The Advantages of Group Practice

This is the opportune time to consider forming a group.

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For many years, DPMs who practice solo or in small groups of two or three have been asking, “What is the best practice model to employ for addressing the future?” Looking at the healthcare environment in which doctors will be practicing, we realize that doctors will need a practice model through which they will be able to 1) manage large volumes of patients while 2) delivering a wide array of high quality services in 3) a complex, price competitive environment where they will need a vehicle for accessing third-party contracts. For many reasons, podiatrists practicing solo or in small groups have been resistant to forming large, single-specialty groups. A primary reason for this is that no one wants to give up autonomy or control.

One might ask, however, “How much autonomy or control does a solo practitioner actually have in today’s healthcare market?” There are times when it makes sense to give up a small amount of autonomy in order to gain greater overall control. Unlike giving up all control—as when leaving practice to become employed by a group, being part owner of a group created through a merger of similar practices may require giving up some small amount of autonomy; yet, at the same time, the “clout” gained from being a member of the new, larger group in many ways enables greater control over one’s future.

Surveys consistently find that the incomes of doctors who work in groups are typically substantially higher than those reported by their peers practicing solo. The ability that groups have to cover broader geographic regions and the opportunity that they afford to increase profit margins by spreading a greater volume of patients over relatively stable fixed costs are the primary drivers behind these higher incomes. Integration of the member practitioners’ business processes and the utilization of efficiency principles leverage these advantages even further as a group grows.

Many doctors feel that they might act out of “fear” or “feel forced” to make changes. Positive reasons for forming a group practice—regardless of what direction healthcare delivery might take in the future include: 1) expanded marketing opportunities, 2) improved patient access, 3) the availability of a greater amount of capital for purchasing equipment, adding technology, or expanding the office, 4) the opportunity to offer a greater array of services, 5) the feasibility of hiring a professional office manager and/or enabling a selected doctor to devote more time to serving as a

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managing partner, 6) greater negotiating clout for third party contracts, 7) expanded visibility, 8) the opportunity for each doctor to focus on services he or she most enjoys and is best at, 9) the ability to offer services such as hospital consultations and wound care at outside facilities—without negatively impacting patient access to the practice and overhead, 10) more numerous opportunities for ancillary income, 11) greater flexibility in work hours (sick leave, time off, and vacation time), 12) consistent practice coverage, 13) a means for reducing competition by adding locations or merging with “competitors,” 14) the opportunity to position quickly for future healthcare reimbursement models that favor larger groups, and 15) the possibility of creating exit strategies for partners who want to “slow down” or retire.

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Due to the direction that healthcare is taking, there will be even more advantages for those who are members of groups. This future includes healthcare’s increasing requirement for employing evidence-based medicine and its emphasis on expanding information transparency. These shifts will call for treatment protocols proven to deliver better patient outcomes and will lead to “bonus payments for quality” (e.g., pay for performance). The opportunity to participate in these initiatives will be enhanced through collaboration, the use of technology, and being part of a larger group. The above list of advantages will continue to grow. This is the opportune time to consider forming a group with the goal of capturing all of their current advantages as well as being positioned to capture all future, yet unanticipated, opportunities. PM

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