

*So you want to be  
an independent doctor?*



**YOUR GUIDE TO INDEPENDENCE**



## Dear Doctor,

If you dream of becoming an independent doctor, but don't know where to begin, this tool kit is for you. Whether you're fresh out of residency or trying to break free of hospital employment, this step-by-step kit will show you what you need to do to pursue a career outside of the hospital.

Of course, one way is to join an existing independent practice. However, if you want to strike out on your own, this guide will walk you through the steps from setting up your office to building your team and your brand.

Though the task may seem daunting, setting up your own practice is well worth the effort. Studies show that doctors in independent practices are the most satisfied. Plus, the practice of independent medicine is healthier for America. Independent doctors can practice medicine the way they believe is best without intrusion of hospital administration or private equity firms who often put profits before patients.



# Keep It Legal

**G**etting started in your own practice may seem daunting, but the key is to divide the process into steps. Let this tool kit be your guide as you take the road to independence.

Every great practice starts with a solid foundation. Build yours by getting licenses, legal and financial protection, and branding in place. If you don't have your **medical license**, get started now. The process can take up to six months, and you must have your medical license before any other licensing. If you haven't started this process, you can apply online on your state's medical board website.

Now start dreaming a little. What **type of practice** would you like to own? Would you like to have a direct primary care or concierge practice, an urgent care center or solo practice, a small group or large group practice? Once you know this, you'll know how to register your business.

To register, you'll need a **practice name**. Choosing the right name for your practice can make a huge difference in how your practice is perceived. When considering names for your practice, bear in mind that making your personal name part of the practice name will make the practice harder to sell in the future.

Next, make sure the practice name you want is available. Start by going to [NameCheap](#) and testing your **website URL** for its availability. Next you will need to confirm that the business name is available in your state. Most states have a website to search for the availability of a fictitious name. Finally, run an Internet search on the name you would like – and names close to it -- to see what surfaces. You don't want a name too similar to a competitor's, or patients looking for you may wind up elsewhere.

Once you have a name you like that no one else has, buy the domain name, then you can build a website.

For more on this topic, go to the "Build a Brand" page in this tool kit.



Next get your **legal and financial advisors** in place. You'll need a lawyer to help you understand the legal responsibilities to owning a practice and to help limit your exposure to liability. You'll want an accountant familiar with medical practice operations to serve as your tax advisor.

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Ask independent doctors whom you trust and who have strong practices for referrals to these experts. For a lawyer, you might also try the [American Bar Association's Health Law Division](#).

### *Make it Official*

**N**ow that you have your medical license, identified your type of practice and named it, you need to **register your business** and get your new practice's tax identification number. The corporation option you choose will depend on factors like your asset risk tolerance and tax deduction options. You won't need your lawyer for this step, but do consult your tax advisor on which option best suits you. To start your corporate application process, visit your state's Division of Corporation website.

If you are going to need **hospital privileges**, and you know where you plan to practice, apply now to be on the medical staff of one or more local hospitals. Be prepared to run into some resistance. Many hospitals today prefer to employ doctors rather than work with independent doctors, because hospitals make more money off employed physicians.

Depending on your practice type, you may need to get other business and occupational licenses in order. For instance, if you decide to run a medical practice where you are dispensing medications, you will need to get your **dispensing physician registration**

through the Board of Medical Examiners. You'll also need to register with the **Drug Enforcement Agency**. This license must be renewed every three years. The DEA has strict rules on prescription authority and record keeping.

If you choose to accept Medicare or Medicaid, you will need to get a **National Provider Identification** number, which the Centers for Medicare and Medicaid Services issues to providers. You can start with the [Centers for Medicare & Medicaid](#) and the [National Plan & Provider Enumeration System](#).

## Checklist

- Medical license
- Practice type
- Practice name/Website URL
- Lawyer and accountant
- Business registration
- Hospital privileges
- Dispensing physician registration
- Drug Enforcement Agency - DEA  
Registration
- National provider ID number (NPI)

## Get Protection

To protect you and your practice, you'll need a few insurance policies. Getting **general business insurance** is quick and easy. This type of insurance will protect the property and everything inside against accidents, natural disasters, and theft or vandalism. This can be done through insurance companies like GEICO, Nationwide, Progressive or Travelers.

You also need **business liability insurance**. This insurance will protect you financially against claims from accidents and incidents that occur on your property. Business liability insurance is often combined with property insurance in a Business Owners Policy. This type of bundled coverage will help cover the legal fees and costs associated with any defense, settlements, bodily injuries and property damages resulting from your products, services or operations. Property insurance may also cover you if you are held liable for damages to your landlord's property.

For more information describing types of insurance you'll need and why, you can visit [Nationwide](#), [Progressive](#), [CommercialInsurance.net](#), and [Coverhound.com](#).

Finally, you'll need to get **medical malpractice insurance** to protect you should a patient sue you for wrongdoing. While many medical malpractice insurance carriers offer coverage, AID teamed up with ISMIE, an A-rated medical malpractice insurance provider.



The AID-ISMIE program offers AID members in all 50 states a 10 percent discount off med-mal premiums. Individual doctors taking advantage of the med-mal discount program are saving an average of \$5,000 a year. One 10-doctor group is saving over \$200,000 a year in premiums since joining AID.

[AID-ISMIE](#)  
[Whitecoat Investor](#)

## Checklist

- General business insurance
- Business liability/Property insurance
- Medical malpractice insurance

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# The Money

**B**ottom line: Cash flow can make or break a practice. Make sure you are set up to ensure money comes in faster than it goes out.

Start by setting up a **business bank account**. This assures your business banking remains separate from your personal banking, which is critical for maintaining clean, accurate bookkeeping.

Now you get to put your federal tax ID number to use. Starting a business bank account will usually only require your personal identification and federal tax ID number, not your personal social security number. Some business owners like to use two different banks, a separation that assures accounts won't be linked. This division also creates a clear, professional money trail should you ever be audited. Also, when you write checks to suppliers or to pay taxes, the funds clearly come from an established business.

You'll also want to work with your accountant to create a **pro forma**. This is a statement of your projected income and expenses for your new practice. AID can provide an example of a pro forma by request. You can also learn how to write a proforma by clicking [here](#).

**Start-up funds** form the basis of every pro forma. Determine the source of these funds, whether they're from personal

funding, borrowed funds, a line of credit, or a combination.

These funds will provide start-up capital to equip your office. If you would like a **credit card processing** system in your office, an electronic funds transfer may be another investment to consider. This can be an efficient tool for collecting a patient's payment with just the swipe of a card.

[M-Scribe Medical Billing](#)



## ***Getting Paid***

To get money in the bank, you'll need to set up an **insurance and patient billing and receivable process**. You can choose to outsource this service or you can hire someone to print and mail hard copies of your invoices.

For more information on the insurance contracting see the "Cash Price & Contracts" section.

Invoices should be simple and include the product or service provided, a breakdown of expenses or itemized statement, the amount due, and a due date.

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## Checklist

A critical component of collecting payment is to offer patients a variety of ways to pay: now, later, over time, with cash or credit. A good way to give patients options is to offer another way to pay for their services like a **medical credit card**. This is an easy option for patients to consider, in case their insurance doesn't pay.

You will also want to establish a clear **financial policy** to let patients know they are responsible for payments. Patients must understand that if their insurance company doesn't pay, they are responsible. Make sure that patients receive this policy statement and that they read and sign it before receiving services.

Finally, as a last resort, you'll want to establish a relationship with a **collection agency**. Find these by searching online for health-care collections agencies in your area.

- Business account
- Pro forma
- Start-up funds
- Credit card processing
- Insurance and patient billing and receivable process
- Medical credit card
- Financial policy
- Collection agency

## Build a Team

**Y**ou may be the most talented doctor in your field, but your practice is only as good as your worst employee. Patients don't always know how good you are, but they remember a rude front office encounter.

The culture of your office starts with the **practice manager**. A key hire, this person is in charge of running the practice, and for finding employees to fill the positions you need.

Together, you and the practice manager should create a **personnel tree**. List positions you will need to fill from front desk receptionists, work-up technicians, to your own medical assistant. Stay as lean as you can. When posting or advertising a job, be sure to include the name of the position (a job title), a **job description** of responsibilities, and requirements.

To streamline the application process, you'll need an **employment application**. If you need help, [FormSwift](#) offers an easy, free way to create your job application.

When determining **salaries**, look at standard salary rates for each position to determine your starting pay. You can find these rates on a variety of online resources, including [Glassdoor](#).

Benefits factor into most of compensation plans. Discuss with your accountant and practice administrator what benefits to provide, if any. Benefits can be a profit sharing account, 401K, health benefits, vacation time or bonuses.

An **employee manual** listing office rules, standards and policies is necessary for a smooth-running office. Outline clearly what expectations you have of your employees in such areas as holidays, sick days, dress code, performance and conduct.

Once you have a team, you need a **payroll system**. Your certified public accountant will be able to recommend the best company based on your needs.



**Other forms** you'll want for your practice include for when patients check in, patient registration and medical history forms for personal information, and referral forms

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when sending patients for lab tests, x-rays, or to other specialists. To create these forms for your own practice search online for resources.

Other specialists also become an extension of your team. Create a **referral list of specialties** you will want to send patients to for further care or treatment.

## Checklist

- Practice manager
- Personnel tree
- Job descriptions
- Employment applications
- Salaries and benefits
- Employee manual
- Payroll system
- Other forms
- Referral list of specialties

## Cash Price & Contracts

As obvious as this sounds, you need to figure out how much it costs you to deliver care. Figure out your cost to provide each service, then add a profit margin. This is your **cash price**. This pricing is the basis for a direct primary care practice. Cash prices also serve as a benchmark to help you know whether a contract will be profitable or if you will lose money.

Most independent practices are only as successful as their contracts with insurers. Thus, negotiating good contracts for the services and procedures performed in your office is one of the most important parts of establishing and running a practice. Be sure you work with someone who has proven experience in contract negotiations.

This person might also help you through the credentialing process hospitals require for you to gain admitting privileges. To find a good credentialing and contracting expert, consider reaching out to either the Medical Group Management Association or the National Society of Healthcare Business Consultants. Both organizations have members all over the country whom they can refer you to.

If you want to see Medicare patients, you'll need to secure your insurance

enrollment by contacting a **Medicare administrative contractor**. To see patients who have commercial insurance through employer or individual plans, contact insurance providers directly to discuss getting **insurance contracts**.



They'll let you know of the requirements, as requirements change and can vary. Here's where having a good practice manager who has experience negotiating contracts becomes vital.

You can visit [Centers for Medicare and Medicaid](#) to familiarize yourself with the fee-for-service guidelines.

Though your cash price is what matters most, you should also get **allowable amounts** from Medicare for you to compare with your own fee schedule. Most practices go by Medicare allowable amounts as a guideline for how much to charge.

Keep an eye on your **Medicare enrollment status** and insurance contracts and treat them like employment applications. Follow up.

Of course, you can also opt out of insurance altogether, as more doctors are

doing, and establish a direct primary care – or DPC practice. These practices get monthly membership fees from patients, or their employers, in exchange for primary care services. Because the insurance “middle man” is out of the equation, all the overhead associated with claims, coding, claim refiling, write-offs, billing staff, and claims-centric EMR systems disappears.

Concierge practices also charge monthly member fees, usually higher than the DPC doctor’s monthly fee, for same-day appointments and cell-phone access to the doctor. These practices often also process insurance claims to private insurers and Medicare, in addition to collecting a monthly fee for “non-covered” services.

Various organizations, such as MDVIP, SpecialDocs, and the Direct Primary Care Coalition are available to help doctors interested in setting up these non-traditional style practices.

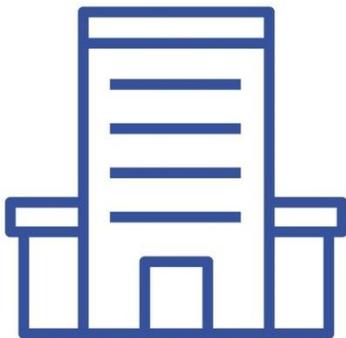
## Checklist

- Cash price
- Medicare administrative contractor
- Insurance contracts
- Allowable amounts from carriers
- Enrollment status

# Outfit the Office

**Y**ou've heard it time and again, location, location, location. Where you practice will determine what kind of patients you'll see, the hospitals you'll work in, and your competition. When looking for **office space**, consider not only geographic location, but also how many practices of the same type are in the area and how many potential patients are in the demographic, and ease of parking. Consider proximity to the hospital where you will be admitting, as well as to the doctors and ancillary services where you will be referring patients.

While you're searching for office space, consider working with commercial real estate advisor Gail Bowden. She and her team, who work for SVN Commercial Advisory Group, specialize in helping



doctors find, negotiate and finance the best medical real estate arrangements possible. As corporate sponsors of AID, Bowden and her team have a vested

interest in supporting independent doctors. They can help doctors nationwide buy or lease the ideal medical office space.

Unless you are in a high rise, **grounds and facility management** will also be a factor. Your practice manager will need to find someone who can take care of your property's maintenance.

To outfit your space, you'll need **medical equipment** (which you might want to lease), a **phone system**, **internet service** a **security system**, and an appealing interior. Consider hiring an interior designer to help furnish your lobby, as this is the first impression you will make.

You'll also want to find a good source for **employee uniforms, lab coats** and scrubs, as well as a **laundry service**. If you own a surgical center, **biohazard removal** needs to be scheduled routinely.

## Checklist

- Office space
- Grounds & facility maintenance
- Equipment needs/leases
- Telephones & internet service
- Security system
- Source for uniforms and lab coats
- Laundry service contract
- Biohazard removal contract

## Build a Brand

**T**oday, every practice needs a **website**. Again, you'll want an expert to do this as your reputation is on the line. Consider hiring a boutique public relations agency on a short-term basis to create your brand and marketing materials. You'll want a **practice logo**, a memorable mark intended to catch the eye of potential patients and to create brand recognition. In addition, you may want social media sites to connect with more patients and referral sources.

A **patient brochure** will also help define your practice while outfitting the services you provide. Your PR agency can create this for you along with your website, taking care to be sure your look and brand is consistent.

Your logo should be applied to all elements of your **practice identity package**. A typical practice needs the following branded materials:

- Stationery, including business cards, letterhead, and envelopes
- Announcement
- Patient information brochures
- Website/Social media tag
- Front door signage

## Cut the Ribbon

**A**s you prepare for the grand opening of your practice, you'll want your marketing team to help you create an **announcement** and a **marketing letter** to post on social media and to mail the community.



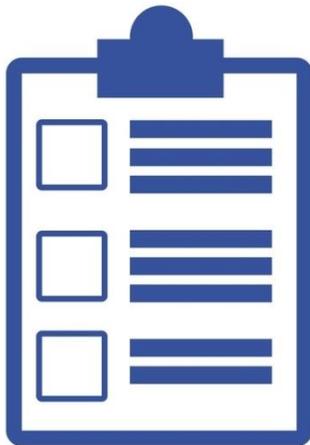
## Checklist

- Website
- Practice logo
- Patient brochure
- Practice identity package
- Announcements and marketing letters

# HIPAA & OSHA

Anyone who comes into contact with personal health information needs training in Health Insurance Profitability and Accounting Act procedures, and also in Occupational Safety and Health Administration policies. Training sessions occur annually and are required by law. To set up [HIPAA](#) and [OSHA](#) training for you and your staff, visit the website and enroll in a course for your practice employees.

Once you've set up your first training, you'll receive an **OSHA manual**. Be sure to tell all your employees where to



find this manual. Schedule your OSHA training session annually in order to avoid fines for failure to comply.

Part of your OSHA training involves creating a safety plan to maintain a safe environment and an **evacuation plan** to follow. Post exit maps around the office

to direct those to the nearest exits in case of an emergency.

Clinical Laboratory Improvement Amendments, or CLIA, regulate lab testing and require that labs be certified by their state as well as by the Center for Medicare and Medicaid Services. If you are running a lab, you need to get your **CLIA Certification**.

## Checklist

- HIPAA and OSHA trainings
- OSHA manual
- Evacuation plan
- CLIA certification

# Health Records

**Y**ou'll have to decide if you want to accept insurance or if you want patients to pay you directly. If you choose to accept insurance in your practice, you'll need to have an electronic medical records system. As a part of the American Recovery and Reinvestment Act of 2014, all public and private health-care providers must adopt and demonstrate meaningful use of **EMR** to maintain Medicaid and Medicare reimbursement levels.



An electronic medical record captures a patient's history at a single practice. An electronic health record is a patient's entire medical history across practices. You'll want to explore both to decide which type you would like to implement. The fine for not implementing an EMR or **EHR** is 1% of your Medicare reimbursements.

You can visit [Centers for Medicare & Medicaid](#) to learn more about the electronic health record mandate.

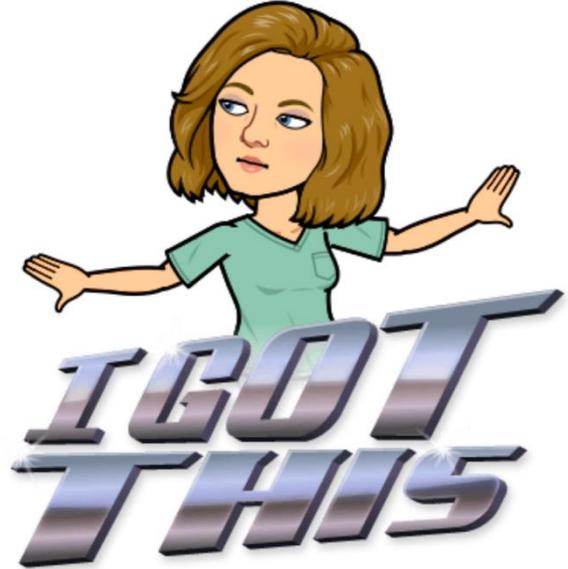
## Checklist

- EMR/EHR System
- Insurance acceptance or direct pay

# Congratulations

**S**tarting an independent medical practice is a huge accomplishment. All of us at the Association of Independent Doctors congratulate you on choosing to practice medicine that is not only in your best interest but also in the best interest of patients.

You are well on your way to what we hope is a successful and rewarding practice. Now you only have one task left. [Join AID](#) and become part of a trade association devoted to supporting independent doctors like you.



AID would like to thank the following health advocate members for contributing to this kit:

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