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Facial Aesthetics

Allergan/BSM Cosmetic Surgery Benchmarking Database

Presented by:

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Allergan Practice Consultant*

Program Overview

- Voluntary participation of practices identified by Allergan consulting team.
- Practices may not reflect the “average” cosmetic practice.
- 2007 is our 3rd year administering the survey.
- Operating results are included for 2004, 2005, and 2006.
- Data is cut by region.
- Regions consistent with MGMA Annual Cost Survey.

Data Sources

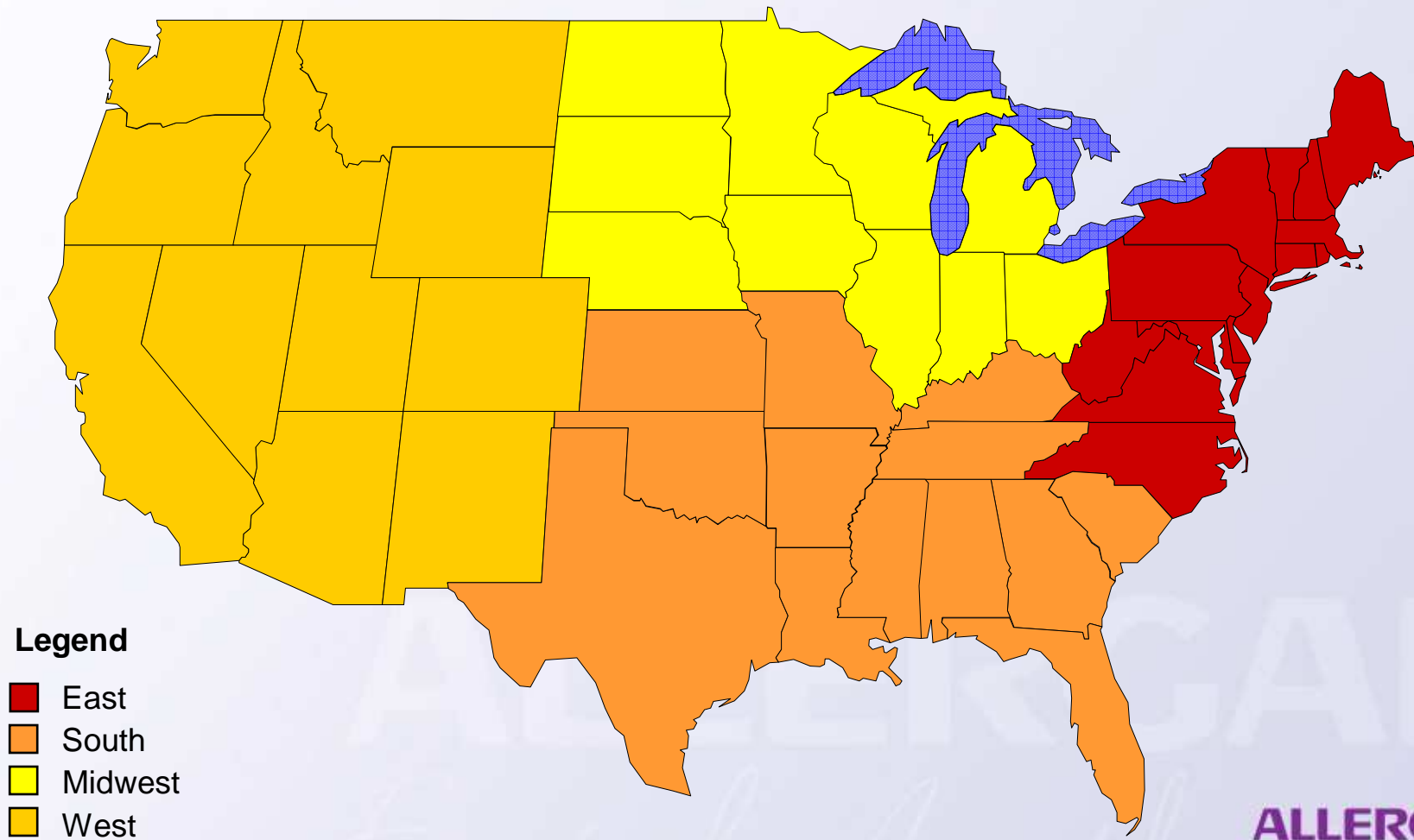
- Practice Financial Statements
- Income Tax Returns
- Productivity Reports
- Employee Census Data

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Regional Breakdown



Legend

-  East
-  South
-  Midwest
-  West

Comparative Summary of Database Practices by Region

Region	2004	Pct	2005	Pct	2006	Pct
East	37	27.0%	39	30.5%	41	33.9%
South	47	34.3%	45	35.1%	45	37.1%
Midwest	17	12.4%	20	15.6%	14	11.6%
West	36	26.3%	24	18.8%	21	17.4%
Totals	137	100.0%	128	100.0%	121	100.0%

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Comparative Summary of Database Practices by Specialty

Specialty	2004	Pct	2005	Pct	2006	Pct
Cosmetic Dermatology¹	38	27.7%	36	28.1%	41	33.9%
Facial Plastics²	20	14.6%	19	14.8%	14	11.6%
Oculoplastics	3	2.2%	5	3.9%	3	2.5%
Plastic Surgery	76	55.5%	68	53.2%	63	52.0%
Totals	137	100.0%	128	100.0%	121	100.0%

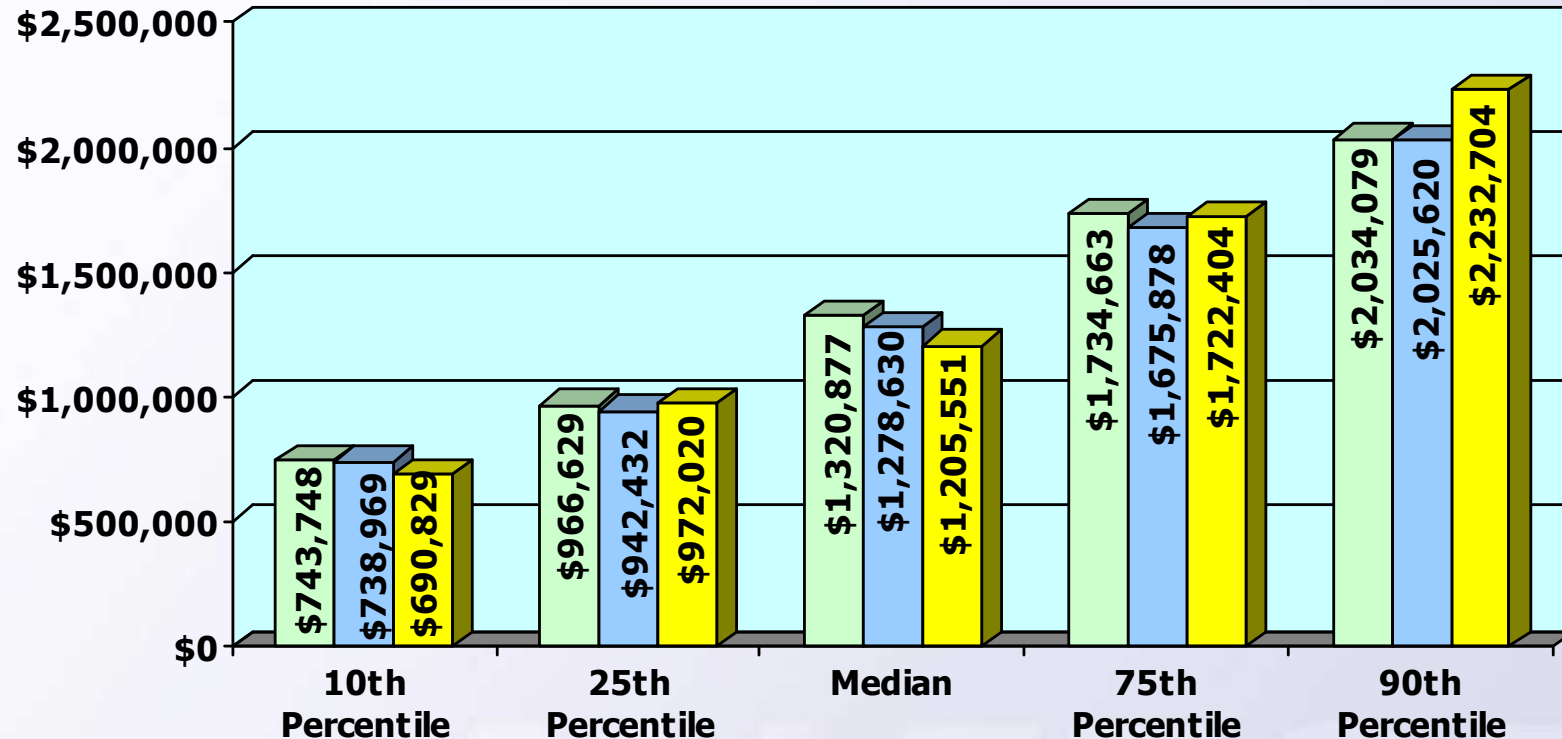
¹ Cosmetic Dermatology - Dermatology practices where 50% or more of collections are attributable to cosmetic procedures.

² Facial Plastics - Plastic surgery practices that are limited to procedures of the face.

Limiting Factors

- Lack of consistency in data reporting.
- Calculation of FTE physicians.
- Cash reporting method of accounting.
- Inconsistency with chart of account classifications.
- Due to variance in the number of practices providing data we have reported results as follows:
 - ✓ Mean and/or median results are shown for indicators when more than 10 and less than 20 practices report data.
 - ✓ 10th, 25th, median, 75th, and 90th percentile are reported when more than 20 practices provide data (unless indicated otherwise).

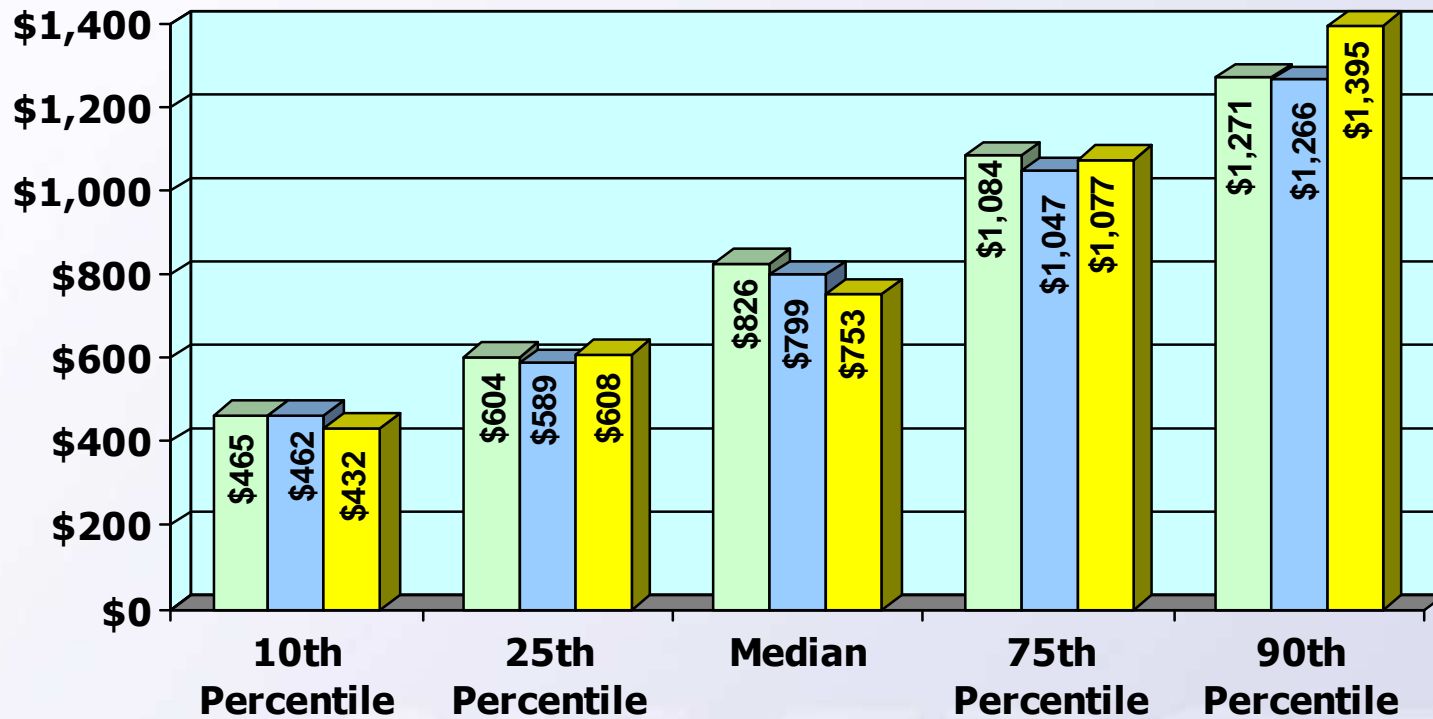
Net Collected Revenue per FTE MD/DO



Year	2004	2005	2006
# Practices	137	128	121

NOTE: The results include actual net collected revenue of all MDs/DOs working in the practice, divided by the number of full-time equivalent MDs/DOs (a full-time equivalent MD/DO is assumed to work 1,600 hours or more per year). The cost of goods sold is included in revenue.

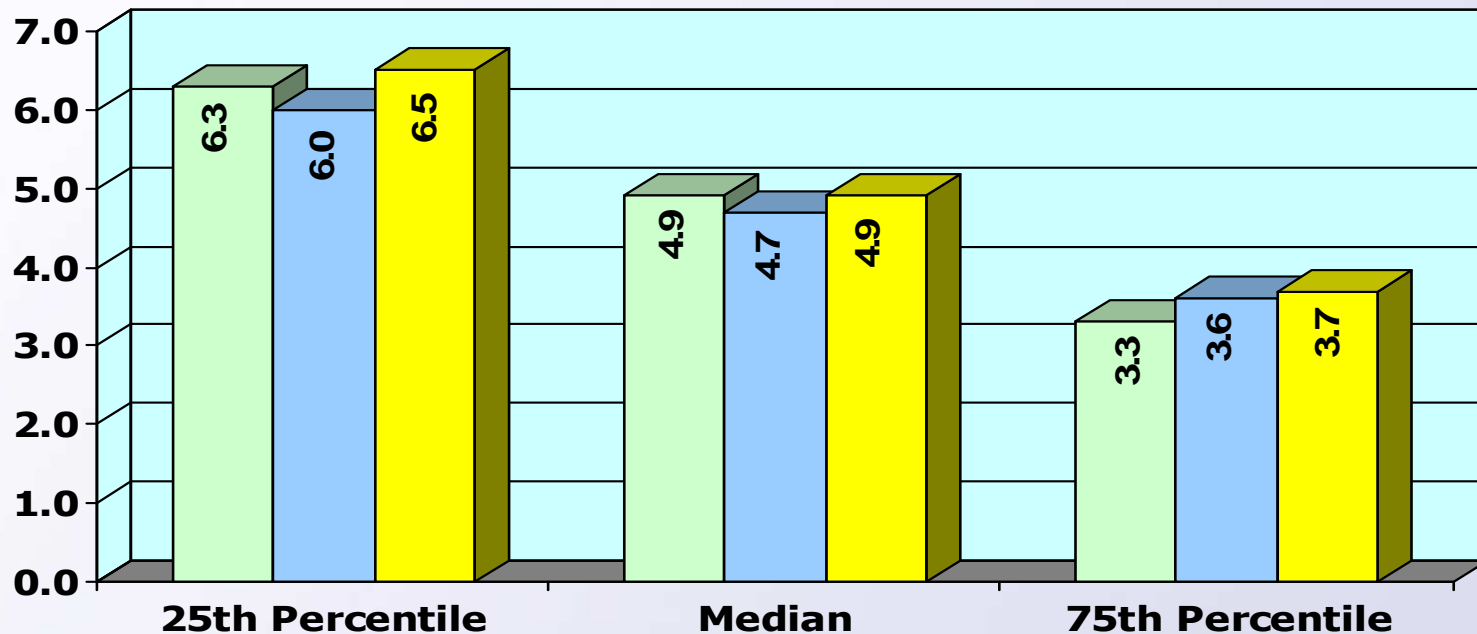
Revenue Rate per Hour per FTE MD/DO



Year	2004	2005	2006
# Practices	137	128	121

NOTE: Calculated by dividing actual net collected revenue of all MDs/DOs by the total number of doctor hours worked. Hours worked assumes 1,600 for a full-time equivalent MD/DO and is adjusted for part-time practitioners.

Number of FTEs per FTE Provider



Year	2004	2005	2006
# Practices	137	128	121

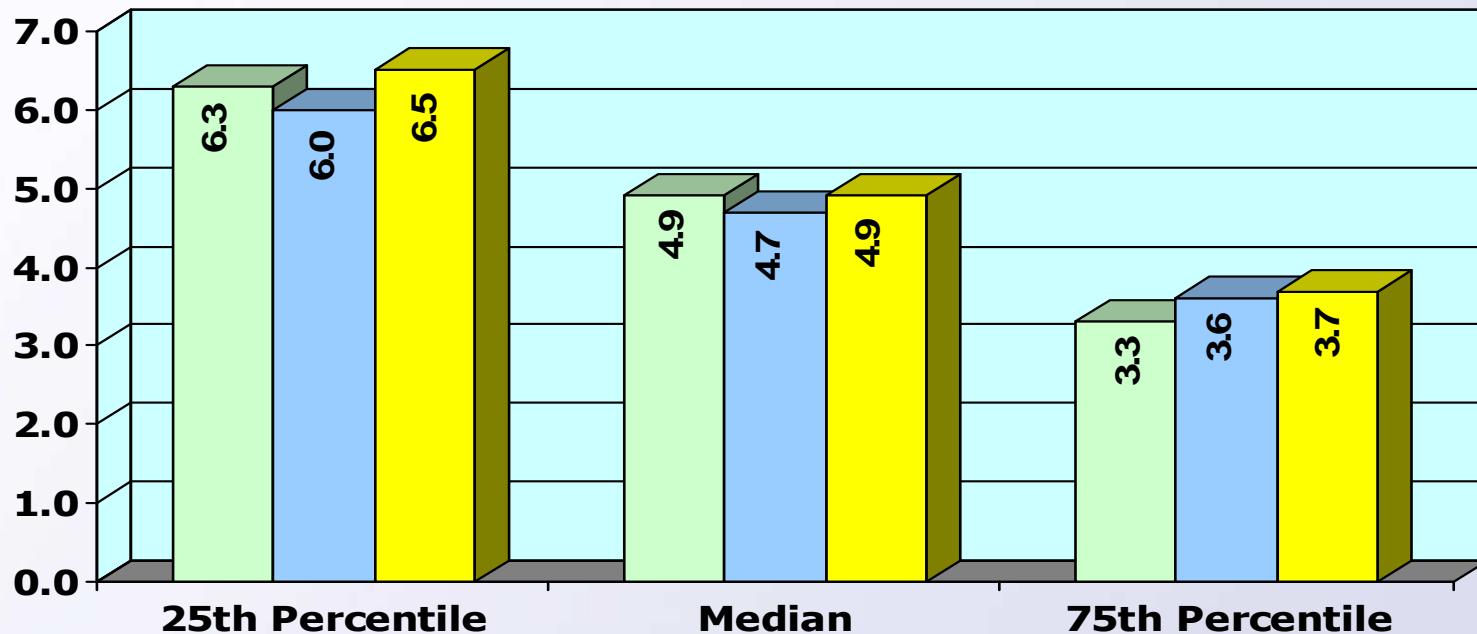
NOTE: FTEs include non-provider support staff working 2,080 hours per year. FTE Provider includes MDs, DOs, Physician Assistants and Nurse Practitioners.

Are we overstaffed or understaffed?

Case study:

- 2 FTE MDs, Collections per MD: 1.4 million
 - Collections per FTE Employee: 280,000
 - FTE Employees per FTE MD: 5
 - Non-provider Payroll ratio: 15%
 - Overhead Ratio: 56 %
-
- | | |
|--|-----------------------------------|
| ■ Collections per MD: 2.9 million | ■ Collections per MD: 1.3 million |
| ■ Collections per FTE staff: 1.5 Million | ■ Collections per FTE staff: 241K |
| ■ FTE staff per FTE MD: 2 | ■ FTE staff per FTE MD: 6.35 |
| ■ Non-provider Payroll ratio: 5% | ■ Non-provider Payroll ratio: 18% |
| ■ Overhead Ratio: 46% | ■ Overhead Ratio: 69% |

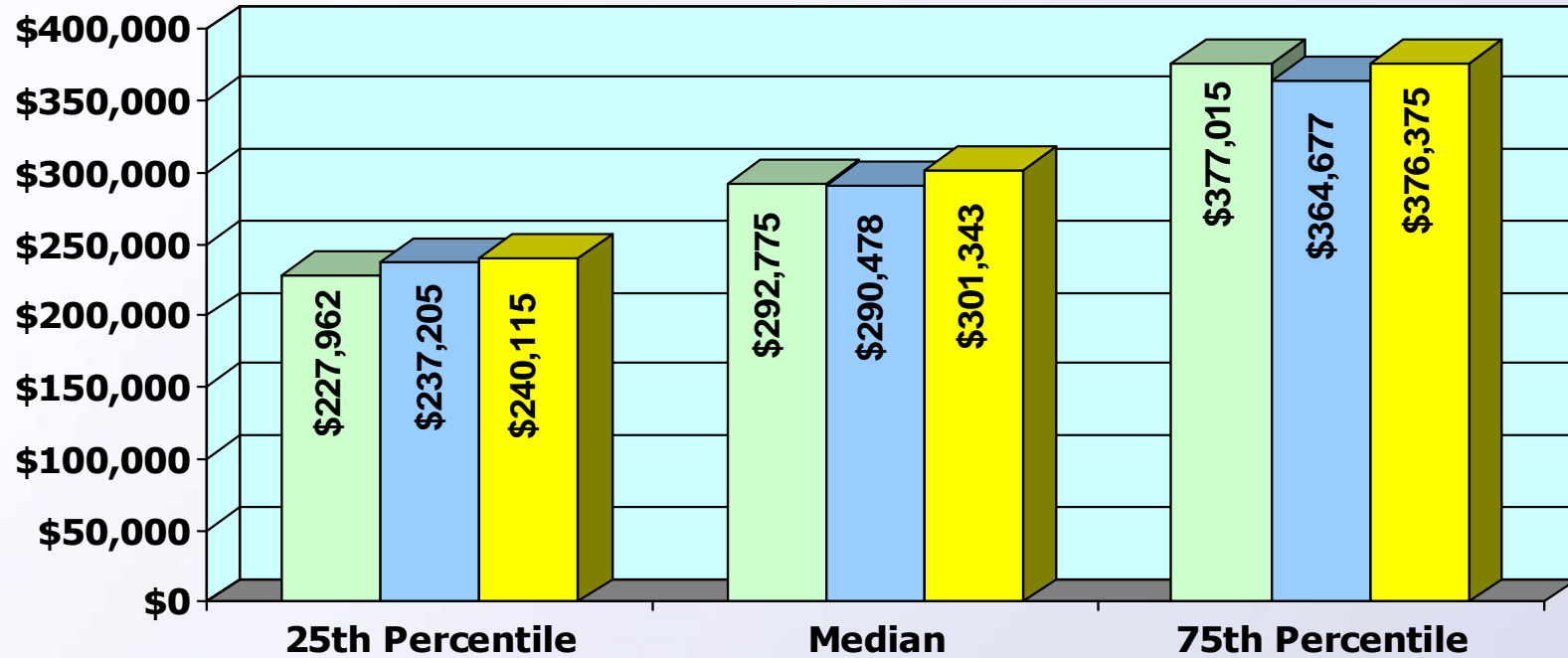
Number of FTEs per FTE Provider



Year	2004	2005	2006
# Practices	137	128	121

NOTE: FTEs include non-provider support staff working 2,080 hours per year. FTE Provider includes MDs, DOs, Physician Assistants and Nurse Practitioners.

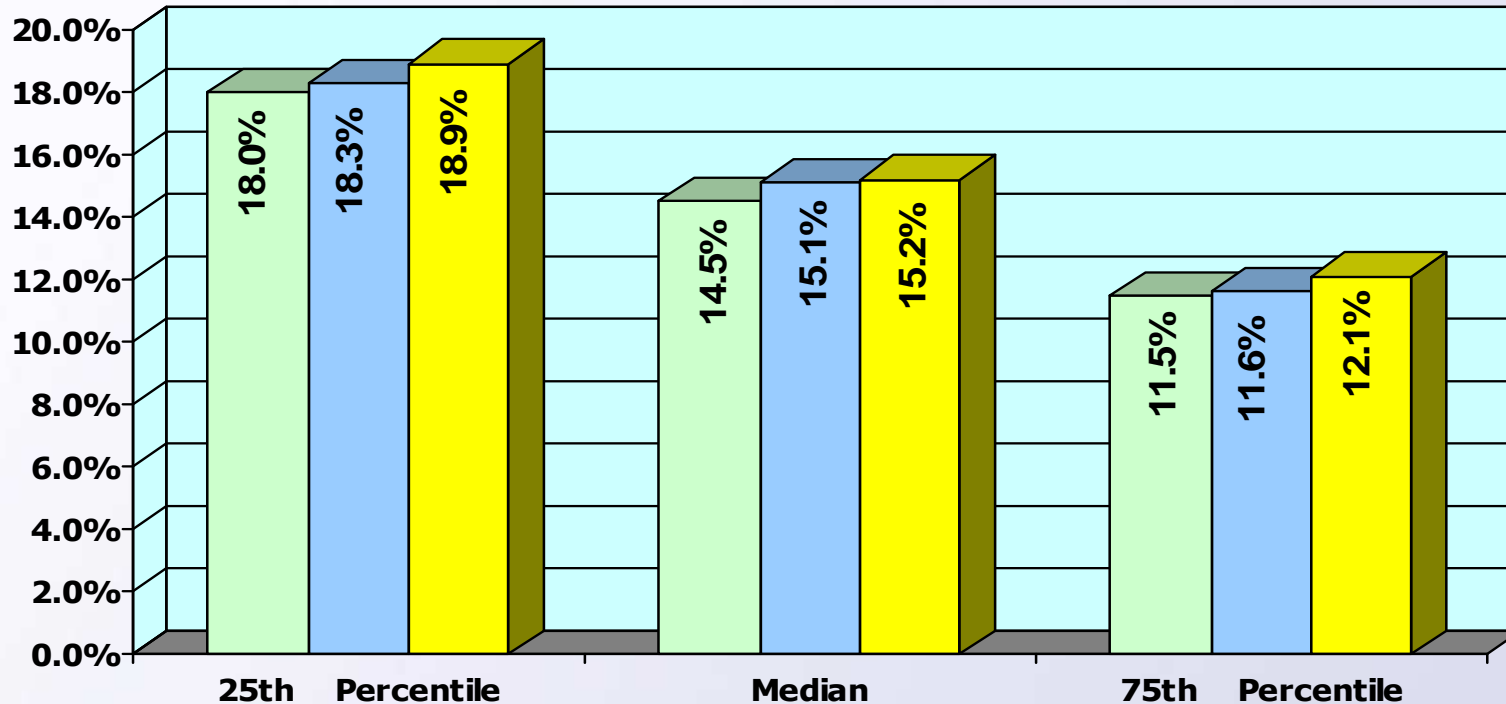
Net Collected Revenue per FTE Support Staff



Year	2004	2005	2006
# Practices	137	128	121

NOTE: Calculated by dividing total practice net collected revenue by the number of full-time equivalent support staff (assumes 2,080 hours worked per year). Non-physician providers are not included in this calculation.

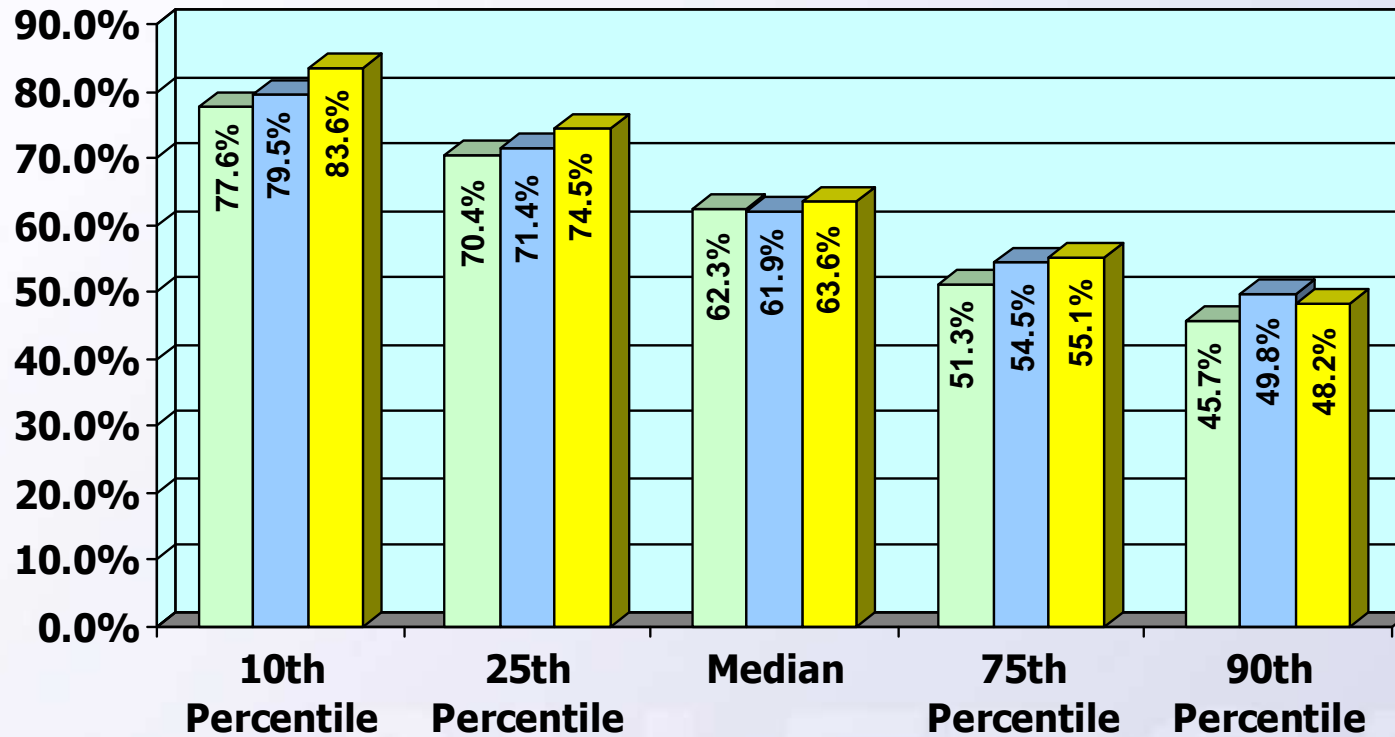
Non-Provider Payroll Ratio



Year	2004	2005	2006
# Practices	137	128	121

NOTE: Calculated by dividing total non-provider gross payroll by total practice net collected revenue.
Payroll includes gross wages and does not include employee benefits or payroll taxes.

Operating Expense Ratio



Year	2004	2005	2006
# Practices	137	128	121

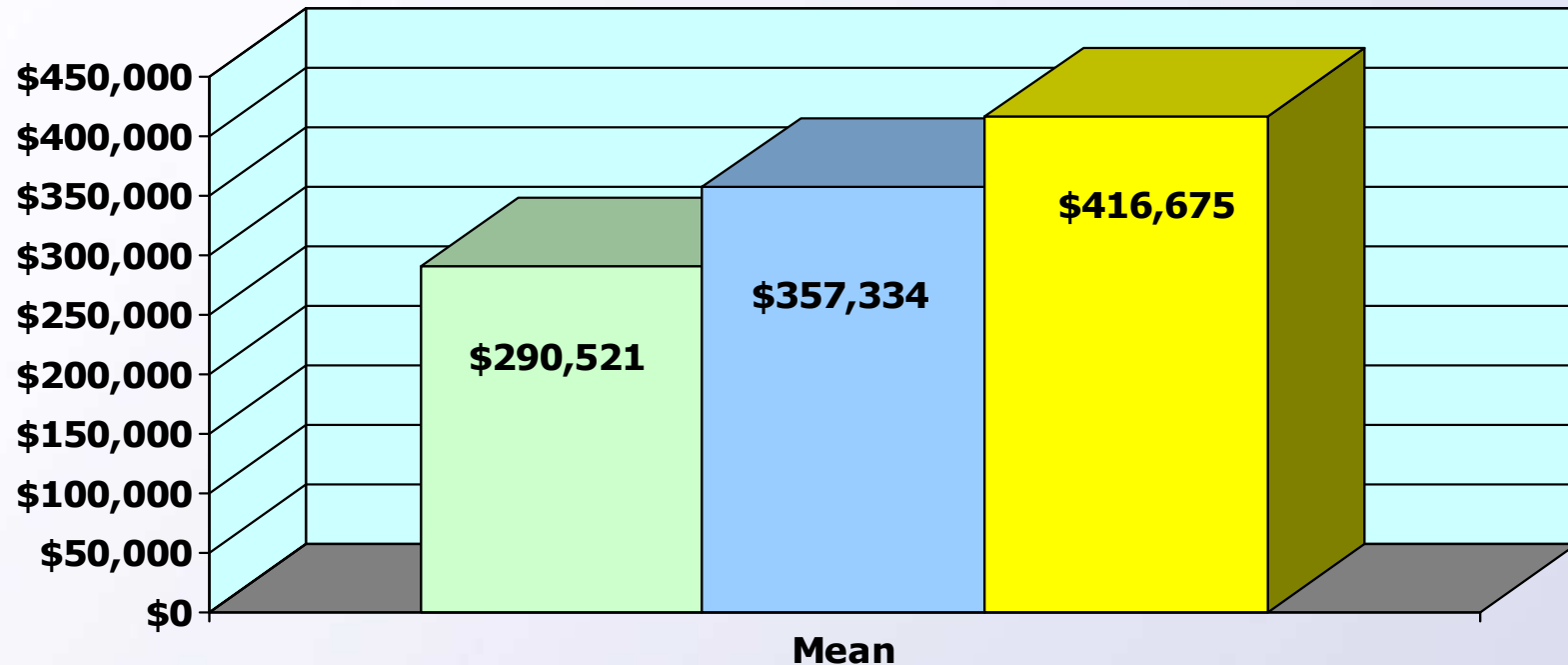
NOTE: The operating expense ratio is calculated by dividing operating expenses by total practice net collected revenue. Operating expenses exclude physician and non-physician provider compensation, bonuses, retirement contributions, depreciation and automobile expense. The cost of goods sold is included in operating expenses.

Are we overstaffed or understaffed?

Case study:

- 2 FTE MDs, Collections per MD: 1.4 million
 - Collections per FTE Employee: 280,000
 - FTE Employees per FTE MD: 5
 - Non-provider Payroll ratio: 15%
 - Overhead Ratio: 56 %
-
- | | |
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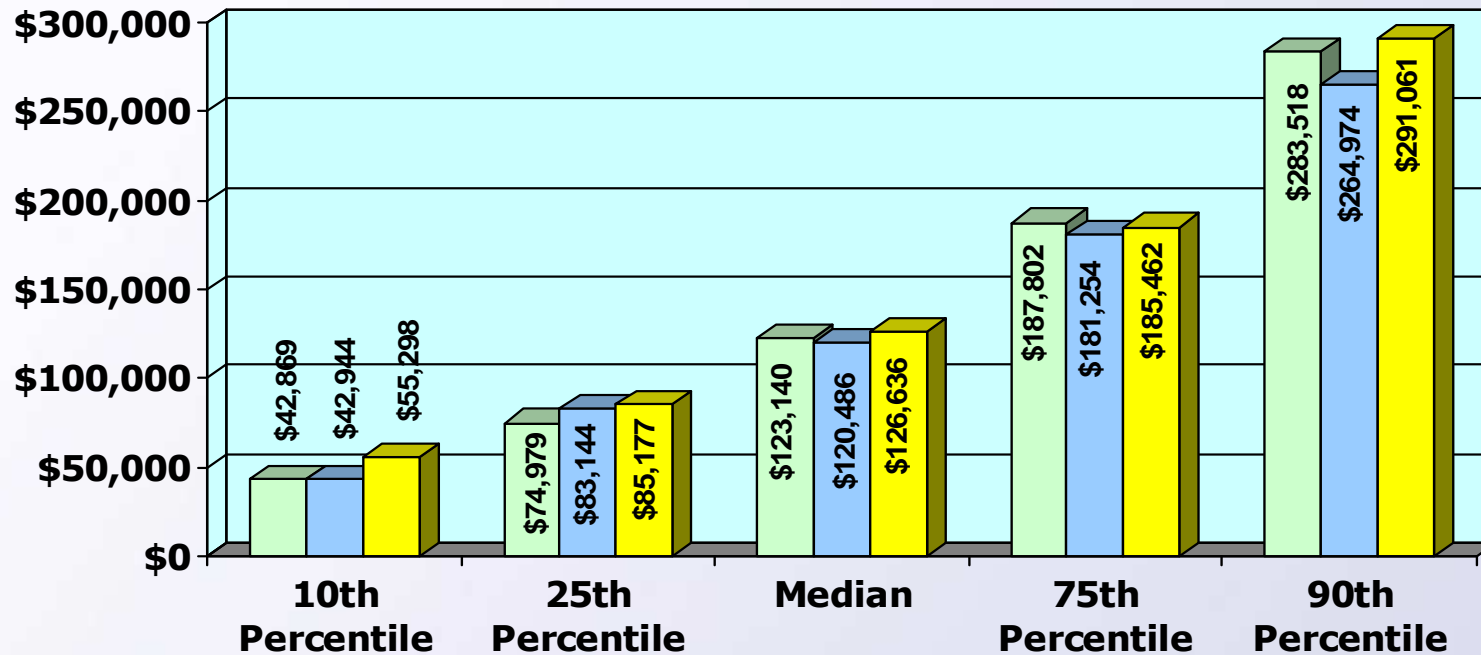
Net Collected Revenue per FTE Non-Physician Provider – Mean Value



Year	2004	2005	2006
# Practices	21	19	24

NOTE: Calculated by dividing non-physician provider (physician assistants and nurse practitioners) revenue by the number of full-time equivalent physician assistants and nurse practitioners (assumes 2,080 hours worked per year). The cost of goods sold is included in revenue.

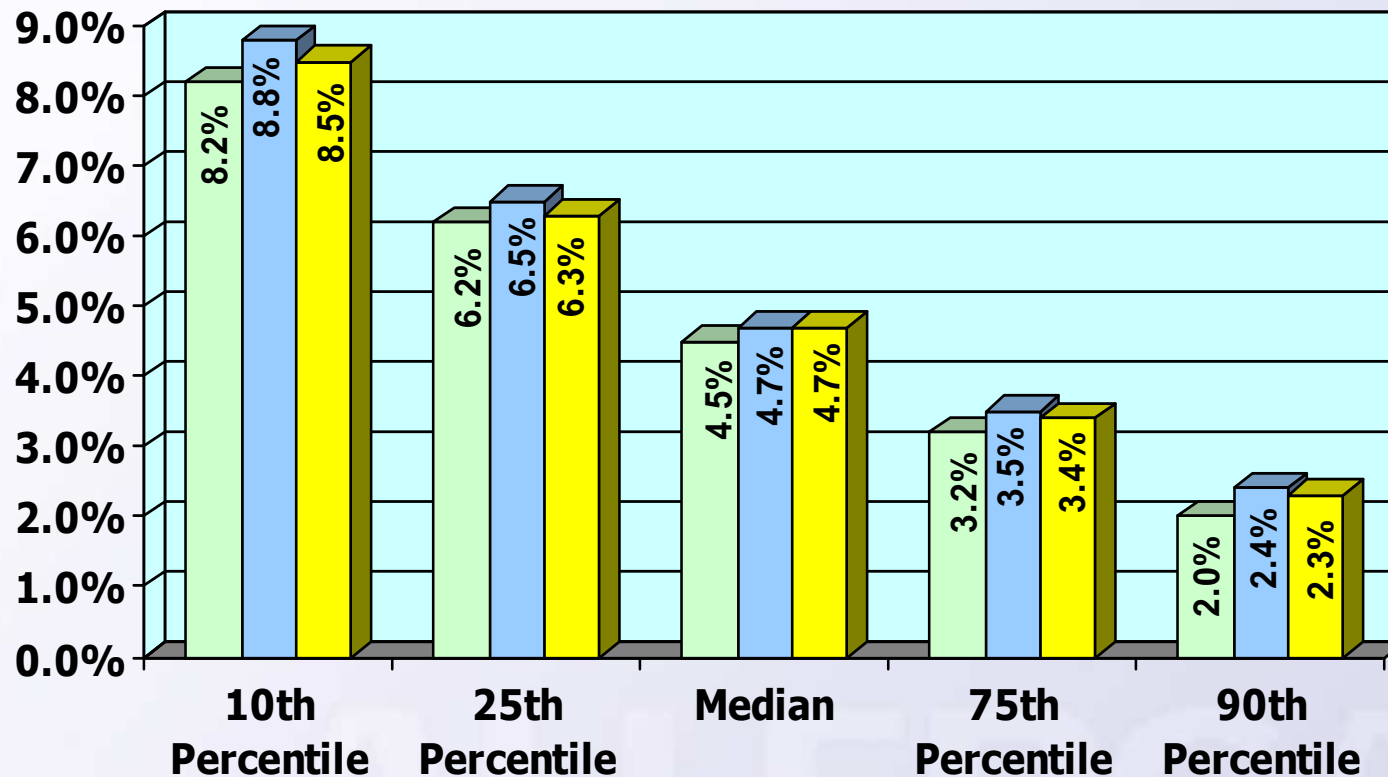
Net Collected Revenue per FTE Aesthetician



Year	2004	2005	2006
# Practices	67	70	75

NOTE: Calculated by dividing aesthetician revenue by the number of full-time equivalent aestheticians (assumes 2,080 hours worked per year).

Rent Expense Ratio

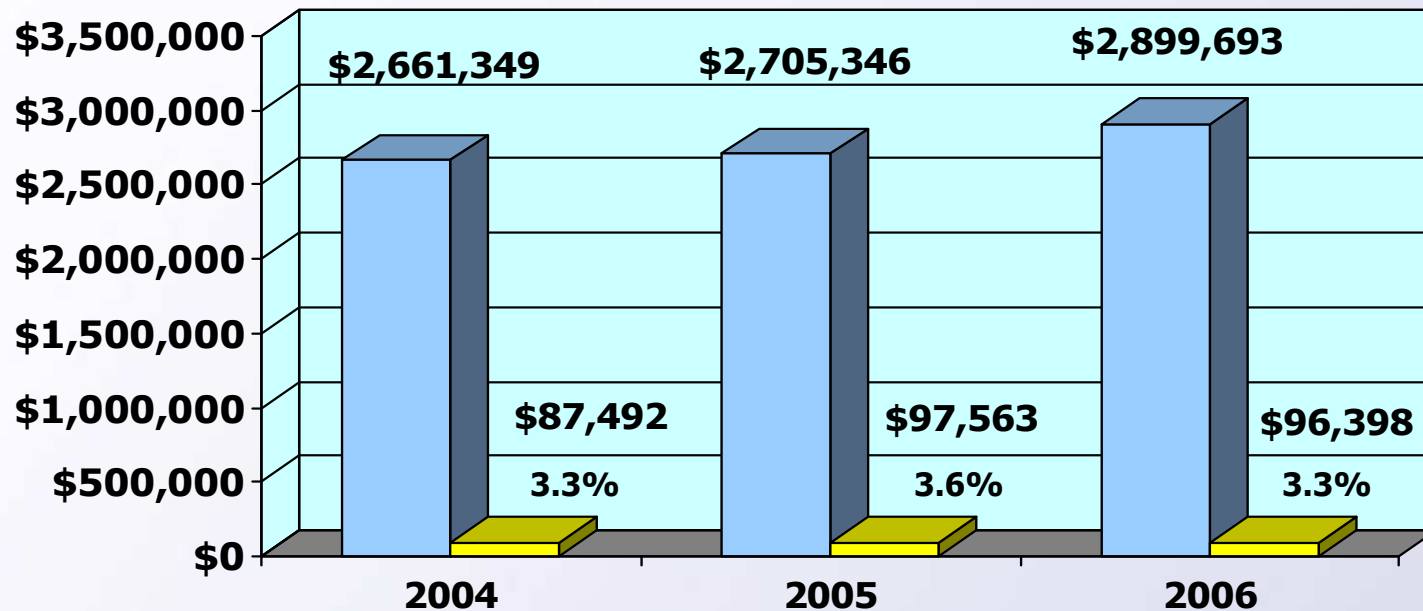


Year	2004	2005	2006
# Practices	137	127	120

NOTE: Calculated by dividing total practice rent expense by total practice net collected revenue. Rent expense does not include additional occupancy expenses such as utilities and maintenance.

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Marketing Expense as Percent of Net Collected Revenue – Mean Value

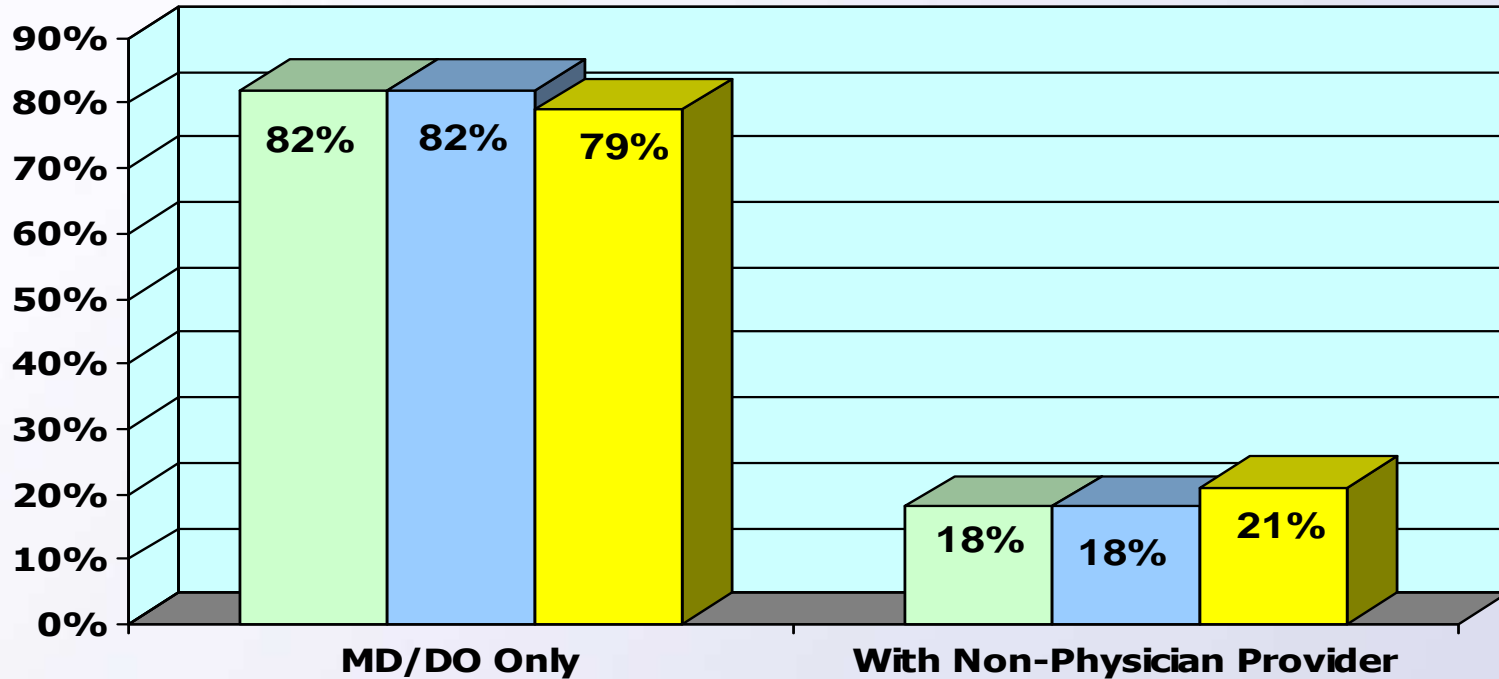


■ Net Collected Revenue ■ Advertising/Marketing

Year	2004	2005	2006
# Practices	134	126	119

NOTE: The percentage shown represents the percent of advertising/marketing expense in comparison to total net collected revenue.

Practices with Non-Physician Providers



Year	2004	2005	2006
# Practices w/NPPs	25	23	26
# Practices Reporting	137	128	121

Achieving Optimal Practice Performance

- Surround yourself with good people and good information.
- Routinely measure and benchmark practice results.
- Measure patient and employee satisfaction levels.
- Make practice planning a routine.
- Strive to increase your personal productivity.

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Achieving Optimal Practice Performance

- More can be better when it comes to your staff.
- Hire “right” and invest in staff training and development.
- Show appreciation to your staff.
- Understand your role as a leader in the practice.

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Remember....

**Good business decisions
cannot be made
without good information!**

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