

Getting a True Picture of Financial Well-Being: Healthcare Clients Turn to CPAs for Answers

Most healthcare providers need real-time financial data to make the appropriate business decisions. CPAs with industry experience are well-equipped to help find and parse these figures.



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HEALTHCARE PROVIDERS ARE IN BUSINESS, but their niche has some unique rules, regulations and complexities that make a success template particularly elusive.

These clients need industry-specific advice from experts who understand a strictly regulated business model that is oftentimes forced to provide care and services at price points that are artificially set. In addition, third-party payers are slow to handle accounts receivable and a standard business plan just can't address the specific needs of a healthcare provider.

These challenges are becoming even more complex given the forthcoming healthcare reforms. According to some of New Jersey's top CPA firms, here are some examples of how they helped their healthcare clients to develop and implement successful business strategies.



Bederson & Company LLP

By Toni Klimowicz, CPA

Our client, a physical therapist, was interested in expanding the practice and wanted to determine the benefit of increasing the number of therapists currently employed. In order to help him make the determination, we analyzed the facility's total costs and calculated the cost per visit. Annual rent, occupational costs, insurance and general operating expenses were also calculated.

We analyzed payroll and calculated the number of actual patient visits. We also determined the number of additional patients the facility could accommodate in its current location. Through further analysis, we determined whether the therapists currently on staff could

accommodate more patients in their schedule or if they were, in fact, overbooked.

We also anticipated income that would be generated from an increased patient load. Because income for each treatment can vary greatly due to benefit disparities among various insurance carriers, this was perhaps the most challenging aspect of our analysis. Ultimately, we provided the client with a comprehensive cost-per-visit value and an income potential assessment which helped him determine both the number of additional therapists to add to his practice and the potential to increase their net income by providing expanded services to their patients.



EisnerAmper LLP

By Michael J. McLafferty, CPA, MBA, CFFP, FACMPE

Partner, Healthcare Services Group

A hospital was being considered for a New Jersey Stabilization Fund grant and the New Jersey Healthcare Facilities Financing Authority requested an independent cash manager be hired as part of the process. The hospital came to EisnerAmper and we were engaged to develop a strategy for a financial turnaround.

The hospital had less than three days' cash on hand, so timely efforts were critical. We designed a six-month cash flow projection, and then created a system that reduced costs and increased billings and collections, finding cash to meet operational needs. Even with the changes, the fear was the hospital was at risk of becoming insolvent.

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