

Opening a Physical Therapy Practice Is It Right For You??

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Background

1982: B.S.: Physical Therapy, Ithaca College, Ithaca, NY

1988: M.S.: Physical Therapy, Massachusetts General Hospital Institute of Health Professions, Boston, MA

Owner/Director of Adirondack Physical Therapy and Sports Rehabilitation, PC with locations in Plattsburgh and Elizabethtown, New York

APTA member since 1982

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Primary Clinic

Clinic established: 1991



Adirondack Physical Therapy
and Sports Rehabilitation, PC
39 Court Street
Plattsburgh, NY 12901

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Satellite Clinic

1995:

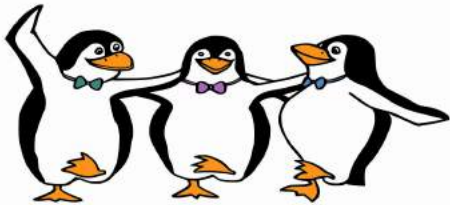
Business partner joined
practice

Opened 2nd clinic in
Elizabethtown, NY



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Clinic Ownership - A Rewarding Experience



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Objectives

- Students will be able to list the benefits vs. risks of owning a private practice.
- Students will identify the basic skills that are necessary to succeed in private practice.
- Students will expand their knowledge of the steps necessary to open a private practice.

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- Students will be able to distinguish between the advantages offered to a solo practitioner verses joining or starting a group practice.
- Students will understand the complexities, rewards and the balancing act of owning a business
- Students will be able to determine if they are up to the challenge of private practice ownership.

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Are you ready for the challenge??

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Benefits of Self-Employment

Benefits

1. You are the boss!!/You call the shots!!
2. You choose your own clientele - type of patients you'll treat.
3. Your clinical skills and knowledge are used in the specialty you enjoy.
4. You set your own schedule - most of the time.

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Benefits continued.....

5. Higher earning potential
6. You can hire those you think will best meet your needs.
7. You can buy the equipment you want - when you want.
8. You are able to establish your own work/life balance.
9. You can spend less on child care by staggering hours.

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The Darker Side



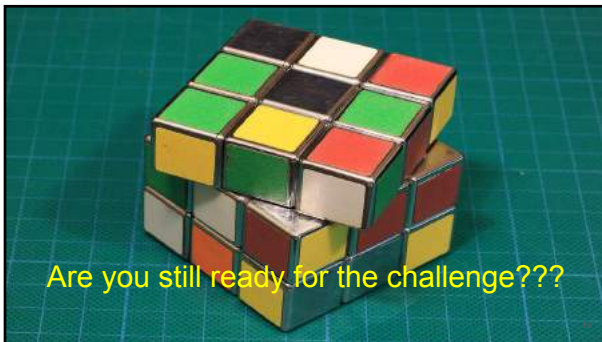
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- You are the boss
- May feel socially isolated - miss working with a team
- Long hours - may be irregular/nights/weekends
- Decreasing reimbursement rates
- Higher patient out of pocket expenses
- Continual effort to obtain new clients

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- Multitasking throughout the day
- Lack of employee benefits - holiday/sick pay, paid leave
- Unpredictable finances/Unsteady pay
- Must deal with the unknown/unanticipated
- Demanding work

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Skills Required to Succeed in Business



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Necessary Skills

- Must have at least one area of professional expertise



Skills continued.....

- Must have strong leadership skills:
 - Good communicator/educator - first and foremost
 - Initiative to push new ideas, Innovative
 - Ability to adapt to a changing landscape
- Must have a good understanding of your market and customers

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Skills continued.....

- Must be organized
- Must be an extremely careful planner
- Must be comfortable speaking to and in front of physicians/health care professionals
- Must have developed a collaborative relationship with physicians/health care providers

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Skills continued.....

- Must be seen and active in the community
- Must have developed alternative referral sources such as coaches, athletic trainers, personal fitness trainers, massage therapists etc. **You cannot rely on physicians alone for patient referrals.**
- Must believe in yourself in good times and bad

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Signs You Are Ready to Open Your Own Business

- You have examined and understand the market you are entering.
- You have worked out revenue/expense ratios and are satisfied with your projected profit margins.
- You possess will-power, determination and self discipline.

- Family and friends are supportive and believe you can succeed.
- You are ready to spend a portion of your savings or take out a sizable loan.
- You are ready to temporarily lower your living standards.
- You are willing to take the risk.

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Have you thought about practice options??

1. Do you want to start from scratch???

- a. higher risk
- b. freedom to make own decisions
- c. receive all the profits but balance that with the debt you've incurred
- d. are you willing to endure the administrative burden?
- e. are you and your family willing to initially make the sacrifice of the financial and time expenditure?

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2. Partner with a colleague or join a group practice???

.....Partners can often bring you what you're missing

1. money
2. experience
3. relationships
4. business acumen

.....but you may have:

1. loss of some control
2. differences of opinion



Partnering continued....

➤ Risks

- There is inherent danger of mixing business with pleasure
- Getting out of partnership can be difficult

➤ Benefits

- Share the risk and the reward
- Get all the perks of an already established business

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Seek legal counsel prior to entering into any business arrangement with a partner

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3. Purchase an existing practice???

Benefits

- Location is already established
- Won't have to invest in space or equipment
- Referral patterns may already be established

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Risks of purchasing an existing practice

- Determine the reason for the selling of the practice.
- Examine financials - are they up/down or stagnant over the past several years?
- Evaluate the reputation of the practice with community members inclusive of health care professionals.

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Your decision to own all or part of a PT practice will be one of the most important decisions of your career!!

Is Starting a Private Practice For You??

Starting a private practice is not right for everyone. There is more risk, more stress, more responsibility and less free time than if you worked for someone else. You will have to balance your clinical expertise with the demands of running an effective and successful business.

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Are You Ready To Get Started??

Meet with your local Small Business Administration for information/assistance in developing a Business Plan

Take the Private Practice Section of the APTA course "How to Start a Private Practice"

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A STRONG BUSINESS PLAN IS REQUIRED

Anyone who plans to run a business needs to take the time to draft a detailed business plan.



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Typical Business Plan Questions

1. What goals do you want to reach in 1 year, in 5 years?
2. What will be your market share?
 - a. What clientele you wish to treat?
 - b. What specialty areas do you wish to market to the community?
3. Is the clinic going to be privately owned?
4. What are your revenue vs expense projections?
5. Will you be investing your own money?
6. What is your preferred location?
7. How much of a risk are you willing to take?

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Develop a Written Timeline

- Your timeline will keep you focused and will keep your thoughts in order. You will be pulled in many directions. Do not get thrown off course.
- You will be multitasking between developing an accounting system, filling out legal documents, purchasing insurance, ordering equipment, locating/setting up your space, hiring staff, setting up bank accounts, meeting with potential referral sources, marketing ideas, signage etc. The list goes on. The process can be daunting.

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Business Plan Accomplished Now what??

Obtain legal and accounting advice for your business:

- You will need to decide on the business structure
- You will need Federal and Tax ID numbers
- You will need business licenses and insurance to run your business
 - Malpractice insurance, disability insurance, workers comp insurance, business insurance, license to run a business
- Set up your accounting system/record keeping methods

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Who Is Going to Fund You??

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Options:

- a. Bank
 - i. Standard Business Loan
 - ii. Set up a line of credit such as a home equity loan
- b. Apply for a small business loan with the Small Business Administration
- c. Find an investor

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Once you have developed your business plan and obtained the start-up funds

It is time for the fun to begin!

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Select a Location

Market research is in order...

- Is your building easily accessible by foot, car, public transportation?
- Is the building itself accessible? - restrooms, parking, treatment rooms
- Will signage be visible from the street?
- How close is your nearest competition?/ How many other physical therapy providers are there in the community?
- What are tax implications/fees for small businesses in this location?
- Patient population - ie: baby boomers, elderly

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Other location considerations:

1. How much space do you really need? - do you really want to pay rent for space you are hoping to grow into?
2. Know the specifics of your lease.
 - a. Does the cost of the space increase every year?
 - b. Are you able to work after normal business hours/Saturdays?
 - c. What is the duration of the lease?
3. Would you consider subleasing space from other health professionals or a health club? This may be a more affordable alternative.

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Electronic Medical Record - What system is right for you?

- A necessity in today's market
- Compliance support
- Manage therapist's schedules
- Schedule at multiple clinics
- Book and reschedule appointments
- Allows for a paperless front office



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Selection of Equipment

Be practical, resourceful, know your footprint

PT Equipment

- Consider using equipment like ballet bars, Swiss balls and resistance bands that patients can mimic at home
- Not having all those large exercise machines will enable you to use your space more efficiently - that's a win

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Start Simple

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Office equipment

- Phone systems
- Computers
- Printers
- Fax machines/Scanners
- Firewalls/Security
- Office supplies
- Desks, chairs
- Wall hangings etc.



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Marketing

Will you....

- Meet directly with doctors and other health care providers?
- Use Facebook, Twitter, Google or other social media sites?
- Hire personable, communicative, motivated, energetic personnel?
- Develop a website?
- Volunteer in the community

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Marketing continued.....

- Offer community events?
- Use word of mouth to market your practice?
- Develop marketing materials ie: brochure, business cards, referral pads?
- Hang a sign outside /on the front door?
- Send mailings/postcards?
- Buy ads on radio/TV? Telephone book? Online ads?

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Think about signage



Think about location

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Compensation

Insurance-base
reimbursement
vs.
Cash-based reimbursement



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Insurance based reimbursement

- What are the insurer's fee schedules, reimbursement in your area?
- Should you become an in-network provider in which you agree to a specified reimbursement rate or should you stay out of network?
- If in-network provider, you need to obtain participating provider status.

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- Are you going to do billing on-site or do you want to outsource your billing?
- How are you going to collect co-payments and deductibles?
- What should you expect to write off as a result of denied reimbursement or failure to collect a co-pay?



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Cash-based Reimbursement



Enter into a contract with the patient to provide physical therapy services.

Some patients might not be willing to put up the money for PT services especially if a close competitor might be willing to bill their insurance company.

Strongly consider your community demographics

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Words of Advice

- Never stop marketing your practice, no matter how busy.
- Never rely only on physicians to develop your referral base.
- Always communicate with your referral sources.
- Balance your professional and family life.
- Never stop creating, learning and striving to do better.

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