Working in a Group Practice
Lessons Learned and Responsible Stewardship

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Medicine = Art + Science + Business
Charlie

- [http://youtube.com/watch?v=_OB1gSz8sSM](http://youtube.com/watch?v=_OB1gSz8sSM)

Goals

- Understand some of the costs/expenses of running a practice
- Anticipate some of the dilemmas that will arise working in a practice
- Start to develop a plan for being ready to start/join a practice
- Understand why you need to know the business of medicine
Responsible Stewardship

- Patients
- Staff
- Partners/Group
- Society

Responsibility to Patients

- Capable
- Caring
- Available
Responsibility to Staff
• Fair Pay
• Benefits
• Supportive

Responsibility to Partners/Group
• Compliant
• Coverage
• Equitable Compensation
Responsibility to Society

- Right amount of care
- Prudent use of resources
- Prevention

PMD@OSH

- [Link](http://youtube.com/watch?v=xskFo75Wdhs)
PMD @ OSH

- Hours/Week
  - Internist: 58
  - General Surgeon: 63
- Internist/PCP
  - 28-36 hours “scheduled”
  - 22 hours: hospital rounds, paperwork, phone calls, administrative meetings, CME, etc.

PMD @ OSH

- Weeks/Year
  - 4 weeks vacation
  - 1 week CME
  - 2 weeks various holidays
  - ~45 weeks/year
Average Visits/Year

- Internist 3651 2.3/hr 2.9/hr
- Pediatrician 4771 2.9/hr 3.8/hr
- Family Medicine 4367 2.7/hr 3.5/hr

Average Salary

- Internist $159,252 = $43/visit
- Pediatrics $158,867 = $33/visit
- Family Medicine $152,478 = $34/visit
- OB/Gyn $237,191
$150,000/Year!

- (Really ~$100,000 take home = $8,300/month
- Expenses:  
  - $2500 mortgage/taxes
  - $500 car
  - $1500 malpractice
  - $500 groceries
  - $500 entertainment
  - $1000 loans
  - $200 health insurance
  - $1500 VISA/gas/misc
  - $8200 expenses

Revenue/Expenses

- Productivity Measures:
  - RVU’s
  - Visits
  - Collections
- Payor Mix
- Cost vs. Charge
Revenues
- Professional Fees
- Ancillary Services

Expenses
- Salary/Benefits-Physicians
- Salary/Benefits-Staff
- Rent
- Supplies/Equipment
Cost of Staff

<table>
<thead>
<tr>
<th></th>
<th>Salary</th>
<th>Benefits</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>RN</td>
<td>$40000</td>
<td>$8000</td>
<td>$48000</td>
</tr>
<tr>
<td>LPN</td>
<td>$30000</td>
<td>$6000</td>
<td>$36000</td>
</tr>
<tr>
<td>CMA/PCT</td>
<td>$20000</td>
<td>$4000</td>
<td>$24000</td>
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<tr>
<td>Service Rep.</td>
<td>$20000</td>
<td>$4000</td>
<td>$24000</td>
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</tbody>
</table>

Office Dilemmas

- Work vs. Collections
- HMO
- Add Staff
- Add Partner
Three Partners

<table>
<thead>
<tr>
<th>Doctor</th>
<th>Work (RVU)</th>
<th>% Public Aid</th>
<th>Collections</th>
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<tbody>
<tr>
<td>Physician A</td>
<td>5000</td>
<td>50</td>
<td>$100,000</td>
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<tr>
<td>Physician B</td>
<td>4000</td>
<td>10</td>
<td>$200,000</td>
</tr>
<tr>
<td>Physician C</td>
<td>3000</td>
<td>10</td>
<td>$100,000</td>
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</table>

HMO Dollars

<table>
<thead>
<tr>
<th></th>
<th>Enrollees</th>
<th>Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician A</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Physician B</td>
<td>200</td>
<td>600</td>
</tr>
</tbody>
</table>

Who gets the CAP dollars?

Who gets the Bonus dollars?
Build a Practice

- 4 Doc Practice
- Rent $5000/month
- Supplies $5000/month
- Malpractice $30,000/yr/doc
- 2 Staff/Doc
- Calculate expenses and revenues
- Have to at least break even

4 Different Practices

- Group A: Goal 2 visits/hr
- Group B: Goal Docs make $200K
- Group C: Goal Docs have an extra RN
  - List expenses (including docs’ salary) and visits needed to break even assuming two scenarios (payor mix good [$100/visit] and payor mix poor [$50/visit])
- Group D: Goal Concierge practice of 500 patients paying $2000/year