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
## Comparative Summary of Database Practices by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2004</th>
<th>Pct</th>
<th>2005</th>
<th>Pct</th>
<th>2006</th>
<th>Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>37</td>
<td>27.0%</td>
<td>39</td>
<td>30.5%</td>
<td>41</td>
<td>33.9%</td>
</tr>
<tr>
<td>South</td>
<td>47</td>
<td>34.3%</td>
<td>45</td>
<td>35.1%</td>
<td>45</td>
<td>37.1%</td>
</tr>
<tr>
<td>Midwest</td>
<td>17</td>
<td>12.4%</td>
<td>20</td>
<td>15.6%</td>
<td>14</td>
<td>11.6%</td>
</tr>
<tr>
<td>West</td>
<td>36</td>
<td>26.3%</td>
<td>24</td>
<td>18.8%</td>
<td>21</td>
<td>17.4%</td>
</tr>
<tr>
<td>Totals</td>
<td>137</td>
<td>100.0%</td>
<td>128</td>
<td>100.0%</td>
<td>121</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
## Comparative Summary of Database Practices by Specialty

<table>
<thead>
<tr>
<th>Specialty</th>
<th>2004</th>
<th>Pct</th>
<th>2005</th>
<th>Pct</th>
<th>2006</th>
<th>Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosmetic Dermatology(^1)</td>
<td>38</td>
<td>27.7%</td>
<td>36</td>
<td>28.1%</td>
<td>41</td>
<td>33.9%</td>
</tr>
<tr>
<td>Facial Plastics(^2)</td>
<td>20</td>
<td>14.6%</td>
<td>19</td>
<td>14.8%</td>
<td>14</td>
<td>11.6%</td>
</tr>
<tr>
<td>Oculoplastics</td>
<td>3</td>
<td>2.2%</td>
<td>5</td>
<td>3.9%</td>
<td>3</td>
<td>2.5%</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>76</td>
<td>55.5%</td>
<td>68</td>
<td>53.2%</td>
<td>63</td>
<td>52.0%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>137</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>128</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>121</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

\(^1\) 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

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

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>137</td>
<td>128</td>
<td>121</td>
</tr>
</tbody>
</table>

2006 2005 2004
121 128 137 # Practices
Number of FTEs per FTE Provider

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>137</td>
<td>128</td>
<td>121</td>
</tr>
</tbody>
</table>

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 FTE staff: 1.5 Million
- FTE staff per FTE MD: 2
- Non-provider Payroll ratio: 5%
- Overhead Ratio: 46%

- Collections per MD: 1.3 million
- Collections per FTE staff: 241K
- FTE staff per FTE MD: 6.35
- Non-provider Payroll ratio: 18%
- Overhead Ratio: 69%
Number of FTEs per FTE Provider

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>137</td>
<td>128</td>
<td>121</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>137</td>
<td>128</td>
<td>121</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>137</td>
<td>128</td>
<td>121</td>
</tr>
</tbody>
</table>

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.
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?

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- 2 FTE MDs, Collections per MD: 1.4 million
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Net Collected Revenue per FTE Non-Physician Provider – Mean Value

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>21</td>
<td>19</td>
<td>24</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices</td>
<td>67</td>
<td>70</td>
<td>75</td>
</tr>
</tbody>
</table>

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

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.
Marketing Expense as Percent of Net Collected Revenue – Mean Value

NOTE: The percentage shown represents the percent of advertising/marketing expense in comparison to total net collected revenue.
Practices with Non-Physician Providers

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td># Practices w/NPPs</td>
<td>25</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td># Practices Reporting</td>
<td>137</td>
<td>128</td>
<td>121</td>
</tr>
</tbody>
</table>
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.
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.
Remember....

Good business decisions cannot be made without good information!