

Benchmarks

- The national benchmark in general practice is for 57% of patients to be women 15-45. On average, general practices deliver 56% of their services to this fertile group of patients.
- Currently, GPs provide all the care needed for about 88% of problems they encounter. This is expected to fall with an increasingly aged population.
- Around 50% of GP consultations are to patients with two or more chronic conditions.
- In 1982, patients visited their GP 4 times per year. The average is now around 10 times per year with the bulk of Australians visiting 5-7 times per year. The remainder of the “average” is driven by the frequent attenders with chronic disease.
- The growth of the primary care sector is rising, due to impact of ageing and population growth.
- Bulk billing rates are now over 80%. With more practices feeling obliged to bulk bill pensioners, this figure is likely to increase over the next decade.
- Profitability in the sector is falling. Large corporate general practices have on average made losses from their primary care arms over the last decade. Their survival as corporate entities has only been assured by cross referrals into much higher margin businesses like pathology and radiology.
- Costs for salaries and overheads run at around 38% of revenue within the large corporate practices with rents costing on average a further 25% of gross revenue.
- In smaller private practices, labour costs and overheads generally run at around 40% of revenue. With doctors often charging a split of 60/40, this means there is little margin to set aside for depreciation, refurbishment and professional development.
- The numbers of doctors in practices will continue to increase as the costs of supporting each doctor tend to fall with increased size. This will place more pressure on management and systems to keep efficiency and satisfaction at the same level.
- The number of Registrar positions available has increased. This could be a considerable dampener on income.
- Medical practice sales prices have fallen as the large corporates have reduced acquisition activity.
- Introducing a mixed billing model has been shown to reduce patient flow. This can be offset by suitably high private billings. This demonstrates the difference between mark-up and margin.
- It costs an average of \$180K to set up a mid-sized general practice i.e. 4 FTE doctors. However, more sophisticated general practices can spend as much as \$80K just on computers and related hardware and software to run eight consultation rooms, nursing and administrative functions. Therefore, the deviation from the mean in terms of costs is high and dependent upon the vision and business rules set by the owners. Do not be surprised if your dream of entry into general practice means outlaying \$350K or more.