

# The Business of Medicine: Entry & Exit



## *Practicing Medicine as an Employee*

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The practice of medicine is different in San Antonio than in any other large city in Texas. About 50 percent of San Antonio physicians work in solo private practice, but these numbers are shrinking as more and more physicians join (or form) group practices or elect to become employees of other physicians or physician groups. Leading this trend away from solo practice in Texas are Houston and Dallas, which have more and larger group practices than San Antonio.

It once was the dream of many physicians to be their own bosses. This meant setting up private practices, buying their own equipment, hanging that shingle and getting close to patients and their families in the area, setting out to solve all their medical problems, one-by-one.

Times are changing. Economics now drive the business of medicine and physicians have lots of “imposed bosses” telling them what they can or cannot do. The list of these imposed bosses includes the federal and state governments, commercial payors, hospitals, malpractice insurance companies and others.

The economics of medicine means cost efficiency rules the day. How do solo practitioners and small group practices become cost efficient? They make do with less, share costs, hire fewer people to assist them, work longer hours and take home smaller paychecks. But these solutions are short-term. The squeeze on physicians continues and it will get worse. It is clear that these imposed bosses want to see how far physicians can be pushed, or how the practice of medicine can be changed to make it even more cost efficient.

As practicing physicians know, the administrative burden on them is growing. Medicare, Medicaid, CHIP, HIPAA, the TMB and insurance company requirements are just a few that continuously drive more paperwork. It has become increasingly obvious that sharing administrative costs among several physicians is an effective method of reducing the cost of practicing medicine. Sharing nurses and office help, ordering and maintaining supplies as a group, as well as sharing billing systems or electronic medical records are huge improvements in costs per patient, compared with a solo practitioner trying to go it alone.

Negotiations with payors also are more effective through larger groups. Physicians know the restrictions keeping physicians from banding together to negotiate with payors. However, group practices with the largest number of physicians on staff can negotiate most effectively for better rates. Physicians benefit from the clout that comes from extracting fees that are higher and fairer for work performed. Currently, it's the only way physicians have to exercise clout against the independent payors who need physicians in their networks.

The result of all this chaos is that many new physicians--as well as existing solo practitioners--are either becoming partners in existing practices or they are becoming employees of medical groups. While the corporate practice of medicine is outlawed in the state of Texas, there are increasing numbers of medical practices hiring physicians to work for them.

This trend will continue and accelerate because more physicians are making non-traditional career versus lifestyle choices. The numbers of physicians who want to work a set number of hours per week or want to work part-time are increasing. They want to spend more time with their families or pursue other interests, and new employment options have to be considered to accommodate their wishes.

In conversations with physicians (or physicians representing 501a corporations) who hire physicians, I find there are additional, interesting opportunities to practice medicine and to deal with the administration and capital investment required to go it alone.

One of these opportunities is to work for a set salary and another is "eat what you kill" arrangements with medical practice employers, with a percentage of the fee going to the attending physician. A number of other benefits can come from working with a larger group as an employee, such as the opportunity to get healthcare insurance for the physician and his or her family, retirement plans, employer-paid malpractice insurance, bonuses and more.

Physicians are very intelligent people. They must be to get into and out of medical school. But most physicians become physicians because they want to spend their time practicing medicine. This is most possible when the administrative and economic burdens of operating a practice are removed, or at least minimized.

Joining a practice as a partner is one way to accomplish this. An equally valid way to sidestep the hassles of practicing medicine is for a physician to sell his or her time to an employer at a fair rate. There exist many opportunities for this type of employment in San Antonio.

Some physicians who happen to possess keen business aptitude actually want to become the employers of physicians who are looking for this type of arrangement. Either way, the benefits and opportunities of physicians banding together are enormous, and will most likely become mandatory for survival as current trends continue.

As in any career field, the practice of medicine presents ever-changing opportunities with specific benefits and drawbacks. Today's smartest, most successful physicians are those who decide which way of practicing medicine suits them best financially, time-wise and temperamentally. With just a little research, virtually all physicians can find the perfect niche for the way they want to practice medicine.