

Overhead: a major bite out of your practice revenue

With operating costs often eating up more than half of their total revenue, internal medicine and subspecialty practices have a strong incentive for cutting or getting the most out of their overhead.

The following median percentages show how much of groups' total medical revenue was used up by total operating costs in 2002:

	Total operating cost as a % of total revenue
Single specialty	
Internal medicine, not hospital-owned	54.74%
Internal medicine, all owner types	59.22%
Hematology/oncology	73.95%
Cardiology	49.10%
Gastroenterology	43.42%
Pulmonary	39.33%
Multispecialty	
All practices	60.17%
Not hospital- or IDS-owned	58.40%
Hospital- or IDS-owned	65.56%

Source: Medical Group Management Association's "Cost Survey: 2003 Report Based on 2002 Data"