

*Business Principles of Urologic Practice*



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- Who am I?
  - One foot in academics
  - One much bigger foot in private practice
  - No fellowship
  - Joined a private practice that barely resembles my practice today, but resembled many practices that exist today with very typical problems and downfalls.

## *Types of Practices*

- Academic/Socialism
  - George Washington
- Academic/Private
  - Eastern Virginia Medical School
- Multispecialty Group Private
- Supergroup Private
- Capitalism Private (Traditional)

## *Multispecialty Group Private*

- PROS
  - Automatic Patients
  - Instant salary
  - Possibility to develop a niche
  - Usually also own other interests/ancillaries
- CONS
  - Usually run by internists
  - Surgeons subsidize internists
  - Everyone subsidizes management
  - Lack of autonomy
  - High overhead

## *Supergroup Private*

- PROS
  - Best for urologists with special skills or niches
  - Hopefully automatic referrals
  - Advantage comes from ancillaries such as XRT, Radiology, Pathology, and hopefully better contracts with insurance and industry
- CONS
  - Very high overhead
  - Partners don't get along
  - Highly susceptible to governmental affairs (STARK 3)

## *Capitalism Private (Traditional)*

- PROS
  - Autonomy
  - Ability to change relatively easily
  - You are your own boss
  - Every dollar spent is your own
- CONS
  - No automatic referrals
  - You must prove yourself to be considered an expert
  - Every dollar spent is your own
  - Less power in getting favorable managed care contracts
  - Must run the business well, less sheltered from adversity

## *How do you choose a private practice?*

- THE DOCTORS
  - Do you like them?
  - Are they cool?
  - Do you respect them individually?
  - Are you ready to be married to them?
- IS THERE VOLUME TO SUPPORT YOU?
  - Overflow from young busy doctors?
    - GOOD
  - Older patients from a retiring doctor?
    - NOT SO GOOD
- GEOGRAPHY
  - Unhappy spouse = unhappy Urologist

## *How do you choose a private practice?*

- How is the partnership structured?
  - Equal share or productivity?
- Who is the managing partner?
  - Is he an alpha male or a sissy?
  - What has his/her economic performance been?
- How much overhead does each partner pay?
  - Not overhead percentage, but actual amount.
- Are they looking for a partner or a slave?

## *How is the partnership structured?*

- EQUAL SHARE = DIVORCE
  - Age gap
  - Longer associate period
  - Bigger buy in
  - Resentment among partners
- PRODUCTIVITY = HAPPINESS
  - Little resentment (fair)
  - More work = more money
  - Smarter coding = more money
  - More research = more money

## *Who is the managing partner?*

- Is the partnership a monarchy or democracy?
- Democracy = no change
- Monarchy = change, usually for the better.
- Is he hands on, or a delegator
  - Delegation = high overhead
  - What does he do to improve profit?
    - Tough negotiator
    - Does all money go through the managing partner?

## *How Much Overhead Does Each Partner Pay?*

- “Overhead Percentage” is meaningless in a productivity setting
  - <50% good in a shared setting
- Maximum utilization of office space and resources minimizes overhead.
- Goal is to have maximal expansion only to the degree that adding a partner decreases overhead.

## *Are they looking for a partner or a slave?*

- Fairest situation is that one becomes a partner once (collections – overhead) equals compensation.
- Starting salary not important. Seeking fairest situation in a productivity setting is.
- Ask what a “successful partner” makes. That is what matters.
- Buy-in (not “good faith, an investment”)
  - Better the investment, the higher the buy-in.
  - A buy-in is fair for a successful practice.

## *Running An Office Effectively*

- Managing Partner Does Not Outsource:
  - General Accounting
  - Payroll
  - Ordering Clinical Supplies
  - Check Signing
  - Credit Card
- May Outsource Billing
  - No one collects your own money like you do.
  - Beware of “collection percentage”
- Managing Partner’s Wife as Practice Manager
  - Bad for new associate or partner

## *Making money as a private practitioner*

- DON’T THINK LIKE A VICTIM
- You must realize that your practice is a business
- MINIMIZE OVERHEAD
  - Requires a strong managing partner who has personally instilled this ethic onto the practice manager, and one that will enforce this with partners
- MAXIMIZE COLLECTIONS
  - Be ethical, but collect every penny you can for the ethical work you do.
  - Be an expert coder. Never let someone else code for you.
    - Voluntary audits
  - “Be the best at playing the insurance game”

## *Playing the Insurance Game*

- A tough negotiator must personally negotiate your managed care contracts
- Know what you make for everything
- Know loopholes
- Be an expert at modifiers
- DON'T ACCEPT MEDICAID
- "If I can get sued for it, I'm going to get paid for it."

## *Playing the Insurance Game*

- No show fees
- No results over the phone
- No prescription refills without an appointment
- No extra forms for free
- No medical records for free
- Collect no show fees up front for procedures
- Minimize doing work for free over the phone
- Never get tricked into doing labs for free (HMO)

## *Playing The Insurance Game*

- Do procedures in the office- reduced combined outlay by payers and patients and more efficient patient care
  - TUNA/MICROWAVE: Medicare facility \$4000-\$5000 vs. Medicare non-facility \$800
  - Bladder biopsy: Medicare facility \$2000 vs. Medicare non-facility \$200
  - Vasectomy: Commercial \$300 vs. Commercial \$800 - \$1000
  - Urodynamics: Medicare facility \$2000 vs. Medicare non-facility \$200
- Modifiers
  - 25 when going over biopsy/cysto results
  - 57 to get paid for procedure after office visit
- Know Globals

## *Ancillary Services*

- Surgery Center
  - Not always the best deal for the Urologist
- Lithotripsy
  - STARK 3
- XRT
  - High initial investment, very lucrative
  - Limited to super-groups, vulnerable
- Pathology (Client bill or employ your own)
- In office labs (PSA, NMP-22)
- Cryotherapy, lasers, etc.
- Research
- Real Estate

## *Playing The Insurance Game*

- Don't accept insurance
  - Driven by demographics
  - Lower surgical volume
  - Difficult to bring in new doctors
  - “painful” patients
  - Insurance companies get wise
    - Less out of network benefit
  - Much easier for internists

## *Business Principles of Urologic Practice*

- Join a practice where you like and respect the doctors individually, located in a place you'd like to live in permanently, that is productivity based and that has extra volume from success and not retirement
- Then, make sure the managing partner does his/her part in minimizing overhead and promoting responsible growth.
- Then, be the best at ethically playing the insurance game, maximizing outside sources of income, and be the best in town at something.

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