Choosing the Right Practice Setting

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When you begin searching for that perfect practice opportunity, you may be surprised at the various practice settings that exist today. There is no “right” or “wrong” practice setting—but it is important to examine the pros and cons of each model and carefully consider the risks and rewards to find the setting that is “right” for you.

First, let’s consider single specialty versus multi-specialty practice. A single-specialty group will be like-minded with fewer competing interests, which enables faster decision-making, especially involving expenditures. With neurology as the sole focus of the practice, call coverage can be split and office staff can be shared, minimizing overhead expenses. Cost sharing is simplified as costs can be equally divided.

Multi-specialty groups offer different advantages. Inherent to this model is a built-in referral base which is extremely beneficial, especially to a new physician trying to build a patient base. There is a collective benefit to the group from referring patients within the group and the built-in ability for primary care and specialty physicians to consult together. Multi-specialty groups often develop ancillary services to increase revenue and serve their patients. Large groups are defined widely, from groups of 7-10 physicians to groups exceeding 100 physicians. Large groups allow overhead costs to be divided among more physicians resulting in less financial risk to any single physician. Larger groups have more leverage when negotiating reimbursement rates with payers, and cash flow is more predictable making ancillary development easier. Clinical synergies and referral opportunities also exist in large groups. However, there are some disadvantages. With more physicians in the group, there is a greater likelihood of clashes in personality or practice style. There may be a hierarchy of senior versus junior physicians or among specialties, both of which can cause difficulty in income distribution decisions. Each physician accepts a reduced role in governance with sacrificed independence, along with liability for group financial and clinical performance.

Small groups are usually defined as 6 or less. As compared to large groups, overhead costs and risks are still shared, but among fewer physicians. There is a greater role in governance and faster decision-making due to fewer physicians weighing in. Often, small groups are also single specialty, allowing for focused expertise of administrative staff. Each physician bears more responsibility for their colleagues’ performance and financial losses are shared. Small groups also have less predictable referrals, along with less capital and patient volume for ancillary investments.

Solo practice offers immediate rewards for efficiency and solo physicians rise or fall based on their own merit. In today’s complicated health care world, this practice setting has some disadvantages. Solo physicians must be excellent businesspersons and clinicians. Administrative tasks demand time, restricting clinical time available for quality patient care. Developing a patient base alone takes more time, and the solo practitioner takes full financial responsibility and personal risk for actions and decisions.

Employment has recently grown in popularity, especially with the ambiguity surrounding health care reform legislation. There are many options for employment, including government, corporate, and industry. Employed physicians have the security of a guaranteed paycheck and employee benefits without financial risk. They bear no start up costs and walk into a structured work environment with practice management support. Free of business worries, the employed physician can focus on patient care during regularly set work hours and then retreat home at the end of the day. Contrary to private practice settings, however, there is seldom any ownership potential and with multiple layers of management and bureaucracy, physicians have little control over staff or workload. Additionally, the practitioner’s future is closely tied to the organization’s success.

Academia is also an available option. Academia offers prestige, the opportunity to give specialized care, and the challenge of unique cases. Combining research and educational time with clinical opportunities gives variety in daily activities. On the downside, compensation is often a base salary with limited income growth opportunity and may be linked to grant funding. Additionally, time for direct patient care is limited by other responsibilities, such as teaching or serving on committees.

Take time to think about your personal practice style and desired balance of risk versus reward in order to find the practice setting that is right for you.

Robyn Cobb currently serves as the Manager of Training Program Outreach for HCA’s National Group, where she works to educate physicians in training on the business side of medicine and how to successfully transition from training to practice. Prior to her current role, Cobb worked as a National Coordinator of HCA Physician Recruitment. Visit www.BusinessSideOfMedicine.com

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