



# **Working in a Group Practice**

Lessons Learned and Responsible Stewardship

Keith Veselik, MD

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Medicine= Art + Science + Business



## Charlie

- [http://youtube.com/watch?v= OBlgSz8sSM](http://youtube.com/watch?v=OBlgSz8sSM)



## 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

- <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
		36 hours	28 hours

## 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

	<b>Salary</b>	<b>Benefits</b>	<b>Cost</b>
<b>RN</b>	<b>\$40000</b>	<b>\$8000</b>	<b>\$48000</b>
<b>LPN</b>	<b>\$30000</b>	<b>\$6000</b>	<b>\$36000</b>
<b>CMA/PCT</b>	<b>\$20000</b>	<b>\$4000</b>	<b>\$24000</b>
<b>Service Rep.</b>	<b>\$20000</b>	<b>\$4000</b>	<b>\$24000</b>

## Office Dilemmas

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

## Three Partners

Doctor	Work (RVU)	% Public Aid	Collections
Physician A	5000	50	\$100,000
Physician B	4000	10	\$200,000
Physician C	3000	10	\$100,000

## HMO Dollars

	Enrollees	Visits
Physician A	400	400
Physician B	200	600

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