

Practice Management

A D V I S O R

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DHC DAENEN HENDERSON
& COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

www.dhc-cpas.com

3818 Bayou Rapides Road
Alexandria, Louisiana 71303

(318) 445-4585 ■ 1-800-738-6800 ■ FAX (318) 442-1138



Should you rent or own your practice facility?

Congratulations — you've decided to open your own practice! Or maybe you haven't but are ready to move to a different, more suitable facility. Once you've chosen the general geographic location, you'll face a bigger decision: Should you rent or own? They both have their pros and cons.

It's entirely possible that the decision will be made for you. Many practices simply don't have the funds available to build or buy an office. After all, building means a land purchase along with the considerable costs of a construction project. Buying, meanwhile, usually helps avoid building expenses beyond remodeling. But the purchase of an existing structure will still involve a substantial cash outlay.

The pros of renting

What are the upsides of renting a space for your practice? One advantage is that start-up costs are lower and, generally, it can be less expensive. Typically, you need a first and a last month's rent, but not necessarily a down payment. And lease sites often have high-visibility locations that

can be difficult to duplicate for a facility you might build yourself.

In addition, renting allows you to be more flexible about choosing the space and size you need. For instance, you can start small and, when your practice grows, lease additional space or find a new space. Otherwise, you might get stuck building a 10,000-square-foot structure and using only 4,000 square feet of it for the first five years — while still paying for the full space.

Renting allows you to be more flexible about choosing the space and size you need.

The cons of renting

On the negative side, expanding your leased space might not be possible. And, of course, as you rent, you aren't building equity in the property — the landlord is. Further, if you do make any improvements to the property during your time as a renter, those improvements will revert to the landlord at the end of the lease.

Some landlords limit what types of services physicians are allowed to offer. Often, common area maintenance fees are part of the lease, and renters have little control over them. Finally, when you eventually decide to sell your practice, the process will be significantly more complicated if



How much space do you need?

Determining how much space you'll need for a new facility depends on the type of practice you're planning to have, whether you have (or plan to have) partners and whether you need a surgical suite. The basic equation is 1,200 to 1,500 square feet for the first physician and 1,000 to 1,200 square feet for each additional physician up to four or five. Traditionally, a single-physician office has three exam rooms, a consultation room, a reception room, and a business office and storage space.

The standard equation for your reception room is linked to the number of exam rooms — the more exam rooms, the smaller the reception area. First, think about your busiest hour and decide on the number of patients you expect to see during that period. Multiply that number by 2.5. This allows space for patients, parents of children, or relatives and friends of the patient.

Next, subtract the number of exam rooms to arrive at the number of chairs for your reception room. Multiply the number of chairs by 20 square feet. That's the square footage of your reception room.

As you consider your space needs, consider lunch and break areas for staff, along with storage space. Electronic health records and computers can cut down on storage needs, but you'll still need room for tangible supplies.



you're renting. The lease may need to be renegotiated, or the landlord may require approval of the practice's new owner.

The pros of owning

If you build or own the site, your building is both an asset and investment, which can build equity over time. In addition, owning the facility can provide stability and control, making the practice more marketable in the future. And you can make your own building a component of your retirement plan through a sale or by renting it to new tenants.

When you own your building, you'll also likely have more control over expansion. And if you build new, rather than buy an existing structure, you'll have more creative control over space use and aesthetic considerations, such as architecture and materials.

The cons of owning

As mentioned, owning or building your own facility will likely be more expensive in the short term.

You'll need a down payment and financing. Zoning for your locality may dictate and limit where you can build and the services you can offer. Plus, you may have to navigate local politics to gain all the necessary permits to build a new medical facility.

In addition, when the time comes, a single-use facility sometimes is harder to sell. Although it's not the worst development in the world, if your facility's location goes through a real estate boom, the resulting increase in property value might make it so expensive that it becomes more difficult to sell along with the practice.

Do what works for you

Whether you're focused on building your own facility or building your practice, it's a good idea to regularly assess if owning or renting best serves your needs — and those of your colleagues, employees and patients. This will ensure that your practice continues to operate in the most optimal way both now and in the long term. ▶

Physician, heal thyself

10 steps to help avoid burnout

Being a physician is a demanding job. It entails handling serious responsibilities, enduring long hours, navigating a complex and constantly shifting health care system, and dealing with a built-in level of failure. In other words, patients often get sick, sometimes don't comply with treatment and occasionally die — no matter what a physician does.

Not all of the reasons for burnout are work-related. A physician may have significant issues regarding his or her own health or personal life. But, generally, the three symptoms of physician burnout are exhaustion, cynicism and doubt. Exhaustion isn't just physical, but can be mental, emotional — or even spiritual. Cynicism, or depersonalization, is sometimes dubbed "compassion fatigue." And doubt, of course, is a lack of utility: wondering why you bother.

Self-healing strategies

With all of this in mind, here are 10 steps to take to stave off burnout:

- 1. Stay a student.** Commit to lifelong learning. Educate yourself, formally or informally. Take the time to learn new things.
- 2. Be ethical.** Doctors face ethical decisions every day. Often these dilemmas are straightforward: What's in the best interest of the patient? But managed care, profits, insurance and regulation apply pressure that can undermine the best of intentions.
- 3. Slow down.** The business plan might call for spending 15 minutes with a patient and moving on, but it's possible to be too efficient. At times, you'll benefit not only the patient, but yourself, by slowing down, listening and taking a few extra minutes out of your schedule. Doing so can be a surprisingly enriching experience.
- 4. Go home at the end of the day.** Many physicians work long hours and find it hard to separate their office life from their home life. But to prevent burnout, the best advice for doctors is: At the



end of the day, go home — and leave your work at the workplace.

- 5. Just say "no."** The road to hell may be paved with good intentions, but it's also paved with bricks made of the word "yes." Being open and receptive to new things is a positive way to live, but it's impossible to say yes to everything. Before answering in the affirmative to a request, ask yourself: Will it enhance my career? Will it lead to balance or imbalance in my life? Will it take away from time with my family and friends?
- 6. Accept limitations.** At the end of the Clint Eastwood movie *Magnum Force*, the bad guy drives away as Eastwood's Dirty Harry looks on. The car explodes and Harry says, "A man's got to know his limitations." Well, it's true of physicians as well. You can't save every patient. You can't anticipate every possible outcome. Sometimes you can't even finish the items on your to-do list. Accept it and move on.
- 7. Vacation.** Take one. Take several. Take days off on a regular basis — so regularly that your staff and patients get used to the concept. While you're on vacation, turn off your cell phone and don't check your email.
- 8. Find a niche.** What aspect of being a physician do you enjoy the most and feel you're best at? Try to focus on that: Do more of what you enjoy doing.

9. Develop a support system. Whether it's a spouse, friend or colleague, everybody needs a person who can listen to them, cut through the clutter and say, "Maybe you need a vacation," or "You're working too hard; why don't you take a day off?"

10. Be flexible. Adapting to change is tough. Balance isn't a concrete concept. Stress and busy times are part of any career. But remember Darwin's "survival of the fittest"? That didn't mean strongest. It meant most able to adapt to change.

Protect yourself

An extreme version of physician burnout is suicide. Although coming up with hard numbers is difficult, it's estimated that between 300 and 400 physicians commit suicide every year.

Depression and burnout aren't necessarily the same thing — but they often overlap. Take steps to avoid burnout and, if you feel yourself slipping over into depression, get help. ▶

Starting a practice: How to develop a budget

When starting up a practice, establishing a sensible budget is a primary concern. You need one that both launches the operation safely and serves it well going forward. Every budget has two sides: cost and revenue. Let's take a look at both.

Defining your operational costs

Practice costs loosely break into three categories: space, equipment and staffing. You'll need to determine expenses for the first six months and what you'll need by the end of the first year. Decide:

- ▶ The type of practice you want,
- ▶ How much space you need and its location,
- ▶ What type of equipment you'll need,
- ▶ Whether you plan to rent or own equipment, and
- ▶ Whether you plan to rent or own your space.

Another significant consideration is the type and number of staff, how much to pay them, and what benefits you'll offer. Determining appropriate and competitive compensation can be challenging.



Create job titles and descriptions to compare to Department of Labor data, as well as local and regional data. Create a range of compensation amounts, not a fixed number, because you'll need to pay based on experience.

Benefits can be a complicated issue, too — especially with the uncertain health care market. Typically, it's wise to rely on local standards as a benchmark, which will require talking to colleagues in the area.

Other costs to anticipate include outlays for marketing and advertising, different forms of

liability insurance, facility repairs and maintenance, postage, contract management services, billing, security, medical waste disposal, and communications and technology.

The Medical Group Management Association has benchmarking data on specialties. It also has calculators for determining budgets and expenses compared to the national average. Various professional organizations within your specialty typically have benchmarking data as well.

Minding your personal expenses

Your own personal expenses also affect your practice budget. These typically consist of mortgage or rent; car payments, gas and insurance; credit card debts and other loan payments; and essentials such as food and utilities.

So, for example, you might calculate that it will take \$15,000 per month to run your practice. At the same time, your personal budget is \$6,000 per month or, in total, \$21,000 per month.

Estimating your revenue

On the revenue side, you'll need to estimate how much you're likely to be paid for each patient.

For instance, if you plan to collect \$100 per patient visit, you'll need at least 210 patient visits per month to meet the aforementioned \$21,000 per month budget. With this established, you can calculate whether you have enough funds in your budget to make contacts and develop referral sources to generate 210 patients per month via advertising, marketing and communications.

Getting off on the right foot

Clearly, some aspects of your budget will be decided by your practice's economics and your own philosophy. Others will be set by your local economy and what the competition is for good employees in your area. Work with your CPA and banker to develop a solid budget that gets your practice off on the right foot. ▶

Group medical visits offer upsides and downsides

Are group medical visits a viable option for your practice? Many physicians and practitioners are apt to dismiss the idea out of hand. But group visits can be an effective way to enhance your practice's services — enabling physicians, practitioners and patients to gain insights and share information in a way that simply can't occur on a one-to-one basis. Here's a look at the upsides, and some potential downsides, of group visits.

How do group visits work?

There are two types of group visits. The first is the shared medical appointment (SMA) or the cooperative health clinic (CHC), where eight to 12 patients with the same chronic condition meet with a doctor for two to three hours. Much like a support group, SMAs or CHCs are held monthly or quarterly with the same group of patients.



After staff register the patients, verify insurance coverage and take vital signs, the session begins with an introduction of the day's topic. The doctor then addresses each patient individually about his or her specific condition and creates individual treatment plans. During the meeting, medical chart entries are made as though it were a series of separate private visits. Patients can ask questions about their own or others' cases.

The second form is the drop-in group medical appointment. These meetings typically last half as long as an SMA or CHC, are attended by any patients who choose to appear, and tend to address a variety of episodic or acute care conditions.

What are the benefits?

Group visits have the potential to satisfy everyone involved. Physician productivity increases, because they see more patients in a day and increase their primary care billings. And group visits can be a nice departure from the usual routine.

Several clinical disciplines are involved in the visits, improving coordination of care. This can lead to fewer specialist referrals, ER visits and repeat hospital visits by group members.

Patients may be more satisfied with their doctors and trust them more because conversations are informal and informative. They're also supported by other group members, whose experiences and questions could prove instructive.

Patients will become more knowledgeable about the disease processes affecting them, too, thereby

improving their overall health care education. And, participants may better adhere to their medication regimens and self-care guidelines with the support of others.

What are the downsides?

Privacy issues can arise in a group session. Before joining, advise patients that personal health information may be disclosed during a group visit and that they may be asked to sign a HIPAA disclaimer acknowledging this fact.

Also, it may take a few sessions before the practice becomes comfortable with group visits. Your staff will need to explain the purpose and structure of the meetings to patients. And they'll need to gather the same types of information from attendees as they would for an individual office visit. In addition, doctors will need to develop a new presentation style for these meetings.

A common question about group medical visits concerns billing. No third-party payers currently distinguish between group and individual visits. Plus, there's no CPT code for group visits. So it's best to bill for each patient as though he or she had been seen individually. Most of the time that means using standard evaluation and management (E/M) codes 99212 to 99215.

Some coding consultants have suggested using 99499 ("unlisted evaluation and management service") and 99078 ("physician educational services rendered to patients in a group setting"). Make sure you check with the appropriate payers beforehand. The same documentation must be completed for components of the visit — such as vital signs, lab tests, medical history, physical examination and therapy decisions.

Would it work for you?

Group visits are an intriguing option that can add a valuable dimension to patient care. Of course, it's important to assess whether particular patients will find group visits therapeutic or daunting and to schedule sessions accordingly. But, if used judiciously, group visits can create lasting bonds between patients — and between patients and their physicians. ▶

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