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Hi, it's Dr. Weitz. Thank you so much for joining me for this episode of The Private Medical Practice Academy are you ready to start your own practice, but are overwhelmed with where to even be again? I just want to let you know that the early bird sale for my Course Start your own practice starts on December 16th. You'll find the link below. If you're interested in finding out more you're ready for your new adventure, maybe you finally made the decision to start your new practice or add a new provider, or maybe at a satellite location. Actually, what I'm going to talk to you about today holds true for any service, any business that you are looking to start, you need to have a process and a timeline in order to go from having a great idea to actually being able to execute.

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One of the questions that I'm always asked is how long does it take to start a practice or at a provider or at a satellite or add whatever business it is for starters? Let me tell you it's absolutely not instantaneous, whatever time you think it takes, it takes longer. If you step back for a minute, I think you will realize that the implementation of NGSS yeah. Takes time. I'll give you an example on January one, you decide, Hey, I want to get fit. I'm going to run a marathon this year, right? But realistically, you can decide that you want to run a marathon. If your idea of exercise is pushing the buttons on the road control, you would have to train.

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And yeah, anybody who's ever thought about this knows that there are lots of apps that basically take you from couch to 5k and on from there. So as you listened to this episode, I want you to think about the process of starting or adding to your business, like a couch to 5k per Oh, cut to the chase. Realistic from idea to implementation. It is going to take at least six months. Yeah, sure. You may be able to do it in a shorter time period. For example, if you were going to add a service that require is a little startup to let's say your existing practice. On the other hand, it may take you longer. Like when you want to add additional providers, send trip to go out and first find them before you can even get started in the process of actually adding them.

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So let's walk through the initial steps. The first step is to decide what business structure is right for you. This part shouldn't actually take you very long. It shouldn't entail more than a quick discussion with your CPA. Then once you have this structure, you're going to need to complete the articles that were organization or articles of incorporation and register with the secretary of state in your state. And then you get the EIN number, right? We've talked about this before in previous episodes. These first steps really should not take you more than a couple of hours to complete. And as I've told you before, you can do them yourself, but you can actually move on to the next thing until you've done these next, you're going to want to decide on your payment model.

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Are you thinking you're going to take cash only insurance or maybe some hybrid. One of the most important decisions you're going to have to make is if you want to take insurance or not, you really, and I cannot stress

this enough. I need to understand the demographics of your location in order to figure this out. And I want to be super clear on why this is so important. First credentialing and contracting take a long time. And this is really, I really truly the rate limiting step in getting started. So if you're going to take insurance, regardless of whether you're going to be in network or out of network, the sooner you decide This factor and get started, the better position you are going to be.

0 (3m 55s):

Second, you are going to need to come up with the financial projections for your new business in order to understand your cash flow. And basically, what are you going to be able to cover your expenses and to ultimately make money? Figuring out that revenue piece is going to give you the truth. Are to these questions, let's say that, you know, you have made the decision that you're going to take insurance and you absolutely need to make credentialing your first priority. As I've told you previously, it really does take three to six months, no joke. Okay? And to that end, don't try and apply to it. Every single insurer under the sun, focus on the top five pairs because that's, what's going to enable you to be able to open your doors.

0 (4m 42s):

If you've listened to my previous episode on credentialing and contracting you'll know that if you want to be a network, you need to ask for the contract and fee schedule at the same time that you start the credentialing process so that these two things go on in tandem and don't delay. At this point, I would recommend that you come up with your revenue projections, if you haven't already done it. Okay. So how do you actually do this? Start by thinking about how many patients you see a day and what CPT codes you built for them. You can then look up on CMS. What the average payment is for each of those CPT codes.

0 (5m 25s):

You need to have a realistic idea of how much money you can actually expect to collect among other reasons. You need to have this number in order to come up with your financial projections and to understand how you're going to cover your own expenses. Basically, you need to be able to understand your own budget, just the same as if you do at home right next, we need to think about how much space you need in order to figure this out. You need to think through your clinic flow, this is going to help you sort out. How large, a waiting room do you need and how many exam rooms do you need? You can look at your current situation and extrapolate from there.

0 (6m 8s):

I want you to think about how many people do you see an hour, how many people are coming in and out of your space. That's going to tell you how many seats you need in the waiting room. You certainly can look at your current circumstances and figure out how many seats there are. And whether you think that's adequate. Similarly, you're going to want to think about your schedule and whether you have a block schedule and what the flow of patients is in to that end. Are you waiting for a patient to be roomed? Are there enough rooms for patients? What exactly is the easiest, most streamlined way for you to see people from here?

0 (6m 48s):

You're going to want to decide on the location of this new business. You need to decide whether you want to rent the space or whether you want to buy space. There are two things I hear that you need to be aware of when you're thinking about how long this process is going to take the first. If the new space needs renovations, you need to incorporate how long that's actually going to take. If it's something as simple, like paint the thing and putting down new carpet, no problem. But if it's something that's going to require a permitting and a contractor and a whole big deal, that's going to take a lot longer. Make sure you factor this in second.

0 (7m 32s):

You need to think about whether you are going to need financing either for tenant improvements. If you're renting, or if you're going to need a mortgage and money to renovate the place. If you're going to be buying it in the space, sometimes these stuff you can take three months or longer, just as long as it takes to get credentialed and contracted. So basically depending on how long your new location is going to take you to get up and running, you want to get started on this sooner than later, which brings me to the subject of money. Your good, you need to figure out how you're gonna finance your startup costs.

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And obviously getting your space ready is one of those startup costs not to be incredibly obvious, but as a start up cost is the amount of money you have to spend before you even open your doors. And then you also have to understand how much money you're going to need for your operating expenses until you have enough revenue coming in to actually cover your costs. Okay, let's stop and take a deep breath. I know that this topic is a huge source of anxiety for just about everybody. Where's that money going to come from? And how do I actually do this?

0 (8m 52s):

Maybe you've been planning this for a while, or maybe this is an to your existing business and you already have the funds so that you can fund the new venture out of your savings. If that's you. That's great. You've eliminated one of the steps that can certainly slow this process down on the other hand, if your, one of the people that actually is thinking, boy, I think I need to get this financed. I'm going to have to go to the bank. Now's the time to take this step because going to the bank is going to take a while. So in order to go to the bank, you're going to have to have projections for your startup costs of your operating costs and you're revenue projections.

0 (9m 35s):

Here's what I want to point that out to you, that these are just projections. Come up with your best educated guess numbers and go to the bank. You don't have to be a perfectionist. The bank understands that these aren't projections, this is especially important. If you need the money to fund your attendant improvement or

other startup costs in order to get you moving, this process is going to take time. So if you're bogged down, trying to come up with these numbers, this is going to add time to how long it's going to take. I'm sure at this point, you're wondering about how do I come up with those startup and operating costs. In addition to your space, one of the biggest expenses is going to be personnel.

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You need to figure out how much staff you are going to need. Like the front desk may be a medical assistant, maybe a biller or a scheduler. As a rule of thumb. Three is the ideal number to start with. You may be able to get away with two, but I personally would budget for three. And let me take this opportunity to stress, how important it is for you to be realistic and brutally honest. When it comes to figuring out your numbers, try to avoid the temptation of over-inflating your anticipated revenue or minimizing your expenses. This really does not benefit you in any way. And it's especially, especially true when it comes to expenses.

0 (11m 3s):

Sometimes when you try to do things on the cheap, you actually shoot yourself in the foot. There are certainly places that you can cut corners, but there are times where spending more money actually improves your efficiency. So what do I mean, for example, if you have too few exam rooms, then your productivity is going to suffer because you won't have another room to put a patient in. And so you're going to be hanging out waiting. The last thing you want to do is be waiting. The same thing is true. If you don't have enough staff, or if someone calls in sick or goes on vacation, you may be thinking to yourself, Oh, I don't really need more than one or two staff members.

0 (11m 46s):

But honestly there are costs is relatively low. If they are going to help you to see more patients, if you're wondering about how do you find out about salary ranges, you can look on indeed.com or any other website to at least give you an idea. And then you also need to factor in that payroll taxes and benefits are going to add approximately another 15% next. We're going to need to come up with a list of all of the things that you are going to need in terms of Furniture and equipment, both medical in general office, or like what you're thinking. OK. So everything from the scale and a blood pressure cuff to computers, phones, printer, copy, fax machines, shredders, and more one quick tip, walk around into your current practice to make a list of everything that you think you're going to need and your new location.

0 (12m 40s):

If you were starting an ancillary service that you don't know what they need to go to a similar business and scope out, what do they actually have? You can then build out the expense projections from here. Once you've identified what you want and need, then you'll understand the timeframe it takes to get them. For example, if you're ordering laptops from Dell, that's very quick, they can get them there in a week. We don't need to factor that in when we're thinking about how long is it going to take to actually open this new business. On the other hand, if you need custom build cabinets or some special piece of equipment, that's

going to take months before it's available for you.

0 (13m 22s):

You need to plan in advance because it's going to effect when you can actually open your doors. These are really the steps that are going to take you the longest time and that you need to focus on first. There's a whole list of other things that you need to do to get started, but most of them don't take nearly as much time and can certainly happen concurrently for a more comprehensive list of additional steps. You can download my cheat sheet on how to start your own practice. I, that outlined all of the steps for you. And you can find the link below. Thanks for joining me. The shortest line up from my newsletter below. And I'll be sending you tips on how to start your practice best run your practice, grow the practice, and then ultimately be able to leverage your medical practice into multiple other businesses.

0 (14m 12s):

I hope to see you soon.