Practice Expense RVUs

Practice Expense RVUs are costs a physician or practice bears in providing services, and includes clinical labor, medical supplies and equipment, administrative labor and office expenses. A large portion of these expenses are classified as fixed costs, such as rent or malpractice insurance, while the rest are considered variable expenses, such as equipment and staff. As a rule of thumb, if an expense cannot be directly attributed to a provider or to malpractice premiums, it is considered part of overhead expense.

But the definitions are the easy part. It's the handling of these expenses that can be a challenge.

Consider, for example, the fact that regulations provide for different payments depending on whether a procedure is performed in a non-facility or facility. More procedures in the office means higher payment but also higher expenses. Easy, right? But if you're not monitoring or benchmarking, you may have no idea what dollar amount is associated with your procedure cost factor.

This is where analysis comes into play.
Think about your clinical labor. Is your P.A. directly billing for services rendered? If so, their salary cannot be included in that cost factor. In addition, if their compensation is included as part of your provider expense, then their malpractice premium should be included in your total malpractice expense. If not, then your calculations will change.

There are a lot of financial considerations to make in managing your practice because anything overlooked can become a direct hit to your practice’s healthy operation and bottom line.

We can help steer you in the right direction.

Call us and ask us how.

For more information or to find out how we can help, contact the GMSL Health Care Consulting Group at hc@gmslny.com.

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About Us

Founded in the 1950’s, Gettry Marcus Stern & Lehrer, CPA, P.C. has grown from providing traditional accounting and tax services into a full service firm offering consulting, litigation, business valuation, forensic accounting and financial advisory services.

GMSL is a member of the National CPA Health Care Advisors Association (HCAA), a nation-wide association of CPA firms that provide specialized accounting, tax, and consulting services to the health care industry.