

Advice for MDs whose goal is their own clinic

Before you make a move, heed the sage advice of our panel members, who offer their experience as guidance.

By Dee Stephenson, MD, William Fishkind, MD, and Sohail Khan, MD

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Ophthalmology Management: Thank you for joining us. Our topic is providing advice for ophthalmologists who are just starting out, so I will turn this round table over to our panel.

Dee Stephenson, MD: I'm a solo practitioner, in practice 28 years. I have every bell and whistle possible. I started with ORA when it was Orange 9 years ago, and have been using LENSAR femto for four years. I have Cassini and iTrace (Tracey) and IOL Master 700 (Zeiss). I do not advertise. I write some articles for a local magazine once a year just to talk about my practice, so my referral system is word of mouth.

I'm in Venice, Florida, between two huge practices. I had to do something that set me apart. I made myself a boutique practice, meaning that if I do your cataract surgery, I don't send you to an optometrist. In my community, all the optometrists work for the big ophthalmology groups, so you don't get any referrals for optometrists.

I was a general ophthalmologist until about 10 years ago when I became a cataract refractive specialist. I'm at about 84% premium IOLs — Crystalens (B+L), multifocal, or astigmatism/toric, with femto on all of those for the first quarter of 2017. But I still do monofocals and I have a counselor who does the advising to the patient.

But I have a very small, tightly run ship: only two technicians, three office staff and an office administrator/surgical coordinator.

Although I travel all over the world to lecture and teach courses, the most important thing at my practice is that I listen and pay attention to my patients. We read the obituaries in the local newspapers and send cards. We follow up new-patient appointments with a welcome package. We ask for Yelp reviews, we ask for comments on Facebook or on our website, and so on.

Dr. Fishkind, you're very different from me and you've been in practice longer, but you have a reputation that's impeccable; tell us how you do it.

William Fishkind, MD: I set my practice up for longevity. I have a five-man group — three partners, two medical ophthalmologists, one optometrist — and a staff of about 40, across two offices.

When I started, I realized that if I wanted my practice to go on without me, because I'm now retirement age, I would need physicians coming on board, each 10 years younger than the one

before, so they'd be in a good position to be a partner in 5 years. That way, when I retired, there would be a group to buy me out and propel the practice forward. And that is indeed what has happened. My practice is mostly cataract, glaucoma and refractive.

The first step for anyone thinking about where and what they want to practice is to be introspective. The doctor has to be honest and ask, what kind of practice do I want to be associated with? Do I want a big practice? Do I want a small practice? Do I want to be in a boutique practice, a university setting or in a private practice? And do I have more upward mobility if I go into a practice where one of the partners is retiring and I have a ready-made clientele, or into a growing practice where I'm going to build my clientele?

And finally, what do I want to do? Do I want to do cataract, refractive or a mixture of cataract and refractive? Do I want to do neuro, or even pediatrics?

OM: Dr. Khan, please tell us about your practice.

Sohail Khan, MD: I'm the youngest member of the panel here; I finished my ophthalmology residency in Augusta, Georgia, where I also grew up and went to medical school. I did a fellowship at UT Southwestern in Dallas, and I joined a practice in that area for two years doing retina. My family thought we'd like Dallas and make it a long-term home. Then my wife and I had a couple more kids. Georgia is where we're both from, so we began to think about going closer to our families.

Also, the first year out the Dallas practice felt like it wasn't really a good fit. It seemed like a very nice salary at the time because anything over a resident's salary is wonderful. But after about 12 months I realized that the practice really did not need me. I was doing few surgeries and not seeing a lot of patients, and it felt like I was withering on the vine.

So, I talked to my family and we decided to open a practice back in my hometown because I had a good feel for what the demands were, I knew there was a relative shortage of retina specialists and I knew the area well. In 2015, I opened an office with one employee and one doctor and since then, we've grown slowly but steadily. We have five employees, still just one office and I'm seeing a lot more patients now than I ever was at my job in Texas.

And it's been a very good move because I don't have to answer to anybody except myself in terms of when do I come in, when do I not come in. If I want to buy some equipment, I just purchase it if I can afford it. I also like the idea of having control over my own staff.

OM: Dr. Khan, you said that you knew what you wanted to do. When did that become apparent?

Dr. Khan: I knew I wanted to take care of patients, but in Texas I was doing maybe one to three surgeries a month on people I had never met before, whereas here I'm doing two or three a week and I'm operating on my high-school friends' moms, my former soccer coach's cousin. I like to have that connection with my patients, and I never had that in the large practice.

Dr. Fishkind: I want to chime in on two ideas. First, I will say that there is no greater sense of accomplishment than sitting in your own office with your own equipment and your own staff that you

have hired and using your own mind and skills to build your practice into whatever community you have chosen. It's a phenomenal feeling.

Second, it's not so terrible if you make the wrong choice the first time. There's a high rate of physicians going into practices, going into universities, whatever setting they may choose and then realize, after a little while, that maybe they shouldn't be there and they should look for another place. It's not the end of the world to be unhappy, as long as you recognize you're unhappy, and move on.

OM: How did you determine your financial needs?

Dr. Khan: I tell people that the number one rule would be to maintain the resident lifestyle for as long as possible. Do not make any large purchases unless absolutely necessary. If you have connections with different banks, leverage those relationships. I had to talk to four banks before I got a loan, but the fourth bank was one that my family had done business with before and they have been very helpful.

Also, you can spend as little or as much as you want. But the more you spend, the bigger the hole you're going to have to get out of. People ask what the minimum amount is that you need to start an ophthalmology practice, and if it's retina-specific you can start for probably as little as \$100,000, if not less, up front. I spent about \$180,000 and that's to equip one lane and to equip the exam lane, a diagnostics lane with an OCT fundus camera and fluorescein, a laser room, and all the basic equipment and computers to run the office, with one employee.

And rent office space. Don't buy until you know what your situation is and don't expect to get paid for six to 12 months, because all the money that comes in will go back into your practice. But you should be able to draw a salary by about month 12, if you did the math correctly, depending on where you are. But I think that even if you're in a very busy area, there's always room for growth because there's always room for good doctors. This is especially true if you can provide some distinct service.

OM: Dr. Khan, did you ever have to choose between two pieces of technology for your clinic, because you could not afford both?

Dr. Khan: Yes, I skimped on my slit lamp. I had trained on Haag-Streit slit lamps and loved the feel and I was used to them. But I skimped on my first purchase and I bought a non-Haag-Streit slit lamp. I didn't like it and sent it right back and got the one I liked. I paid an upcharge, but it was worth it. Otherwise, I just got the basics of what I was used to and comfortable with and the equipment has worked just fine.

Buying used equipment is a great way to save money, but not if it's something like a laser or diagnostic equipment.

OM: Dr. Stephenson, when you went to cash, how did you determine what technology to buy?

Dr. Stephenson: Well, I'm currently at 84% premium IOLs, but it didn't start that way. Ten years ago I began with technology that would raise the bar for my outcomes so I could sell my art, if you will.

And then, you have to step off on advertising for certain things. So, I opted to treat patients better and know something about them with a boutique practice.

On top of that, I incorporated great technology, so I was cutting edge. I did the same things that the big groups did, even though my volume was lower.

Regarding equipment, buy something that's going to last you forever, and if you have to upcharge it a little bit and go into debt for it, I think that it's well worth it. I still have the same two slit lamps as when I started. Sometimes you think you're going to save a dime if you buy something less expensive, but in the long run it will be much more costly. Quality is very important.

The number one thing I tell new ophthalmologists is to pick a place you want to live and that's where you need to go. If you're going to put down roots and have relationships with patients and their families, you can't keep changing your mind every 12 months because you won't put down those roots.

The other important thing — and I think all doctors need to know this because we're going to be paid on this in the future — is you've got to put your results in data banks. You've got to know where you are on your results for your patients, and I think it can make or break you, at least in cataract refractive surgery.

OM: Dr. Fishkind, what about your equipment?

Dr. Fishkind: I have very few pieces that I purchased early on. Mostly everything has been replaced, upgraded. Like for any business, it is important to talk to the vendors and find out what the cost is going to be. Don't undercapitalize the business, because that will come back to bite you. Be realistic about your equipment needs.

I agree with my colleagues about starting small and renting, and not making very much money the first year so you are putting it back into the practice, then starting to take some salary after a year. If you have that expectation to start with, you won't be stressed and disappointed.

Another option is partnership. The question is the degree of compromise you are comfortable living with. In my practice, when a physician decides to come on board and try employment with an eye toward partnership, we pay a percentage of the doctor's production so he or she is making decent money right off the bat. That doctor will work a year or two before we even talk about whether we'll consider them for full partnership because my feeling, as an owner, is that somebody can fool you for a year, but it's really hard for them to fool you for two years in terms of true personality and work ethic, as well as surgical and ophthalmic skills.

If the physician is still interested in partnership at the end of the two years, we permit buy-in over time, so they are still making a reasonable amount of money. The prospective partner then must decide, does this practice employ the people I want to work with? And is the quality of their work at the level of the quality of work that I hope to produce?

Dr. Khan: If you're starting out like I did and not making any money your first year, something else that I'd look into is part-time work with either a group in town or part-time group work with a

Veterans' Administration, for instance, or with a local academic center. During your first year, it provides income to support yourself while your practice is getting off the ground.

Dr. Stephenson: My first year in practice, there were two very accomplished anterior-segment surgeons, cataract surgeons in Tampa; I taught the intracapsular cataract surgeons how to do extracapsular and they stayed in practice for another five years. Not only was it rewarding personally, but it also was rewarding financially. The surgeons were willing to have an in-house teacher because it never took anything away from their credibility. For a while, I was also the only ophthalmologist at an optometry practice in Fort Myers, and that supplemented my income nicely.

You could also help ophthalmologists who may be retiring, or who have been sick or had surgery. There are many options that can supplement your income and build relationships.

Dr. Khan: Working at an academic center part-time is really refreshing. When I worked for two years in the private practice, I didn't have any exposure to residents or fellows or medical students, and it was kind of a drag. Now, I work at the VA one day a week and I see residents and medical students on a regular basis. It's very meaningful to make a diagnosis and show it to a resident who can appreciate it.

OM: Final question — how valuable is it to attend business classes?

Dr. Stephenson: I highly recommend doctors getting some kind of counseling, whether it be from their broker or from a professional. But before you do that, make sure your practice starts out the right way by knowing the coding, knowing the things that are going to bring you the most income; that has to be your foundation. As much as I'd love to say you can go into private practice and hang out your shingle and everything works out, you have to have some guidance.

Have some kind of business plan, not from a big point of view but from a small point of view: This is the dollar amount you make, this is the total you're spending, this is how long it will take to recoup that. It's the same thing you would do if you're going to refinance your home. You have to know what it costs to do that.

You have to have malpractice insurance. You have to have disability insurance. You have to have a 401K or something that puts money away for retirement. We as doctors are so trusting, and we've had delayed gratification for so long that we think that if we practice good medicine, all things should come to us. And part of that is true, but you have to have a plan.

Dr. Fishkind: Trying to get an MBA or taking business courses probably is an instance of the law of diminishing returns. You won't get enough for the time you put in. Have two sets of advisers; one set should be business advisers consisting of an accountant, a banker, an attorney and an insurance agent, all of whom will help with the business of the practice.

The other set of advisers you will need is medical. They can be found at ASCRS, AAO, AGS, Retina or a variety of other ophthalmology meetings. Whatever area you're going into, if you go to the meetings you can search out individuals to help with questions like coding, billing or computer systems. Those issues can save you a great deal of time and help to minimize your potential losses.

Dr. Stephenson: The thing that you love is being a doctor, so you've got to surround yourself with people who are smarter than you in business and accept that you may not have that same business savvy.

Dr. Khan: As a resident, if you're starting out somewhere, talk to the billing people. Don't just talk to them in passing, stick to them for days, weeks, whenever you have free time. If you can understand the billing part of it, that will put you in a good position later to be able to see where the money is coming from or not coming from. You can call the insurance companies. "I saw this patient on so-and-so date. This is what I billed. You accepted it. Why haven't you paid?" The insurance companies count on doctors not to follow up on that stuff because that's money in their pocket.

If you learn how to play the game, that will be very helpful. OM

About the Authors



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