

# Choosing independence: Tips on moving to private practice

For employed physicians seeking more autonomy and control over their careers, moving towards independent practice can be a viable option

April 30, 2015 By: Elaine Pofeldt

Jeff Gold, MD, knew something had to change as his frustrations about 20-minute limits on appointments with patients and insurance paperwork mounted. He'd joined the staff of a hospital group as a family physician after completing his residency in 2005.

"I had no ill will toward anybody I worked for or with," says Gold. "It was more of a systemic issue. I could no longer work for insurance companies and wanted to work for patients."

In December, he left his job. The following month, he started his own direct primary care practice in Marblehead, Massachusetts, a suburb of Boston. In his practice he charges patients a monthly subscription fee instead of taking insurance.

"I think the current system needs a complete overhaul," he says. "That's what I'm trying to do on my own—take a small step for other doctors to realize there is a better way of doing things for us and for patients."

For many physicians, the decision to take a job at a hospital or large group practice is a smart, pragmatic response to the current realities of medical practice. But other doctors find they yearn for more independence than employment allows. They may leave to go into their own private practice, in some cases even buying back the equipment they used in a previous practice and starting all over again.

The numbers of physicians who make the leap is relatively small. Their numbers could grow, however. "Younger doctors are virtually all going to work for someone," says Doug Pitman, MD, a concierge primary care physician with Signature MD in Whitefish, Montana. Pitman was employed previously in a larger group practice; earlier in his 32-year career, he ran a private practice. "As they get older, after 15 years of having to toe the line and hit quotas because the bean counters are calling the shots, they may decide 'I can't stand this anymore' and try to do a private practice."

Harry Nelson, JD, founder and managing partner of the Los Angeles law firm Nelson Hardiman, LLP says that in the last three years, his firm has worked with about five physicians who needed help exiting employment in hospital affiliated groups to return to private practice, compared to 35 to 40 "entrances" in the same period. "What I'm talking about is doctors who went into a group setting, really were unhappy with the loss of autonomy and pressures they were feeling, and made the decision to buy back equipment and supplies," says Nelson.

Of course, for Gold and other physicians who have taken this route, transitioning to private practice is a significant decision that requires a great deal of preparation. Here's how to pull it off successfully.

## Do your homework

Allow yourself at least one year to research how to start an independent practice, and consult physicians who have made the leap. A key issue to consider is your business model. Will it be a completely independent practice, or be part of a larger system of some sort, like a franchise? Will you accept insurance, or go for a direct primary care or concierge practical model?

By all accounts, physicians who have gone independent can be one of the best sources of helpful tips. Gold got free advice from Atlas MD, another direct primary care practice in Wichita, Kansas. His research also included speaking with MedFirst Partners, a consulting firm that helps physicians transition to the direct primary care model. "I was trying to get an idea of whether in my area it would be do-able," he says.

Also consider researching support systems that might help you sustain the practice. Doug Hansen, MD, practices family and internal medicine at Altitude Family Health and Internal Medicine, a four-physician group in Littleton and Lakewood, Colorado. He is also a board member of Colorado Health Neighborhoods, a physician-run virtual accountable care organization. With about 3,000 providers in its network, it has partnered with the 15-hospital network Centura Health and UnitedHealthcare. It also has partnerships with FullWell--a joint venture of Centura Health and Davita Healthcare Partners--and several other commercial insurance companies. "It provides some security in terms of being part of something bigger, without taking away from independent practice," Hansen says.

## Get a handle on legal matters

Many physicians don't pay close attention to the paperwork they sign at the time they accept employment, says Marshall Maglothin, a consultant in the Washington, D.C. area who has helped hospitals integrate employed physicians groups.

If you are thinking about leaving an employed position, dig out the paperwork and see if you made any agreements that will affect your ability to practice, such as a noncompete. "Read it extremely carefully," Maglothin advises.

Because he did not plan to accept insurance payments, Gold worked with a healthcare attorney who helped with procedural matters such as dropping insurance contracts and dropping out of Medicare.

"You need a lawyer to protect you from mistakes that can be made without legal guidance," he says. "I had to pay quite a few legal bills."

## Get your finances in order

Going into private practice is an investment that can stretch into several hundred thousand dollars, depending on your locale and type of practice. Calculate the costs well ahead of time and consider how you will finance them. If you are joining a franchise or working with a firm that helps physicians set up concierge practices, they may offer some help on this front.

"You have to have business space, employees, supplies, furniture, insurance and all the basic elements of overhead prior to receiving any money from patient care, so you have to assess your debt capacity," says Jim Williams, MD, an internist in Washington, D.C. who runs a concierge practice in SignatureMD's network. He opened his practice in December after leaving his job as a medical director in an organization that owned many hospitals.

Some physicians tap their savings to finance the purchase. That is what Kalyani Bhuta, MD, a general surgeon in Hawthorne, New York, who has practiced for 35 years, did when she went back into private practice after a three-year stint as a hospital employee this fall. But often, physicians turn to outside financing.

Gold, for example, applied for a bank loan, but when a businessman he knew looked over the loan agreement for him and found it wanting, his friend agreed to finance the practice for him. "My situation is very unique compared to the typical physician who may have to moonlight and do ER work or something to put money aside to make the transition," he says.

Others start their practices while still working for an employer. Joseph Mazzei, DO, continued his work as an emergency department physician for two years when he went into private practice in December 2008.

"There weren't a lot of patients coming through the door initially," he says. But things got easier, he says, after he joined a franchise called BodyLogicMD of Northern Illinois in Chicago and Arlington Heights, Ill., where he practices preventive and functional medicine. That enabled him to tap into the chain's marketing muscle. "That has been a good investment that has come back with really big results," he says.

## **Tackle insurance matters as soon as possible**

Physicians are often surprised that it can take more than six months to get set up to accept insurance and Medicare. Cardiologist Adam Splaver, MD, at Nano Health Associates, in Hollywood, Florida, went into private practice with two other physicians in July, 2014.

He recommends starting the paperwork at least six months ahead of time. “If you can’t, you’ll be stuck with no paycheck,” he says.

## **Vet your team carefully**

One feature many physicians miss when they go out on their own is the human resources department at their former employer. In your own practice, be prepared to spend substantial time interviewing and checking out both potential partners and employees carefully on your own.

“It is very important who you’re getting into business with you,” says Splaver, who partnered with his former intern. “You’re trusting them with very personal information, monetary information. If you’re not comfortable with the person you’re with it can lead to a lot of problems.”

Many physicians find that the best sources of administrative staff are former colleagues or those recommended by their network. One of Splaver’s medical assistants, for example, had worked with him for eight years prior. “Those are people who will make or break your business,” says Splaver, who employs four full-time office staff members. “You need to hire people that are not only trustworthy but are proficient in what they do.”

## **Survival tips for independent practice**

### **Join forces**

Consider joining an independent physician association (IPA) to align with other physicians. Some have found that membership helps them negotiate tricky situations with payers where they might not otherwise get reimbursed.

### **Look for high-impact savings**

The major expense items that practices need to get right are occupancy and personnel costs. Find ways to save on property costs and how to get the most from your employees.

### **Focus on billing practices**

Make sure that someone in the practice has clear accountability for checking that all services get billed. Physicians can eliminate work that isn’t reimbursed through better claims management.

### **Ensure collections**

Check on referrals and insurance authorizations before providing services and ask patients for copays at the time of check-in.

### **Review the fee schedule**

You may discover you’re losing money in ways you may not be aware of. Regular review and calibration of your fee schedule could help.

<http://medicaleconomics.modernmedicine.com/medical-economics/news/choosing-independence-tips-moving-private-practice?page=0,0>