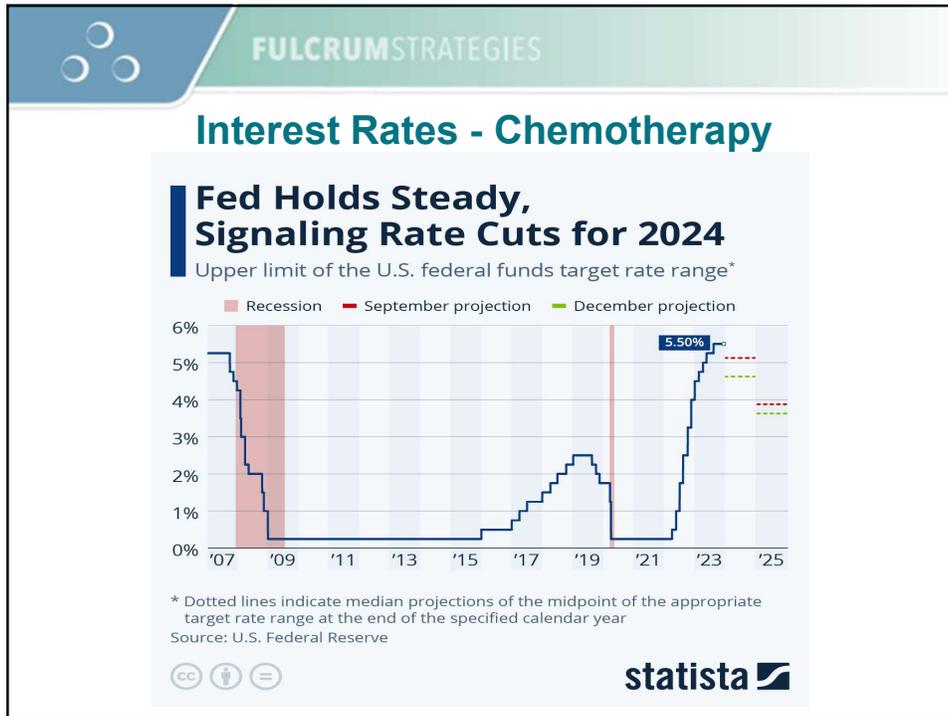
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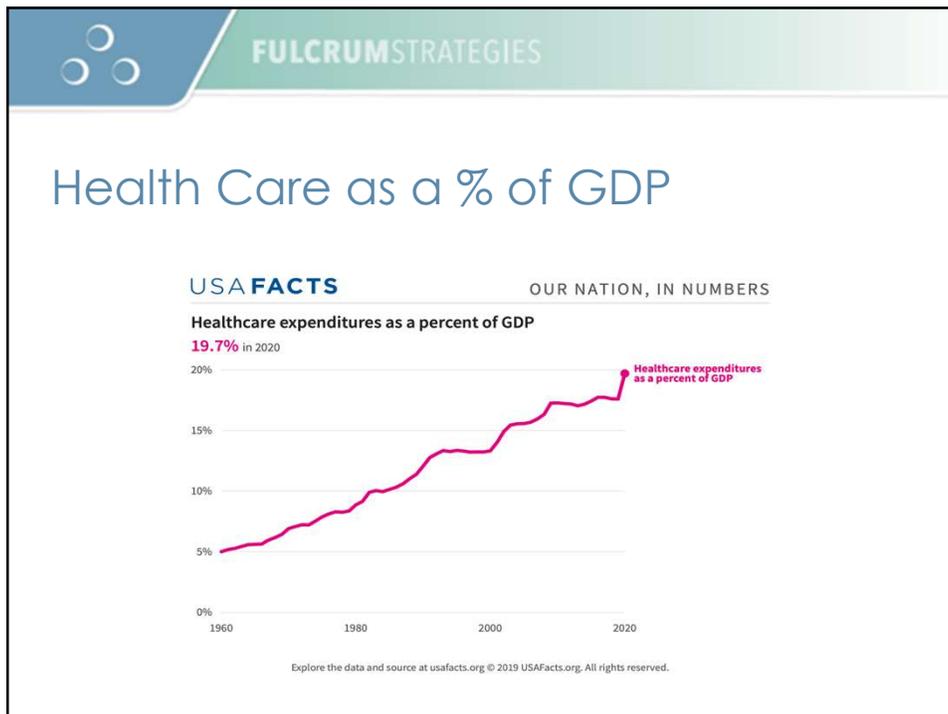
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### Medicare impact on doctors

- 2000 Medicare Rate = \$36.61
- 2025 Medicare Rate = \$32.25 (-12%)
- 2000 to 2025 Inflation = 81%
- Price of a House 2000 = \$120,000
- Price of a House 2024 = \$420,000 (250%)

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### Who is winning

- In 2000 the stock price for United Health Group was \$7.30
- November of 2024 the UHN stock price was \$614.67
- UHN stock has split 3 times on a 2-1 split in the last 25 years.
- If you invested \$100,000 in UHC stock in 2000 you would have purchased 13,700 shares.
- Because of the splits you would now own 109,600 shares.
- Those shares would be worth \$67,367,832 now.

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### Truisms

“All Bleeding Stops”

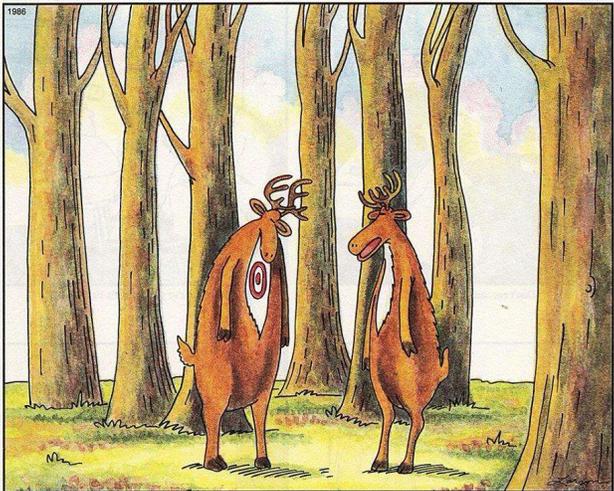
“All Planes Land”

“Health Care Costs Must Go Down”

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### Physician Challenges



1986

“Bummer of a birthmark, Hal!”

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## Hope is Not a Strategy

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## Medical Practice/Airline

- Limited # of Seats
- Perishable good. Can't re-sell the seat.
- The key to profitability is to fill the plane and maximize the revenue per seat
- Think about when you add another flight

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### Managing During Difficult Times - Revenue

- Sell your seats to the highest paying customer (Patient Mix)
- Increase prices where you can – holiday travel
- Open seats kill your profit – Over booking
- Look for other sources of revenue – Baggage

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### Managing During Difficult Times – Expenses

- Standardization - Southwest
- Automation – Self Check In
- Consolidation/Growth – Economies of Scale
- Understand profitable lines of business – what routes make money

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## Strategies

- Understand your advantage – demand exceeds supply
- Understand your vulnerability – Competition
- Plan and run your practice like a business
- Look at who you serve and how much you serve them
- Challenge yourself on costs
- Maximize revenue per patient
- Keep an eye on D.C.

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## Questions?

Thank you.

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