

# FAQ

## FREQUENTLY ASKED QUESTIONS



## Teaching the Business of General Practice: Easy Reference Charts

### How to use these charts

These charts have been compiled for you to help build your registrar's understanding, manage their expectations, and set standards for their time with your practice.

For example, when a registrar tries to negotiate a higher percentage, you can refer them to Chart F to illustrate comparisons by industry, and Charts C, D.1 and D.3 to provide clarity with respect to the financial reality of running a general practice and what a registrar needs to contribute for that business to just break even.

You can include these charts as they have been presented in your teaching resources, or adapt them to better reflect the situation in your own general practice business.

### A. Opportunity cost in taking on a registrar (consult room comparison)

GP TYPE	Vocationally Registered Non-VR consult room	("VR") GP consult room (GP registrar – late stage GP registrar)
<b>BILLING CONDITIONS</b>	<ul style="list-style-type: none"> <li>Mixed billing context</li> <li>Children and concession card holders bulk billed</li> <li>All other patients privately billed</li> </ul>	
<b>BILLINGS AVERAGE PER FULL TIME CONSULT ROOM</b>	\$500,000 p.a. FTE	\$267,094 p.a.
<b>AVERAGE INCOME SPLIT</b>	VR GP 60%: \$300,000 Practice 40%: \$200,000	Registrar 49.05%: \$131,010 p.a. Practice 50.95%: \$136,084 p.a.
<b>OPPORTUNITY COST</b>	$\$500,000 - \$267,094 = \$232,906^{\wedge}$ <sup>^</sup> This represents the relative annual "opportunity" cost to a practice staffing consult rooms with registrars instead of VR GPs	

### B. Practice set-up costs (example of a rural practice with up to 10 GPs and an onsite pathology collection centre)

ITEM	INDICATIVE COST
Purchase of Building	\$1.25million
Fit-out	\$600,000
Furniture	\$200,000
IT infrastructure	\$60,000
Security	\$7,000
<b>Total Avg establishment business loan for setting up a small GP clinic*</b>	<b>\$2.117million</b>

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### C. Practice running costs (example of a rural practice with up to 10 GPs and an onsite pathology collection centre)

POSITION / COST CENTRE	AVERAGE FTE SALARY / ANNUAL SPEND	FTE / UNITS REQUIRED PER GP	FRACTIONAL COST PER REGISTRAR OR CLINICIAN
Practice Manager / Business Manager / CEO	\$109,500	0.2	\$21,900
Reception / Admin	\$55,845	0.5	\$27,922
Practice Nurse	\$78,840	0.3	\$23,652
Rent & Rates	\$182,000	0.125	\$22,750
Marketing / Website / Booking Systems	\$19,800	0.125	\$2,475
Software & Maintenance	\$19,268	0.125	\$2,405
Medical Supplies	\$30,000	0.125	\$3,750
Medications & Vaccinations	\$54,000	0.125	\$6,750
Security / Cleaning / Waste Services	\$29,000	0.125	\$3,625
Utilities	\$14,760	0.125	\$1,845
Merchant Fees	\$10,200	0.125	\$1,275
Insurance	\$11,000	0.125	\$1,375
Business Finance Costs	\$168,000	0.125	\$21,000
<b>Total Average Cost per Clinician (annual)</b>			<b>\$140,727</b>
Less What a Registrar would contribute to the practice costs on average (using Chart A's best case scenario)			\$136,084
<b>Average Deficit (Practice Costs : Registrar)</b>			<b>-\$4,643</b>

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### D. Registrar contribution to running costs of practice (for most commonly-billed Medicare item, ie Item 23)

Table 1 – nett contribution from item 23 billed by registrar

<b>Item 23 Revenue</b>	<b>\$38.20</b>
Less	
Amount paid to Registrar (44.79%)	\$17.10
Amount paid into Registrar's Superannuation (9.5%)	\$3.62
Amount paid to SRO for payroll tax (5.6%)	\$2.13
Amount paid to workers compensation insurance (0.5%)	\$0.19
Total operating costs (39%)	\$23.04
<b>NETT CONTRIBUTION TO PRACTICE BY REGISTRAR BILLING ITEM 23</b>	<b>\$15.16</b>

Table 2 – number of item 23s registrars need to bill for practice's annual running costs to be met (using figures from Chart C)

POSITION / COST CENTRE	AVERAGE FTE SALARY / ANNUAL SPEND	ITEM 23s NEEDED TO PAY FOR PRACTICE'S TOTAL ANNUAL COSTS
Practice Manager / Business Manager / CEO	\$109,500	7,223
Reception / Admin	\$55,845	3,684
Practice Nurse	\$78,840	5,201
Rent & Rates	\$182,000	12,005
Marketing / Website / Booking Systems	\$19,800	1,306
Software & Maintenance	\$19,268	1,271
Medical Supplies	\$30,000	1,979
Medications & Vaccinations	\$54,000	3,562
Security / Cleaning / Waste Services	\$29,000	1,913
Utilities	\$14,760	974
Merchant Fees	\$10,200	673
Insurance	\$11,000	726
Business Finance Costs	\$168,000	11,082
<b>TOTAL NUMBER OF ITEM 23s NEEDED TO BE BILLED ANNUALLY BY REGISTRARS TO MEET TOTAL PRACTICE RUNNING COSTS</b>		<b>51,599</b>

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Table 3 – number of item 23s a registrar needs to bill to meet proportional costs for practice on annual basis (using Chart C)

POSITION / COST CENTRE	AVERAGE FTE SALARY / ANNUAL SPEND	FTE / UNITS REQUIRED PER GP	FRACTIONAL COST / REGISTRAR OR CLINICIAN	# OF ITEM 23s NEEDED TO PAY FOR FRACTIONAL COST PER REGISTRAR
Practice Manager / Business Manager / CEO	\$109,500	0.2	\$21,900	1,445
Reception / Admin	\$55,845	0.5	\$27,922	1,842
Practice Nurse	\$78,840	0.3	\$23,652	1,560
Rent & Rates	\$182,000	0.125	\$22,750	1,501
Marketing / Website / Booking Systems	\$19,800	0.125	\$2,475	163
Software & Maintenance	\$19,268	0.125	\$2,405	159
Medical Supplies	\$30,000	0.125	\$3,750	247
Medications & Vaccinations	\$54,000	0.125	\$6,750	445
Security / Cleaning / Waste Services	\$29,000	0.125	\$3,625	239
Utilities	\$14,760	0.125	\$1,845	122
Merchant Fees	\$10,200	0.125	\$1,275	84
Insurance	\$11,000	0.125	\$1,375	91
Business Finance Costs	\$168,000	0.125	\$21,000	1,385
<b>Total number of item 23s a registrar needs to bill to meet proportional costs for practice on an annual basis</b>				<b>9,283</b>
... on a weekly basis (calculated on 48 weeks per year)				193
... on a daily basis (allowing 2 x half-hour non-consult sessions/day)				39
... on an hourly basis (allowing 2 x half-hour non-consult sessions/day, ie 6.5 hours of consultation)				6

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### E. Item number analysis example (registrar compared with supervisor)

ITEM	ITEM \$	DESCRIPTION	AVERAGE # BILLED BY SUPERVISOR	SUPERVISOR BILLINGS	AVERAGE # BILLED BY REGISTRAR	REGISTRAR BILLINGS	RATIO
3	\$17.50	Level A	226	\$3,955	7	\$122.50	32:1
23	\$38.20	Level B	3,753	\$143,364.60	1,376	\$52,563.20	2.7:1
24	\$64.95	Level B Home Consult	0	0	0	0	
36	\$73.95	Level C	39	\$2,884.05	248	\$18,339.60	0.16:1
37	\$100.70	Level C Nursing	2	\$201.40	0	0	
44	\$108.85	Level D Consult	1	\$108.85	11	\$1,197.35	0.09:1
715	\$212.25	Indigenous Health Assessment	0	0	0	0	
721	\$144.25	GP Management Plan	0	0	0	0	
(Add as many as applicable...)							
<b>Totals</b>			<b>4,021</b>	<b>\$150,423.90</b>	<b>1,642</b>	<b>\$72,222.65</b>	<b>2.45:1</b>

### F. Earnings against revenue comparison

PROFESSION	PERCENTAGES OFFERED/EARNING EXPECTATIONS AS INDUSTRY STANDARD
GP REGISTRAR	44.79%
FULLY QUALIFIED GP	65%
VET REGISTRAR	25%
DENTIST	30-35%
LAWYER	Must bill 6 times their salary per annum to retain job

### G. Importance of balance in business domains

Culture + revenue (but no recruitment)  
= No business sustainability / "burn-out"

Recruitment + revenue (but no culture)  
= No loyalty / "churn and burn" of staff

Culture + recruitment (but no revenue)  
= No business profit

