STARTING A SPORTS MEDICINE PRACTICE

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DISCLAIMER

Any companies discussed in this lecture are used as examples and from personal experience.

I receive no compensation, benefits or have family members that work for any of the mentioned companies.
ABOUT ME

- Finished fellowship in 2010.
- First job was at a hospital owned practice in North Carolina 2010-2011
- Next job was a private orthopedic practice in Staten Island 2011-2017
- After months of contract disputes decided to leave
- Options were to find another job or start my own practice
- Decided June 2016 I was going to open my own practice
- Opened August 2017
SHOULD I START A PRACTICE?

• Current situation
• Location
  - Competition
  - Restrictions from previous employer
  - Socioeconomic
  - Willingness to move if not favorable
• Lifestyle
  - Do you want to see patients and go home?
  - Willingness to learn business
  - Wear many hats
• Money
  - Do you have sufficient savings
  - Ability and willingness to take out sufficient loans
Advantages

- Be your own Boss!!
- Control who you work with
- Greater ability to increase revenue
- Decision making freedom
- Determine focus of practice
- Significant tax breaks

Obstacles

- Higher level of responsibility
- Build from scratch
- Must hire appropriate staff
- Significant start up costs
- More hospital owned influence
- No guaranteed income or benefits
- Obtaining teams is difficult depending on region
  - Long established practices
  - Hospital systems sponsor
WHAT ARE THE CHANCES OF FAILING?

- Slightly better than average small business but not significantly
- According to US Small Business Administration, roughly 50% of small businesses will fold within the first 5 years.
- Securing proper funding, ability to be flexible and adapt, unique services and effective marketing will all help increase likelihood of success.
Chart 3. Survival rates of establishments, by year started and number of years since starting, 1994-2015

Source: U.S. Bureau of Labor Statistics
According to an AMA practice survey, 2016 marked the first time physician practice ownership was not the majority arrangement. 47.1% are practice owners, 47% employed, 5.9% independent contractors. Down from 53.2% in same survey in 2012. Similar survey in 1983 showed 76.1%.
According to a 2018 report from the Physician Advocacy Institute:

- 63% increase in hospital employment from 2012-2016
- All regions of the country were effected
- Midwest and Northeast showed the biggest increases

http://www.physiciansadvocacyinstitute.org
MONMOUTH COUNTY NJ

Largest Employers
1. Hackensack Meridian Health – 12,794
2. Saker Shoprites Inc – 3,319
3. Centrastate Healthcare – 2,646
4. RWJ Barnabas/Monmouth Medical Center – 1,920

WHERE DO I START?

- Viability
- Timeframe
- Location
- Services (lawyers, accountant, supplies, equipment)
- Establishing entity
- Savings/loan
- Finding real estate
- Construction
- Marketing (logo, website, advertising)
- Staff
- Networking
- Can be very time consuming and confusing. Consider using a consulting company that specializes in medical start up! (eg. MBA healthgroup)
VIABILITY/MARKET ANALYSIS

- Is it worth even starting?
- Competition
  - How many similar providers are in the area (sports, ortho)
  - Hospital owned influence in the area
  - 100% sports/musculoskeletal vs incorporating primary care
- Socioeconomic
  - Population density
  - Insurance breakdown
  - In or out of Network
  - Can people pay out of pocket (PRP, Stem cell)

Can do search but can be very time consuming, especially if working full time. Can you properly interpret findings?
TIMEFRAME

• Give yourself at least 6-8 months
• Varies depending on market
• Consider early planning at 12-18 months
• Bulk of work will happen 4-6 months before seeing first patient
• Expect delays
• Timing is key!!!
  - Office space negotiations, build out, credentialing, equipment ordering, hiring, marketing etc.
  - Can lose a lot of money if not timed well
LOCATION, LOCATION, LOCATION!!

- Good insurance breakdown
- If cash pay/OON
  - Good socioeconomic breakdown
  - Slightly older population (50-65)
- Good foot traffic
- Good visibility/signage
  - If not will have to spend more on marketing
- Other medical practices that can potentially refer
- Make sure doesn’t conflict with any restrictive covenants
  - Mileage usually “as the crow flies”
- Flexibility on area may be needed
SERVICES

- **Lawyers**
  - Contract (lease, employee, equipment, trademarking, entity, EIN (tax ID))
  - Malpractice
  - Look at local medical societies, usually have contracted lawyers with discounted rates for society members.

- **Accountants**
  - Experience with medical practices
  - Best entity for tax purposes (LLC, PLLC, S-corp) (some variation by state)
  - Tax shelters
  - Not how much you make, how much you keep

- **Malpractice**
  - Claim based vs Occurrence
  - Shop local vs national providers
SERVICES

• Supplies
  - Medical (McKesson, Clint, local)
  - Office (Staples, WB Mason, local)
  - Shop around, may use different vendors for different supplies

• Equipment
  - Furniture (waiting room, exam room)
  - X-ray, ultrasound, EPAT, etc.
    - Lease vs buy
    - Expensive but good tax breaks, billable and attracts patients
    - Can usually get 3-6 months before first payment

• Vendors
  - Will be frequent and persistent
  - Don’t be afraid to say NO
  - Can drain money fast if not careful
ENTITY

- **Establishing name**
  - Make a list
  - Might be harder than you think

- **Type of entity**
  - PLLC, LLC, S-corp
  - Protects your personal assets
  - Discuss with lawyer and attorney about which is best
  - Varies by state (no PLLC in NJ)

- **Other credentials**
  - Tax ID, business NPI, DEA, State license if moving, Medicare, Insurance
  - Many other potential for state, county and town
  - Consultant can be very helpful, especially in highly regulated areas.
MONEY

- Ideally have money saved so you can limit loans
- Shop around for loans for best rates and structure
- Look at local banks, sometimes friendlier to small businesses
- Should have at least 1-2 years of living expenses
- How much greatly varies by region and scope of practice
- Figure on at least 7-12 months to turn a profit and 3-5 years to be at capacity.
- Pro Forma can help with planning
- Consider side gig until busy
REAL ESTATE

• Lease vs Buy
  - According to BOA ~90% of new medical practices start with a lease agreement
  - Depends on market
• Terms of lease
  - More years may reduce price
  - Don’t be afraid to negotiate!!
  - Definitely have contract lawyer view
• Location as discussed
CONSTRUCTION

- Full build out vs repairs
- Amortized vs upfront
- X-ray
  - Lead walls, doors and windows to code
  - Have them talk to vendor on proper size
- Appearance is important, especially if cash or OON
- Expect delays
  - Give a little extra time than what they say for opening
  - Permits delayed me 6 weeks, have heard 3-6 months
CONSTRUCTION
MARKETING

- Eventually word of mouth and referrals will likely be your biggest source of patients but people have to know about you first!!
- If cash or OON must market more because you won’t be on plans.
- Have to spend money to make money, but must spend wisely, especially in the beginning.
MARKETING

• Logo
  - First thing many people will see
  - Nice but not too busy
• Local graphic design company vs online
• Consider online competitions (99designs)
  - Can be as cheap as 300 dollars
  - Multiple designers
  - Don’t have to pay if you don’t like the designs
  - Can design business cards, stationary
WEBSITE

- Will be the main driver to your business
- Informative but not too medical!!
- Interactive (videos, links)
- Must work well across all platforms (computer, tablet, phone)
- Medical based companies usually more expensive
- Proper keywords for SEO
- Access for patients (doctors portal, schedule or request appointment, review links)
- Blogs and updated information
- www.apexsportsnj.com
DIGITAL MARKETING

- Make sure you work with a company that knows and focuses on SEO
- Social media platforms (Facebook, Twitter, Snapchat, YouTube)
- Reviews do affect rankings
  - Consider working with review companies (Yext, Doctor.com, birdseye)
- Paid advertising (Google, Facebook)
  - Good landing pages
  - Deals (eg. free consult for stem cell)
- Make sure your online presence is consistent and up to date
  - Old jobs, residencies.
  - Affects rankings
ADVERTISING

- Paid digital advertising as discussed
- Billboards, magazines, local papers
  - Expensive
  - Depends on area
  - Speak to other local businesses (call the number on the ad)
- Yelp
  - Do not pay
- Zocdoc
  - Depends on area
  - Just changed pay structure (pay per patient scheduled)
- Again, will be bombarded by different offers and services!!
  - Research prior to signing
  - Ask for references
  - Don’t be afraid to say NO!!
STAFF

- Can make or break a practice!!
- First line of patient contact
- Start lean
- Willing to cross-train
  - Should know the basics of every job in the office
- Be slow to hire and quick to fire!!
- Employee handbook to outline expectations of each job
- Regular meetings to address problems in a timely manner
- May not be able to provide significant benefits so may be limited.
NETWORKING

- Other doctors
  - Primary
  - Physical Therapy (especially direct access states)
  - Chiropractors
  - Podiatrist
  - Pain Management
  - Urgent Care
  - Have to approach each specialty differently (eg. Don’t promote OMT to chiros)

- Be persistent without being annoying
- Staff is the key!!
- Not too much information at once
- Bring small gift (cake, cookies, fruit, lunch)
- Invite them to see office
- Doctors that work for a system may not be allowed to refer to you
NETWORKING

- Schools
- Local chambers of commerce
- Networking groups
  - BNI
  - LeTip
  - Local advisory councils
- Local medical societies
  - Some are osteopathic specific
- Health Fairs
- Local town days
- Gyms
- Local police and fire departments
- Lunch and learn
NETWORKING

- Will be doing most of the leg work yourself at first
- Consider a marketing rep when you are busy enough
- Consider handouts to get your name out (pens, T-shirts, bags)
  - Make sure you stay within budget
  - Items that people will keep
WHY YOU?

- Why are people going to choose you over other doctors?? (ortho, sports med, pain)
- Bedside manner and knowledge will NOT guarantee your practice succeeds!!
- Have to have services or credentials that set you apart from the others
  - RMSK
  - Ultrasound guided procedures (Tenex, Tenjet, injections)
  - Regeneratives (PRP, stem cells)
  - OMT
- Have to constantly be open to new therapies and procedures that can expand your practice.
- Have to make sure there is patient and local physician awareness of why you are different (website, marketing, networking)
  - Don’t be afraid to ask for reviews
- Consider ancillary services and other specialties as you grow for patient convenience (PT, pain, podiatry)
CONCLUSION

- Starting a practice is not for everyone
- High risk, high reward
- Will wear A LOT of hats at first
- Consider using a consulting company
- Surround yourself with good support
- Make sure you have ample funds
- Strongly consider side job
- Must constantly adapt, train and look to grow
- Do not be afraid to fail!!
“IN THE END WE ONLY REGRET THE CHANCES WE DIDN’T TAKE”
THANK YOU

Any Questions
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