

Going into Practice Checklist

OPENING YOUR OWN PRACTICE

The goals of this exercise are to begin thinking about your practice as a business and what you have to do to open your practice or join an established practice. Some of the answers to the questions will help us plan for the future growth, budget for your expenses, taxes and begin the creation of a master file for all your data. This is not a complete list – only a beginning.

There are specific identification numbers that you need in all states to practice and to get reimbursed for your services. The list below is designed to be a check/master list of your numbers and other components to get all your credentials.

1. License to practice (you should have obtained your UPIN number from your residency program- if not ask the department administrator how to get it)
2. Medicare/Medicaid ID number
3. DEA number
4. Apply for and obtain malpractice coverage
5. Hospital privileges – most require a malpractice policy number
6. Managed Care credentialing process to get an ID# - some use your Medicare ID number- this can take 3 months- you may not be paid for patients you see if you are not “par” with the payer.

Before you decide to open a practice do the following exercise

1. Call all the providers who will be your competition when you open and try to make an appointment as a new patient and later as an established patient. See how quickly you can get in for both. If your future competition can see you within 2 days, there may not be enough work there for you. If they can't see you for a few days you have a better chance of breaking even sooner.
2. Take your ICD-9 book and your CPT-4 book and become **very** familiar with codes that you use most often. When you bill an insurance company for your services, they will match up your diagnosis code to your procedure. If they don't match your payment will be denied. Submitting clean bills is the best way to be paid promptly. Write down your 10 most common ICD-9 codes you

use and the same for your procedures or visits. Become familiar with the E & M codes – Evaluation and Management – office and hospital visits.

3. Write up a brief business plan. Calculate the monthly amount you will pay for rent, staff, utilities, clerical and clinical supplies, insurances, advertising, telephone, equipment (in the beginning it is usually better to lease furniture, exam room chairs...) and total the amount for 18 months. Do the same for your living expenses. The sum of both those numbers is what you should ask your bank for as a line of credit. They will usually ask you to assign life insurance and disability insurance as collateral.
4. As a resident or fellow the hospital supplies you with some life insurance and disability insurance. However it is not portable and when you leave if you haven't purchased your own you have no coverage. Purchase \$200,000 of term insurance (cost – about \$200 per year) and \$2500 per month of disability income insurance (cost depends upon age, gender and health history). When you own these they become portable benefits. For more information call Kim at (917) 224-1947 or Steven a (845) 279-0226
5. Design your "Superbill". It will have the demographic information about the patient on the top and your ICD-9 and CPT-4 codes on the bottom. Circle the ones that apply. Find an outside billing agency until you have a mature practice and space to accommodate someone to do your billing.
6. Get a moonlighting position at a hospital, nursing home or other practice while you grow your practice.
7. Develop a card and brochure. Define your niche- what do you want to be known for? Meet and give your cards to the pharmacists, referring physicians, gyms, PTA, high school and college coaches, human resource supervisors of corporations and offer to give speeches.
8. Compare total patient visits every three months NOT every week or month
9. Hire your Mother – for 6 months

JOINING AN ESTABLISHED PRACTICE CONTRACT PROVISIONS

When offered a contract to join an existing practice, here are most of the important terms and explanations of the terms that you need to identify in your employment contract.

**THIS IS TO BE USED AS A GUIDE AND AN EDUCATIONAL REVIEW.
THIS IS NOT LEGAL ADVICE. ALL CONTRACTS ARE UNIQUE TO THE
PRACTICE CIRCUMSTANCES.**

Partnership

Before you begin you should know if you are on a partnership track or not. Partnership track should mean that you work as an employee for from 1-5 years, usually three.

CAUTION

- If there is just one partner, make sure there is something written to describe what happens if the owner dies or becomes disabled before you become a partner. Otherwise, the practice can be sold to someone else.

Term

The term of the contract should be for one year. It should state that it is automatically renewed unless either party gives 90-120 days notice before the anniversary of the initial effective date.

Compensation

The amount you are paid as an employee. Taxes should be withheld and you should be paid at the same time other employees are paid.

Bonus

If there is a bonus, it should be a percent of collections (20-50%) after your collections equal two times your direct expenses

Benefits

Year 1 – usually two weeks' vacation and 1 week off for CME with \$500-\$1000 health and dental insurance for your family.

Retirement plan participation

Malpractice Insurance “**tail**”

Disability and Life Insurance – have your own

Car and telecommunications allowance

Sick or disabled? (2-4 weeks of pay after being employed for 6 months)

Termination

If you do any of the following, you may be terminated for “cause”.

Loss of license, malpractice, DEA and privileges at the practice’s main hospital, abuse of patients, staff or substances, indictment or conviction of a felony, competitive activities, suspended or terminated from federal or state programs (Medicare/Medicaid), cannot adhere to the practice standards, convicted of crimes of moral turpitude...

Make sure the contract does not say you can be terminated without cause- if it does ----it is not a contract for one year

Duties, responsibilities, coverage and hours

Equal coverage and duties

6 months - the same number of patients as the established practitioner.

Remember – your employer will lose money on you your first year. If you don’t appear to be working hard and don’t care if you cover your expenses, you will create a negative feeling about yourself in your employer.

Restrictive Covenant

Standard in most contracts because your employer wants to protect the business. It may be in miles (should be reasonable – 3 –5 miles from any office, 10-20 blocks in NYC) but is geographical and location dependent. Or there may be in a financial penalty that you agree to in the contract.

IMPORTANT NOTE

Many physicians seek employment their first few years out of training with the thought that they will “learn the ropes” by working for a hospital, clinic, practice or HMO. While that seems fine now, make sure that you understand the employment contract you sign, especially with respect to restrictive covenants, competitive activities, salary, bonus and referral patterns.