

SPRING 2015 NEWSLETTER

“Should I open or retain my own private practice or become part of a larger healthcare system?” That’s the question we’ve heard from ten physicians over the past six months. We’ve written this newsletter to help you assess your own readiness. One size doesn’t fit all. Only you can decide. That decision that will significantly impact tasks that need to be done with respect to organization and management, financial management, managing staff and external resources, maintaining quality and outcomes, and compliance.



Margie Satinsky

ON YOUR OWN OR PART OF A LARGER HEALTHCARE SYSTEM?

Personal Readiness

What’s your personal readiness to run a successful business? We’ve worked with three types of people: (1) physicians who are certain that they want to own their own practices and have the skills to make that happen; (2) physicians who are “fence sitters” and are carefully examining the issues; and (3) physicians who have a sincere interest in running their own practices but lack the personal readiness needed to start and operate a successful business.

Good intentions are admirable, but they won’t come to fruition without drive, focus, and decisiveness. When someone requests assistance in setting up a new private practice or remaining in an existing one, as opposed to becoming part of a larger organization, we provide a long list of tasks to be done and questions to be asked. We provide comprehensive guidance, but you are the best judge of your own personal strengths and weaknesses.

To us, the contrast between physicians who will succeed in private practice and those who will function better as part of a larger organization is dramatic. Successful practice owners have a clear vision for their practices. They can articulate both mission and values. They also have good awareness of what they know and what they don’t know. They expect to seek external help on various aspects of practice management, and they engage experienced and trusted professionals to provide assistance as needed. They can multi-task and handle the many non-clinical aspects of practice start-up and operations. They are comfortable establishing and maintaining good working relationships both inside and outside of their practices.

Organization and Management

If you own and manage your own practice, you must thoughtfully address the way in which you set up your business and affiliations with other healthcare organizations. Some physicians have the interest and skill to manage their own practices. Others don’t. Will you be comfortable collaborating with a professional practice

administrator or manager, and if so, can you afford to hire an individual that has the required knowledge and experience? How will you divide administrative responsibilities? Will you and other owners play an active role in management, and if so, how will you determine each person's responsibilities? You don't have to do everything internally, but are you able to identify, engage, and maintain strong working relationships with external resources? Do you understand the role that strategic business planning, budgeting, and marketing should play in managing a successful practice?

When you work for someone else, you aren't exempt from the challenges of organization and management. "Entangled" might be a more appropriate adjective! Given your personal and professional objectives, can you work within a larger organizational structure without sacrificing your own needs and goals? If you want to participate actively in managing your practice, can you learn to do that within the context of organizational priorities? Can you tolerate decision-making processes that will probably move more slowly than you personally might like? Here's what one frustrated practice manager said about his experience working for a large healthcare system. "We received mixed messages from the system administration. On the one hand, we were told that quality and safety mattered. On the other hand, the budget for those tasks was significantly reduced. Only when the threat of federal financial penalties became a reality did the administration restore the funds needed to get the job done."

Financial Management

If you own a medical practice or any other business, it's your responsibility to develop operating and capital budgets that support your strategic business plan. With respect to reimbursement, you must understand both the public and private sectors. Government policies for reimbursement shift like sand. For example, CMS is quickly moving in the direction of payment for quality and value. In the private sector, you must deal with a variety of payers, each of which has a unique approach to provider reimbursement. As a practice owner, you should regularly renegotiate managed care contracts so you can maximize reimbursement. With respect to billing and collections, ultimately, it's your responsibility even if your practice management system software includes revenue cycle management (RCM) or if you outsource RCM to an external vendor.

When you work for someone else, you work within financial constraints. You may contribute to the development of an organizational budget, but you don't make the final decisions. Obtaining the resources that you would like can be challenging because you are competing with other physicians who believe their priorities are equally as important as yours. We could write a book about our own negative experience with a medical practice owned by a large healthcare system. The telephone system could have facilitated access but actually created barriers to care. Staff who had worked in the hospital portion of the system had not been trained to work in a private practice environment and did not know how to send in a prescription.

Managing Staff and Outside Resources

If you own your own practice, you must devote a great deal of time managing internal staff. With guidance from legal counsel, you need to understand employment law. What questions can you ask/not ask during an interview? How do you terminate an employee? Can you create a fair performance evaluation system, pay grades for your employees, and a compensation system for physicians? What about a personnel handbook and operating policies

and procedures? Can you create a working environment that encourages employees to work at peak capacity? Do employees have room to thrive and grow within the practice? Can you minimize employee turnover?

With respect to outside resources, when you own your practice, you decide if and when to seek outside assistance. You determine which professionals should be on your team and you select them. After you identify one or more external consultants/vendors with whom you want to work, you must sign a formal agreement and develop a strategy for overseeing the work.

When you work for a larger healthcare system, the systems for managing staff will already be in place. Your challenge isn't the creation of systems, but learning the rules for systems that already exist. One common complaint from physicians who are part of large healthcare systems is recruitment. Larger systems often rotate employees from hospital to private practice settings without providing adequate training. For example, in the system-owned practice from which we sought care, the nurse had come from a hospital department and didn't know how to request a Tier 3 prescription that required physician authorization in order to save the patient (i.e., us!) \$300/month. With \$3,600/year at stake, we were happy to provide that guidance.

When you work for someone else, you can still access outside resources, but the decision may be somewhat complicated. Depending on your organization's rules and your scope of authority, you may have to follow a list of specific steps to obtain the help that you yourself want.

Improving Healthcare Delivery and Outcomes

Regardless of whether you own your own practice or not, the delivery of care to patients and the outcomes that you achieve should be the focus of your efforts. The practice of medicine demands attention to both quality of care and quality improvement.

When you own your own practice, you and your entire workforce have opportunities to create processes that meet patient and clinical needs. You can analyze your workflow and improve what isn't working well. You can decide how to use patient registries to benchmark your care. You can measure the impact of the changes you have made – provided you know how to do it. Your decisions on supporting information technology can help with both delivery and outcomes.

When you work for someone else, you have input to how that organization delivers care, measures outcomes, and demonstrates quality. If the organization is a mid-sized or large medical group or an academic medical center, it may have substantial financial resources and information technology to support quality improvement programs. On paper, it sounds as if quality of care is simpler in a large organization with significant financial resources to devote to the effort. But here's the caveat that we hear over and over again: "Quality takes second place to expectations for productivity. Pushed to see a large volume of patients each day, I have insufficient time to practice medicine the way I think it should be done."

Compliance

The final area of practice management is compliance. Federal, state, and local laws, regulations, and rules govern both administrative and clinical aspects of healthcare.

As a practice owner, you must be familiar with the concepts and requirements regarding antitrust, anti-fraud and abuse, Stark, HIPAA Privacy and Security, and OSHA. You are obligated to establish and maintain compliance programs.

When you work for someone else, others will create the systems. Your job will be to learn how the organization approaches each area of compliance and to respond to the requirements.

What's Your Response?

Do you want to open or retain your own medical practice or become part of a larger healthcare organization? We can tell you what ownership requires, but you know what's best for you.

If you would like to further explore your options,

- **Contact us at Margie@satinskyconsulting.com or 919.383.5998**, or
- **Use our resource book** for a more in-depth understanding of what's needed to effectively run your own practice. We collaborated with Randall T. Curnow, M.D., who is now President of Mercy Health in Ohio. **The Handbook for Medical Practice Management in the 21st Century** and the companion website offer concrete suggestions and practical tools. The handbook can be ordered by phone from Radcliffe Press (800.247.6553, x2402) or online using this [link to it on amazon.com](#).

