

Accountants Affinity Report

HEALTHCARE

Affinity score*

1.47

HEALTHCARE COMPANIES RECOGNIZE THE VALUE OF A GOOD ACCOUNTANT

But to win their business, CPAs and accounting firms need to address their challenges

For many years, healthcare organizations have been facing revenue pressures and declining margins. This trend is expected to continue as increased demand, infrastructure challenges and technology advancements strain already limited resources. At the same time, the industry is experiencing a shift from long-held fee-for-service models to value-based care, where care providers are reimbursed based on outcomes achieved, and not on the volume of services delivered. A successful transition to this new model requires that healthcare organizations move beyond transaction-based treatment to the holistic health of populations.¹

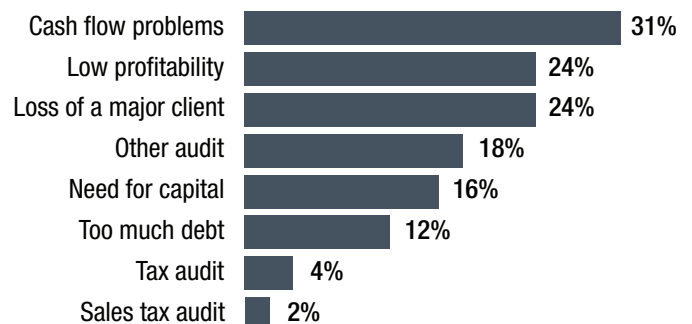
As this seismic shift rattles the industry, healthcare businesses are struggling with a variety of specific financial challenges, according to a survey of small businesses conducted by SourceMedia Research/Accounting Today. 31% of healthcare professionals participating in the survey reported cash flow problems, 24% low profitability and 24% loss of a major client in the past 12 months at their organizations (see Figure 1). These and other pressures prompted 45% of healthcare businesses to consult a financial professional.

Not surprisingly, according to the survey results healthcare organizations obtained a 1.47 affinity score, which measures how likely businesses within an industry are to use accounting services. This was well above the overall industry average score of 1.00. Of the healthcare businesses already using accounting services, 72% are taking advantage of tax services, 51% tax planning, 49% bookkeeping and 36% payroll.

As healthcare businesses to a large extent are already using accounting services, the opportunity score for healthcare organizations – an indicator of the likelihood of healthcare organizations to engage with accountants for new services – was just 0.74, compared to the 1.00 average opportunity score for business in all industries. For healthcare organizations, the

FIGURE 1

Financial Challenges Experienced by Healthcare Businesses



Source: SourceMedia Research/Accounting Today, October 2018

composite score – which measures the overall opportunity for accountants in the healthcare industry – was a 1.10, compared to the overall industry average of 1.00.

Finding an Opening

Challenging as it may be, accountants can still make inroads into the healthcare industry. Although somewhat low, 16% of healthcare businesses report that they are either very or somewhat likely to switch to another certified public accountant (CPA) or accounting firm in 2019.

As such, accountants looking to win healthcare business would do well to know what these organizations are looking for. According to the survey, 88% of healthcare companies want to work with a CPA or accounting firm that can act as a “trusted advisor,” 80% want a CPA/firm that “responds quickly” and 80% a CPA/firm that “understands our business or industry.” (See Figure 2)

*A measure of how likely businesses within an industry are to use accounting services — average score is 1.00.

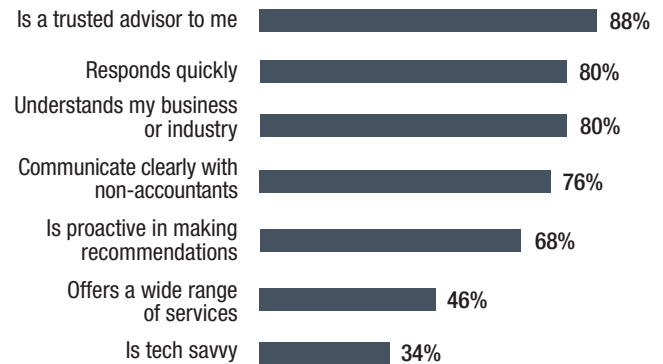
Survey respondents at healthcare organizations specifically stated that they appreciate working with or would like to work with accountants that:

- “Explain everything to me as easily as possible.”
- “Explain and show me the steps I need to take to correct mistakes.”
- “File all paperwork including healthcare plans and COBRA.”
- “Help me understand all the legal requirements needed to run my own business.”
- “Help me see where my revenue is going in the business and ways to maximize my profit margin.”
- “Make compliance and taxes easy and seamless.”
- “Make the business better.”
- “Suggest ways to improve cash flow and cut down on time spent to track expenditures.”

Healthcare organizations know the importance of good accounting. By understanding what issues they have, how they currently use CPAs and accounting firms, and what they want to

FIGURE 2

Most Important CPA/Accounting Firm Attributes for Healthcare Organizations



Source: SourceMedia Research/Accounting Today, October 2018

get out of their accounting services, accountants can offer the mix of services that will resonate with healthcare companies and help them move forward.

Methodology

In September/October of 2018, SourceMedia Research/Accounting Today conducted an online survey of 1,014 small business owners/managers across different industries. For this study, small businesses were defined as those with less than 50 employees.

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References

¹ Deloitte. 2018 Global and US health care outlook. <https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/us-and-global-health-care-industry-trends-outlook.html>