



Starting in Practice, Part 1

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Learning Objectives

- List the key elements of an employment contract
- Evaluate the economics of a practice purchase versus a buy-in versus starting a practice from scratch
- Understand how to conduct a thorough evaluation of a potential employee



Getting Started

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National Allergy and Asthma
Charleston, SC

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Ease of Job Hunt 2010

- Overall lack of positions 71.4%
- Lack of positions in desired locations 81%
- Lack of positions in desired setting (HMO, group setting, etc) 47.6%
- Inadequate salary 47.6%
- Family considerations 35.7%




Be Prepared

- Do I want to be an employee or owner?
- Start to look 1-2 years in advance
- Know average compensation, benefits, etc
- Have a list of questions
- Research the practice



Employment Positions

- Government employee
- Academic position
- Salaried employee
- Ownership track
- New practice start up
- Partnership track
- Hospital employee



Why Are They Hiring?

- Anticipated growth of practice
- Previous growth of practice
- Any physicians retiring or leaving practice?
- How do you fit in the practice?




Contract

- **Must** have a written contract
- Should address future transition
- Need legal counsel familiar with physician employment contracts in that STATE
- You are NOT a legal expert
- Negotiate hourly rate or fee up front




Office Visit

- Schedule time to see office operating
- Some practices may pay for your interview
- Shadow time with key physicians
- Meet practice manager
- Be wary of practices that don't answer your questions




Questions to Ask

- Description of position
- Office hours & IT office hours
- Call coverage
 - Hospital consults and coverage
- Anticipated number of patients seen per day
- Procedures performed and skills required




Questions to Ask

- Type of practice (AI, Ai, al)
- % of patients on immunotherapy
- Number of offices/satellites
- Exam rooms per provider
- Supervise PA/NP
- Teaching of residents/students




Questions to Ask

- Any physicians leave or terminated (why?)
 - CALL ALL MDs THAT HAVE LEFT
 - Talk with all physicians
- Success of past MDs
 - Partnership level achieved
 - Time to buy into practice
- Staff turnover




Questions to Ask

- Malpractice history of physicians
- How is the practice going to help advertise you?
- Community “status” of practice
- Any plans to sell the practice?
- Go with your gut




Technology of Practice

- EMR or paper charts
- Remote access
- ePrescribing
- Practice web site, Facebook, Twitter, LinkedIn
- Computer access in exam rooms



Financial

- What are the practice's expectations?
 - Goals to make partner
 - Will they share your financial info?
- Physician compensation and buy-in documents
 - Goodwill?
 - How will buy-in be financed?
 - Percentage ownership/voting rights
- Bonus and productivity structure




Benefits

- Insurance
 - Medical, dental, disability, life
 - Dependents?
- Malpractice coverage
 - Limits
 - Tail
- CME/conference time and budget
- Vacation & holidays
- Number of days worked per week
- Sick days




Financial
(may or may not share)

- Fee schedule
- Insurances accepted and percentages
 - HMO/capitated
 - Medicare, Medicaid, Tricare
 - PPO/POS
 - Cash pay
 - Collections?
- Practice overhead



Financial
(may or may not share)

- Structure of corporation
- Profit and loss statement for corporation (past 2+ years)
- Assets of practice
- Liabilities/profitability of corporation
- Previous bonuses paid to partners and employee physicians
- Can you buy into the buildings?




Other questions?

- Picture yourself in the practice long term?
- Changing practices is emotionally and financially challenging
- Will your significant other be happy?




Leaving a practice

- Non-compete clause (enforceable?)
- Disclosure to patients and referring physicians
- Access to medical records
- Buyout (if partner)



Termination

- With cause vs without cause
 - How long?
- Tail insurance?
- Agree to mediation in contract?




What Happens at Retirement?

- Accounts receivable
- Immunotherapy vaccine revenue after retiring? (1-3 years)
- Buyout of vested partner
 - How is this financed?
- Plan for retirement - even if you don't plan to retire in the near future!!
- Buyout of a building



Final Thoughts

- Be realistic with your expectations
- It may be worth sacrificing on the employment agreement to get a better partnership
- Know standard compensation for the area




Starting a Practice

John Seyerle, MD
Allergy & Asthma Care, Inc.
Cincinnati, Ohio




Objectives

- Know the basic steps necessary to start a practice



My Background

- Finished fellowship in 2011
- Previous experience as CPA
- Ran medical department in Navy
- FIT Rep for ACAAI and JCAAI
- Looked into starting my own practice
 - Wife and 2 kids to support
 - Concerned about initial lack of income




My Current Practice

- Joined solo practice in 2011
 - Recently purchased old practice
 - Previous MD had stopped new pts
 - Large patient base but few referrals
- 4 offices in Cincinnati and IN
- Able to help grow practice
 - Involved in management at start



Starting a Practice

- Who?
- What?
- Where?
- When?
- How?




Starting a Practice

- Who?
 - The right person
- What?
 - Types of startup
- Where?
 - Finding the right location
- When?
 - Timeline
- How?
 - How to start



Who? Benefits of Ownership

- Control income
 - Often better than in employment
- Control hours & lifestyle
- Select staff and associates
- Less internal politics
- Hopefully no personality disputes if in solo practice




What? - Types of Startup

- Employed
 - Hospital helps with financing/salary
- Cold
 - From scratch
- Purchase
 - Find retiring allergist




Startup Options

- Solo
- Sub-, multi-, shared- specialty
- Job-sharing or part-time
- Satellite offices
- Concierge/cash
- Clinical studies
- Ancillary services and labs



Where to Practice?

- Decide where you want to live
 - If you are starting your own practice, you might as well live where you want
 - Think about competition and reimbursement



Evaluating Opportunities

- Income vs. lifestyle
- Where do you want to live?
- To be or not to be... near family
- Control vs. colleagues
- Then consider financial issues
- Then begin the search
- Ask a lot of questions



Best Options Financially

- Replace a retiring allergist with a strong practice
- Find area that needs an allergist
- Consider Central & South U.S.
 - Higher earnings
 - Lower cost of living



Buy vs. Build

- Buy
 - Pay for “goodwill”
 - Less hassle, systems in place
 - Patients and referrals started
 - Everything not your way
- Build
 - Less income first year
 - Everything new and your way



Demographic Study

- Call allergists in the area pretending to be a potential patient and find out wait times for new, non-urgent patients
- 2+ weeks is best

Facilities

- Try to avoid building an office
 - Adds \$100,000-250,000 to cost
- Take over someone else's office
 - For at least 1-2 years
 - Buy practice to get it

Buying a Practice

- Ask around to see if someone wants to sell their practice
- Don't buy, or buy into, a practice without a professional valuation
 - In advance
 - Unless they are giving it away

Location

- Look for “office for rent” signs around hospital
- Too many – or none – may indicate a problem
- Call the real estate agent with the most signs
- Ask hospital CEO's secretary



When? - Timeline

- 6+ months for credentialing
- 6+ months to build office
 - 3 months to remodel
- 2 months for staff hiring and training
- 4-12 months before profits
- See *PM Guide Timeline*





How? - Common Issues

- Business plan
- Financing
- Credentialing & insurance
- Staffing
- Referral development – SIP II
- Income and expenses – SIP II



Business Plan

- Less than 10 pages
- Don't use business plan software
- Get professional help
 - CPA, medical practice broker
- Take a small business class


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Business Plans

- Describe market, now and future
- Analyze competition and you
- Assess income and overhead
- List the goals
- Make a calendar
- Execute the plan
- Adjust frequently

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Lawyers and CPAs

- You'll need a lawyer once to set up your corporation
- You'll need a CPA every year
 - Prioritize accordingly
- Medical CPAs and attorneys at:
 - NSCHBC.org
 - AICPA.org
 - HealthLawyers.org


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Financing Your Startup


- 100% financing available
 - For startups and purchases
 - From specialty lenders
 - Find practice broker or CPA






Joining Insurance Plans

- Try to be “in-network” for as many as possible
 - Patients use this to pick doctors
- Ask hospitals to help negotiate
 - Many have provider networks



Naming the Practice “John Seayverrley?”


- Consider a practice name if you might have associates or if your name is hard to spell
 - Try to get name starting with “A”?
 - Memorable and professional
- Check for names already taken
 - Yellow Pages
 - Internet
 - Secretary of State website



Internet


- Secure your name as a domain name *now*
 - JohnSeyerleMD.com
- Also get your practice name now
- Have an alternate name that can be spoken and spelled correctly that redirects users to your site
 - i.e. AllergyCincy.com

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Staffing Issues

Never hire someone you can't fire




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Payroll is Biggest Expense

- Depends on practice style
 - Location affects wages
 - Amount of outsourcing
 - Transcription and billing
 - Less staff is not always better
 - Quality usually proportionate to rate
 - Watch out for “FTE & wage creep”

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Payroll, continued

- FTE (full-time equivalent)
 - ACAAI data suggests
 - ~7.5 FTE/physician
 - AAAAI Practice Management Financial Data Survey
 - ~5 FTE
 - NSCHBC.org
 - ~4.5 FTE




Staffing

- RN gets paid more than MA
 - Sounds simple
 - But need to keep wages in mind
 - Don't have RNs do MAs' work
- Find wages at Salary.com
- Hire staff that knows their job better than you do!



Other Resources for Getting Started

Tao Le, MD, MHS



Other Resources for Getting Started

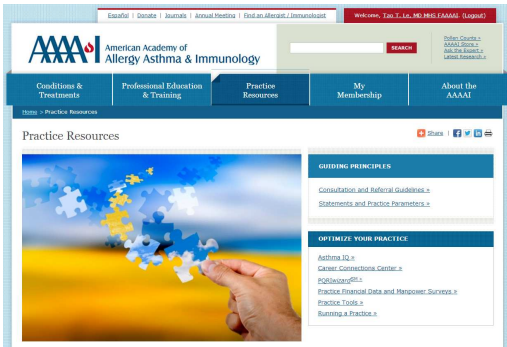
- AAAAI practice management resources
- AAAAI job placement center
- ACAAI job placement center
- "Best Friend's Guide to Finding a Practice"
- New England Journal of Medicine Career Center
- AMA's solutions center for practice management
- Medical Group Management Association



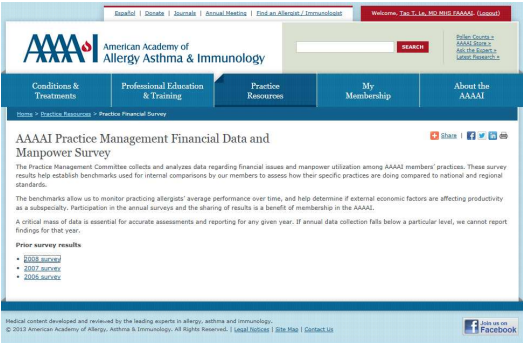
Other Resources for Getting Started

- Consultants, CPAs and attorneys at NSCHBC.org
- Statistics at NSCHBC.org and MGMA.com
- Certified billers and billing services at HBMA.org
- Cost of living/salary calculators
- Your program director and alumni of your training program
- Local allergy society (where you want to practice)
- Your family

AAAAI Practice Management Resources



AAAAI Practice Management Resources



AAAAI Practice Management Resources

Breakdown by Region (median)

	Charges	Collect	Expense	Profit
Northeast (16 for 46)	852,793	664,954	395,145	242,787
South (8 for 16)	1,244,641	868,442	478,975	403,360
Central (12 for 60)	1,160,000	700,000	400,000	214,286
Midwest (13 for 30)	970,801	677,396	302,625	325,000
West (8 for 30)	1,066,189	792,910	419,089	289,604

AAAAI Practice Management Resources

AAAAI Practice Management Resources

AAAAI Practice Management Resource Guide

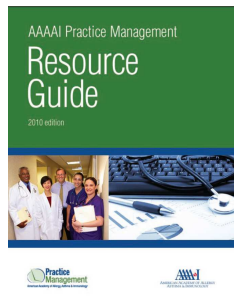
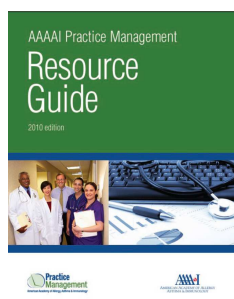


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- Chapter 6 – Coding and Billing Basics

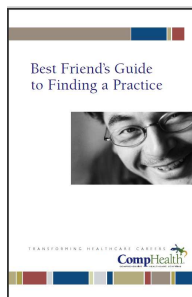
AAAAI Practice Management Resource Guide



- Chapter 7 – How to Market Your Practice
- Chapter 8 – Common Clinical and Office Operational Procedures
- Chapter 9 – Allergen Immunotherapy Extract Preparation Guidelines
- Chapter 10 – Electronic Medical Records, e-Prescribing and Practice Management Software
- Chapter 11 – Buying or Buying Into a Practice: What is an A/I Practice Worth?
- Chapter 12 – Using Simple Bookkeeping Principles and Reports to Analyze Allergy Practice Performance

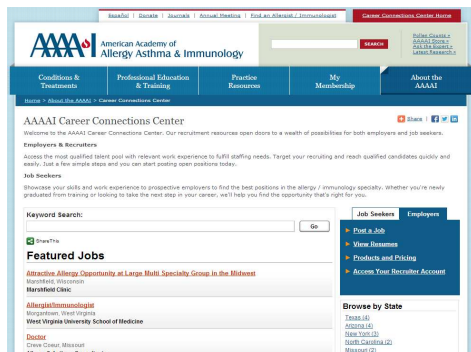
“Best Friend’s Guide to Finding a Practice”

- Written by the consultants at CompHealth
- Designed to help physicians in their search for a new opportunity
- Please direct any request for reproduction of this material to:
CompHealth Physician Search Group
10 Norden Place, Suite 200
Norwalk, CT 06855-1786
Toll-Free: 800.365.8900



http://content.chghealthcare.com/ch_perm/ext_forms/best_friends_guide.pdf

AAAAI Career Connections Center



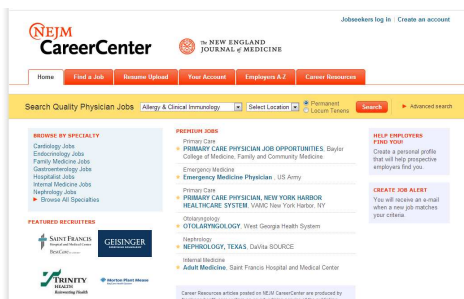
ACAAI Job Source

- <http://jobs.accai.org>



NEJM Career Center

- <http://www.nejmcareercenter.org>



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PRACTICE MANAGEMENT WORKSHOP




Certified Billers and Billing Services

<http://www.hbma.org>



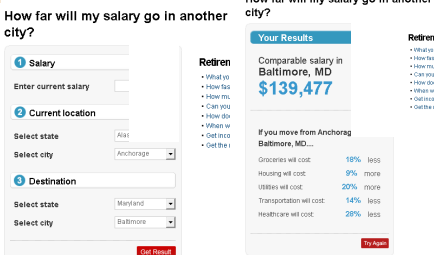
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Cost of Living and Salary Calculators

- <http://cgi.money.cnn.com/tools/costofliving/costofliving.html>
- http://swz.salary.com/costoflivingwizard/layoutscripts/coll_start.asp



Don't forget about.....

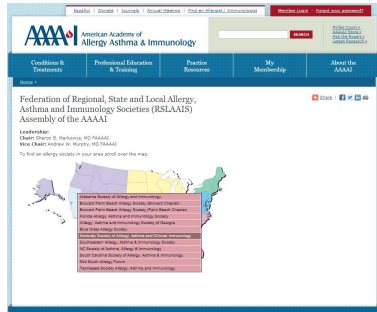
- Your program director and alumni of your training program





Don't forget about.....

- The local allergy society for the area where you want to practice



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The most important factor of all

Your family!




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Other Resources for Getting Started

1. AAAAI Practice Management Resource Guide, 3rd ed.
2. AAAAI Career Center - <http://www.aaaai.org/careers>
3. ACAAI Job Source - http://jobs.acaai.org/home/index.cfm?site_id=731
4. "Best Friend's Guide to Finding a Practice" - http://content.chghealthcare.com/ch_perm/external_files/best_friends_guide.pdf
5. New England Journal of Medicine Career Center - http://www.nejmjobs.org/career-resources/rc_index.aspx
6. Medical Group Management Association - <http://www.mgma.com/index.aspx>
7. Consultants, CPAs and Attorneys - <http://www.nschbc.org>

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Other Resources for Getting Started

- Statistics at NSCHBC and MGMA
- Certified billers and billing services - <http://www.hbma.org>
- Cost of living/salary calculators - <http://cgi.money.cnn.com/tools/costofliving/costofliving.html>, http://swz.salary.com/costoflivingwizard/layoutscripts/coll_start.asp
- Your program director and alumni of your training program
- The local allergy society for the location where you want to practice - <http://www.aaaai.org/members/rslsocieties>
- Your family
