

Fresh start

Should a practice start-up be in your career plans?

By Margie Satinsky



about the author

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If you're an experienced practice administrator with entrepreneurial inclinations, consider a start-up practice for your next career move. Here are 10 suggestions for getting a group off the ground.

Know thyself

Are you temperamentally suited to running a new group? There's a radical difference between maintaining daily practice operations and helping start a medical organization. In an established group, you devote most of your time to staff, work flow and

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equipment issues. In a start-up, everything is a new project, requiring careful decision-making.

Take the right steps in the right order

Tasks in establishing a practice generally fall into five categories: organizational issues, financial management, hiring and contracting with internal and external resources, ensuring quality of care and operations, and compliance.

Tasks are interdependent and must be

accomplished in the right order. For example, without a formal business plan, the bank won't give you a loan. If your physicians have just moved to town and don't have licenses to practice medicine, malpractice coverage or hospital privileges, managed care plans won't credential them. Without credentialed physicians, your practice won't receive reimbursement from payers and patients will seek care elsewhere. You get the idea: Put the horse before the cart.

Thrive on multitasking

Managing any medical practice requires the ability to multitask — and a start-up even more so. For example, you may have to:

- Acquire space and furnishings;
- Prepare a business plan and obtain bank financing;
- Select appropriate information technology;
- Get physicians credentialed and negotiate rates with managed care plans;
- Hire and train staff;
- Create marketing materials and a Web site; and
- Develop operational and compliance manuals and programs.

You may have done all these things, but have you done them at once? More to the point, do you want to?

Allow enough time to get the job done

It's difficult to speed up the establishment of the medical group when you're not making all the decisions. External forces will affect your plans.

You can't accurately predict the:

- Willingness of your landlord to give you a good deal (if you are renting space);
- Banks' requirements for financing;
- Length of time it takes insurers to credential all your physicians, provide reimbursement rates for procedure codes and give you an agreement; or
- Time that your information technology vendors need to get you up and running.

Work with physicians to divide responsibilities

Before your physicians begin seeing patients, establish the division of labor for managing the group. Some physician-owners want an active role in running their practice. Others would rather delegate responsibility for major decisions to you. Sometimes the physicians and administrator share responsibilities.

Develop good external relationships

Practice start-ups offer an opportunity to develop good working relationships with medical colleagues, vendors, hospitals and community organizations. These contacts will help you establish your business and refer patients.

Focus on marketing

Marketing must be a priority in a new practice. You must communicate its benefits to potential patients, referral sources and the community. You need to define your message, translate it into appropriate print and electronic form, and plan an outreach program.

Select capable staff who can work as a team

A start-up situation allows you the chance to select qualified, compatible individuals for a working team. Before you start interviewing:

Before clinicians begin to generate revenue from patient care, you may have to do without some items or adjust purchases to fit the budget.


- Develop clear job descriptions;
- Determine salary ranges for various positions (the Medical Group Management Association is a good resource); and
- Develop an employee benefits program.
- Conduct criminal background checks on all potential hires.

Know when to seek outside help

Be realistic about your abilities and the demands on your time. You may need help in information technology (IT), managed care and human resources.

Make short- and long-term financial decisions

Money always counts, especially in a start-up situation. Before clinicians begin to generate revenue from patient care, you may have to do without some items or adjust purchases to fit the budget. For example, ask your landlord for a price break in the rent for the first six months. Offer to pay your IT consultant small monthly payments over several months rather than a large amount up front. You have nothing to lose by asking.

Is starting a new medical practice right for you? If you thrive on opportunities for innovation and are not deterred by risk, it might be a perfect career move. 

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- From the home page, search for "practice start-up"
- From the *Practice Management* tab, select "Consulting group" and find a checklist for a new practice start-up under the Tools heading;
- In the *MGMA Store*, enter 6814 in the *Search Products* box for the book *Rx for Business Success: Starting a Medical Practice*

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