Evaluating a Prospective Practice:
Pearls and the Hard Questions

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Objective: To provide graduating residents with the tools necessary to evaluate a prospective practice adequately from three major standpoints:
1) group dynamics 2) financial stability 3) regulatory compliances.

At this time of year, many senior residents are starting to consider various practice opportunities available to them. The process of selecting a practice is multifaceted, and depends not only on a mutual interest between a given practice and the graduating resident, but may also depend on the:

1. geographic location of the practice
2. availability of recreation / cultural activities
3. career / job opportunities for a spouse
4. quality of and availability of schools
5. taxation consequences in the area
6. overall cost of living of the area, including the housing market
7. ethnic populations
8. quality of medical care in the area / availability of special medical needs
9. practice considerations

Because most of the considerations listed above are highly personalized, this article will concentrate primarily on evaluating the practice considerations. Fortunately, today there are many types of practice available to newly graduating anesthesiologists. These include:

1. full or part-time practice
2. solo or group practice
3. starting your own group / joining an established group
4. sub-specialty or general anesthesiology practice
5. all M.D. or anesthesia care team (ACT) practice

Going into full or part-time practice is largely a personal decision based on need versus desired life style. Whether to do sub-specialty or general anesthesiology practice is based on your training, personal desires, and needs of the group and / or institution. Joining an all-M.D. or ACT practice will depend on the type of practice the group has already established, unless you are forming your own group or going into solo practice.

Contracts:

Contracts between you and a facility and / or a group most likely will involve exclusivity. Consequently, in most cases, such contracts will tie your practice privileges to the contract, circumventing any rights under the medical staff bylaws. The entire spectrum of contracting is beyond the scope of this article, but a contract between you and any other party should be legal, understandable, specific, and fair to all. In addition to reading any contract carefully and getting legal advice, one should read carefully the Medical Staff Bylaws of the institution. The ASA has excellent resources for your consideration regarding contracts.

Solo versus group practice:

Going into solo anesthesiology practice raises further questions.

1. Where will you find your cases?
2. Will you share call with anyone?

3. Will ‘your’ surgeons want to use those with whom you share call?
4. Who will do your billing?
5. How will you finance your practice and personal needs until collections are adequate?
6. Are you being asked to be the only anesthesiologist for a CRNA practice? If so, are you being asked only to be an administrator while providing care only to your patients, or are you being asked to medically direct the hospital CRNAs? If you are being asked to medically direct hospital CRNAs, how will you maintain a single standard of care for the patients 24 hours / day?
7. Will your practice be limited to only one facility, or more than one?
8. If you are going into solo practice (inclusive or sub-specialty), who is your competition? How will you provide postoperative care to patients?
9. If your sub-specialty practice is in the pain clinic or the critical care unit, what is your referral and billing base?
10. What authority will go with your position so far as patient care in your area is concerned?
11. What will be the attitude of the medical staff to your practice?

Forming your own group:

A request that you form your own group for a facility raises other questions.

1. What happened to the old group?
2. What kind of group will you form—all M.D. or ACT?
3. Where will you find practitioners to join you?
4. If individuals from the old group are willing to join you, will they be cooperative or obstructionistic?
5. Who will finance the recruiting costs?
6. Who will finance the group until collections are adequate?
7. Who will manage the business?
8. Who will do the billing and collecting for the group?

9. What is the attitude of the medical staff to the idea of having a new group?
10. On what committees will you be represented and by whom?
11. Will you be a separate department?
12. What salaries and benefits will you provide?
13. Will you be sole owner or will it be a shared corporation?
14. How will you decide on partnerships?
15. Are you being asked to provide services for only one facility, or several?

Joining an established group:

By deciding to join an established group, many of the problems of establishing a new practice are avoided. However, other considerations which should be a factor in deciding whether or not to join and established group include:

1. overall quality of care rendered by group
2. relationship between the group and healthcare facility administration / surgeons / nurses
3. relationships between members of the group
4. call responsibilities – are they equitable?
5. number of healthcare facilities covered
6. reimbursement / benefit packages
7. overall financial soundness of the group
8. length of time to partnership
9. honesty of the group regarding billing practices / compliance plan
10. trustworthiness of the group regarding new associates / partnership
11. contract issues with group / healthcare facilities / 3rd party payors
12. state licenses / changing DEA registration /
13. Medicare / Medicaid provider numbers and other 3rd party payor credentialing issues
14. credentialing issues with healthcare facilities
15. buy-in considerations and tax consequences
16. buy-out / tail coverage considerations if you leave the group

17. time to study for board certification
18. board certification requirements of group / healthcare facilities
19. implied social expectations of new members

Each of these topics could constitute an article itself, but they can be grouped into broad categories for consideration:

1. <u>What is the group like?</u>

   Remember, the process of investigation is a mutual one. Talk with nurses in the O.R. and administrators. I would strongly suggest that you ask for a couple of names of practitioners who have recently left the group. Contact them and ask the hard questions. If the group is reluctant to have you talk to practitioners who have left, or if others are hesitant to say much about the group one way or the other, it should raise a red flag for you.

2. <u>Financial considerations:</u>

   Of course, your salary and benefit package will be a subject of negotiation.

   a. If your salary is based on a percentage of your personal collections, you should have equal distribution of cases, and you should have access to the books.
   b. Benefits for consideration include professional liability insurance, life insurance, health insurance, long-term care insurance, practice insurance if you are expected to buy-in to the practice, professional membership dues, and CME funding.
   c. You should designate the beneficiary of your life insurance and determine who owns the policy.
   d. What vacation time is allowed, and is there additional CME time? Is it considered paid time off (PTO-often includes holidays not worked)? How will time off effect pay?
   e. Is there time off for board exams?
   f. Will the practice pay for board exams? How many times? Is there a salary differential when you become board certified?

g. If you are a member of the military reserves, do they allow additional time off for reserve duty? Will they cover the difference between your military pay and your practice pay if you are activated?

h. Is there a buy-out and / or liability insurance tail coverage which you must pay should you leave the group before partnership?

If there are buy-in or by-out provisions in the contract with the group, reconsider joining. Most likely, the group will make money on you until you make partner. Having to buy-in to the group is tantamount to paying twice. Further, depending on how it is structured, there could be tax consequences to you. Other than liability tail coverage, buy-outs to you if you leave prior to making partner are equally difficult to justify, unless you get to keep your accounts receivable when you leave, which would be very unusual. If the group requires you to pay the tail coverage on your liability insurance, decide whether or not it is worth the risk to you financially before joining.

3. Credentialing issues:

You will be expected to start billing for the group as soon as you start drawing a salary. In order to do this, you must take care of all credentialing issues listed above well in advance of your start date. Many state medical boards, insurances, and healthcare facilities take up to six months to go through the credentialing and verification process for license and provider numbers and for your participation in contracts. Start early, even if you are planning to work in the state where you train, if you don't need a full license for residency.