VMBARS MEDICINE FIELD GUIDE

# Business of Medicine Starter Pack

*A practical map of the systems around clinical care—and the incentives that shape them.*

**START HERE**
The business of medicine is not separate from patient care. Payment, staffing, ownership, workflow, and capital determine what can be delivered, to whom, and under what constraints.

## 1. Read any healthcare business through five questions

| Question | What it reveals |
|---|---|
| Who owns it? | Governance, capital expectations, decision rights, and time horizon. |
| Who pays—and how? | Fee-for-service, capitation, cash pay, bundled payment, grants, salary, or a mix. |
| What creates revenue and cost? | Clinical volume, procedures, contracts, labor, facilities, supplies, technology, and denials. |
| Who controls the critical constraint? | Licensure, capacity, referral access, payer rules, scheduling, beds, equipment, or data. |
| Where do incentives diverge? | What helps one stakeholder but creates cost, burden, or risk for another. |

## 2. Follow the economic path

Use this sequence to locate where value is created, documented, priced, delayed, denied, or lost:

| Need | Care | Record | Claim | Payment | Capacity |
|---|---|---|---|---|---|
| Patient seeks help | Team delivers care | Work is documented and coded | Payer evaluates | Cash is collected | Resources fund future care |

A clinically appropriate service can still fail economically if the organization cannot schedule it, document it, obtain authorization, bill correctly, collect payment, or staff the follow-up.

### Starter vocabulary

| Concept | Plain-language meaning |
|---|---|
| Payer mix | The share of patients covered by different insurers or paying directly. |

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|---|---|
| Revenue cycle | The path from scheduling and eligibility through documentation, billing, denial management, and collection. |
| Contribution margin | Revenue remaining after costs that vary with the service; useful, but not the whole economics. |
| Capitation | A fixed payment per covered person for a period, shifting some utilization risk to the provider. |
| Prior authorization | Payer approval required before certain services or drugs will be covered. |
| Throughput | How efficiently patients move through a constrained setting without sacrificing quality or experience. |

## 3. Map the stakeholders before judging the model

| Stakeholder | Value sought | Common burden or risk |
|---|---|---|
| Patients and families | Access, trust, outcomes, affordability | Delay, confusion, financial exposure |
| Clinicians | Autonomy, quality, sustainable workload | Administrative load, moral distress, liability |
| Staff | Clarity, safety, fair workload, growth | Fragmented tools, rework, emotional labor |
| Practice or health system | Mission, quality, capacity, margin | Fixed costs, regulation, workforce gaps |
| Payers and purchasers | Affordable, appropriate utilization | Information asymmetry, trend risk |
| Community | Availability and equity | Service closures, unmet need, externalities |

**VMBARS TEST**
A stronger model names who benefits, who contributes, who holds power, who carries the cost, and whose perspective is missing. ‘Value’ is incomplete until the mechanism and tradeoff are visible.

## 4. Questions to ask a practice owner or operator

- Which service line is most important to patients but hardest to sustain?
- Where does work routinely get repeated or handed off poorly?
- What metric looks healthy while concealing a problem?
- Which payer or referral relationship most shapes the business?
- What is the binding constraint today: demand, access, staffing, space, capital, or execution?
- What decision would you make differently with better data?
- How do clinicians and staff experience growth?
- What would you never optimize at the expense of patient trust?

### One-page business scan

| Element | Your notes |
|---|---|

| | |
|---|---|
| Patient need and population | |
| Care model and setting | |
| Ownership and governance | |
| Payment model and payer mix | |
| Major revenue and cost drivers | |
| Critical constraints | |
| Incentive conflicts | |
| Evidence to review | |
| Decision or experiment | |

## Further reading


- American Medical Association, Private Practice Playbook and practice-transformation resources.
- American College of Physicians, practice-management resources.
- VMBARS, The $2 Million Cure Problem, on access, delivery infrastructure, and stakeholder alignment.


**A NOTE ON SCOPE**

This guide is educational. It does not provide medical, legal, financial, or admissions advice, and it does not promise a particular outcome.