

- **Kerkering, Barberio & Co., P.A.**
Certified Public Accountants
- **KB Pension Services, Inc.**
Retirement Plan Consulting and Administration
- **Kerkering Barberio Financial Services, Inc.**
Customized Wealth Management

***A Diversified Financial and
Information Services Provider***



- **Accounting and Auditing**
- **Business Valuation**
- **Construction Services**
- **Enterprise Risk Management**
- **Estate and Trust Planning**
- **Financial Services**
- **Forensic Accounting and Litigation Support**
- **Healthcare Assurance and Advisory Services**
- **Individual and Business Tax Consulting**
- **International Consulting and Tax Planning**
- **Not-For-Profit Organization Services**
- **Real Estate Support Services**
- **Retirement Plan Consulting and Administration**



LAUNCHING A PRACTICE

Kathy Hargreaves, CPA

Kerkering, Barberio & Co., P.A.

1990 Main Street, Suite 801

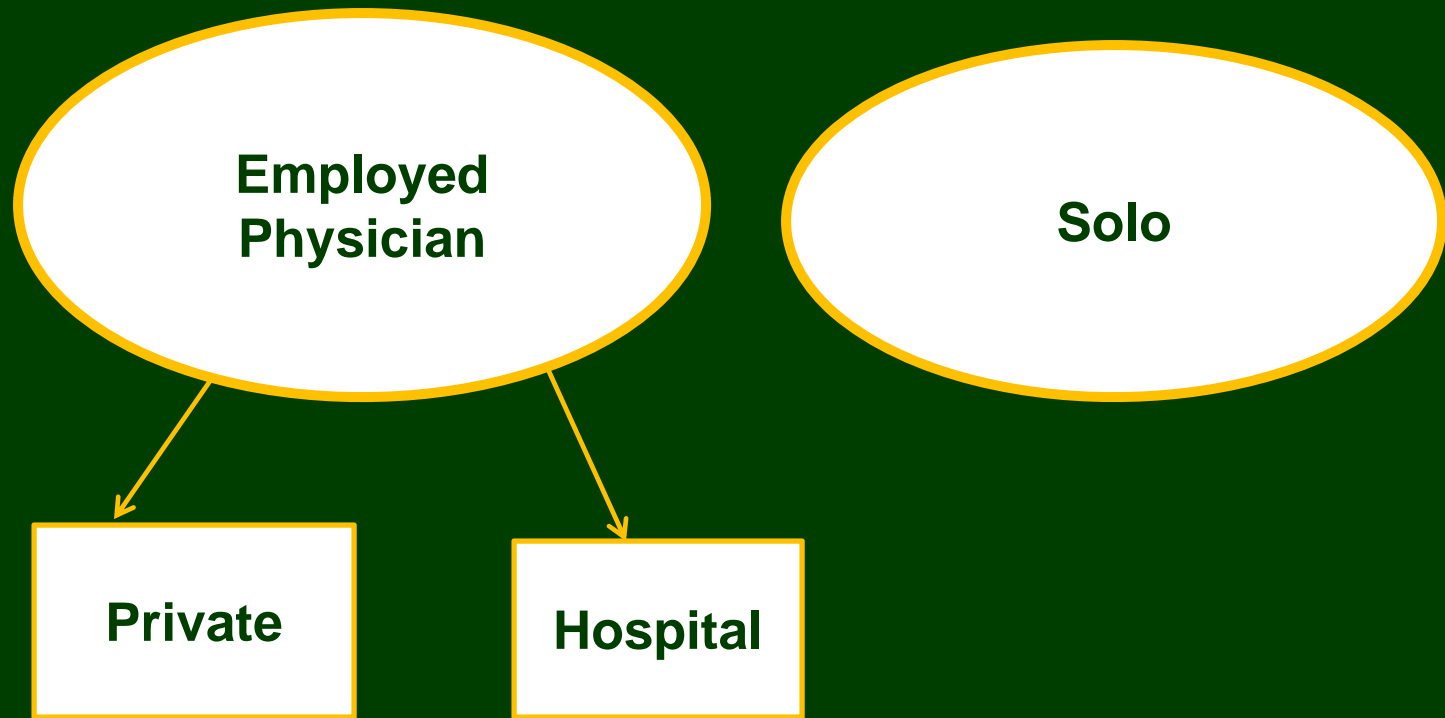
Sarasota, FL 34236

365-4617

www.kbgrp.com



CHOICES



Solo Practice

- Estimated cost to set up: \$150,000
- Estimated time to get to maximum earning potential: 3-4 years
- Difficulty level: Not for the weak
- Most have hospital income guarantees
- Hospitals are increasingly moving to “Employed Physician Model

Solo Practice Timeline

Timeline to Opening Day

- Licensing Application: 9-12 months
- Corporation or LLC formation: 9 months
- Projections for financing or bank loan: 9 months
- Tax ID number: Get ASAP after step #2



Solo Practice Timeline

(Cont'd)

- Ensure financing: 6 months
- Begin to prepare Medicare Application: 4 months
- Order equipment: 2 months
- Submit Medicare Application: 3 weeks
- Submit Other provider contracts: 3 weeks
- **WAIT FOR MONEY: 6-12 MONTHS!**



Solo Practice (Cont'd)

Average Approval Time



Medicare
Application:
2-6 months



Managed Care
Contracts: 4
months

Credentialing Cash Flow Crunch

Six months : little collections

No salary, live on borrowed money

Conclusion: We don't recommend for new physicians

Group Practice

It's Easier

Group Practice

- Groups are more likely to seek associates
- Have more “purchasing power”
- Share costs
- Better able to tolerate risk

Group Choice

Small vs. Large

Small Group Make-up

- Same subspecialty
- Related subspecialties that may cross refer
- May have ancillary services within or without the group (ASC's)

Small Group Advantages

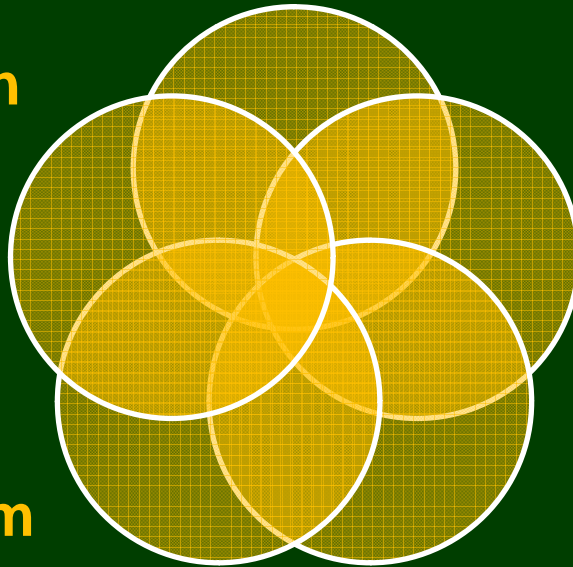
Camaraderie

**Compensation
easier to
determine**

**More
efficient**

**One system
fits all**

**Easier to
manage**



Small Group Disadvantages



**Competition
for the same
patients**

**Small is
riskier**

**Personality
Issues**

Large Groups

- Multi-specialty
- Multi sub-specialty
- Related sub-specialties that cross refer

Large Group Advantages

More
Resources

Better
Management

Less Risk

Focused on
Group-Not
Individual

More
Opportunity

Large Group Challenges

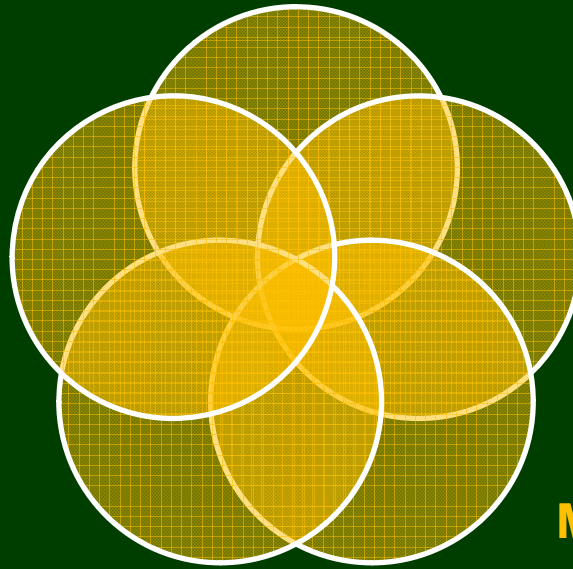
**Needs
Sophisticated
Management**

**Compensation
more difficult**

**Overhead
higher**

**Needs
multiple
system fits all**

**More Complex
Issues**



The Job Offer

Employed Physician Negotiate the Contract

Salary

- Productivity bonus
- Note collection threshold needed to achieve

Negotiate the Contract

Commonly offered benefits include:

- Retirement plan
- Health insurance (family) and malpractice
- CME
- Auto reimbursement
- Dues and subscriptions paid
- Time off policy

Negotiate the Contract

(cont'd)

- Term of employment agreement
- Working period to ownership
- Non-compete
 - Is there a stated buy-out for the non-compete?

Path to Ownership

- Buy-In
 - Understand the financial requirements of the buy-in
 - What is the dollar range?
 - How is it calculated?
 - Is there a stated formula?
 - How will it be financed?
 - What does the compensation model look like for current partners?

Earning the Bonus

- Cooperate with credentialing team.
- Understand that there is a 30-90 day lag in collections
- When you join a group, they will need to enroll you as a provider with insurance providers
- This process may take up to six months
- Conclusion: Rarely see first year bonus's



Earning the Bonus and the Promotion

- Establish goals
- Keep track of your progress
- Meet with the administrator/physician manager monthly to review your numbers against your budgeted goals