



Benefits and Challenges of Medical Practice Types



As medicine in general and dermatology specifically shifts toward more employed physicians, it's important to understand the options.

BY KIM CAMPBELL AND SUNEEL CHILUKURI, MD

>> Over the past decade, dermatologists and other physicians have experienced changing practice settings. Previously, dermatology practices were general practices, offering a wide range of common services, including medical, surgical, dermatopathology, and cosmetic aspects. With technology advances, the complexity of medical treatment and patient care has led some physicians to seek different practice settings. Each practice type has its own unique challenges and benefits.

TYPE SETTING

More and more physicians are seeking to work with or start practices that align with their interests, achievements, and professional development plans. Understanding advantages and disadvantages of the most common types of practices may provide insight and allow physicians to find a happy, long-term fit.

Group Practice: Physicians co-own the practice, which can be either single specialty or multi-disciplinary. With this type of practice, physicians get the benefit of risk and cost sharing and receiving a percentage of earnings. In this setting, there may be excellent peer-to-peer collaboration that also benefits patients who want a “one-stop shop.” Although there may be fewer management resources and systemic processes available, especially compared to large corporate practices, the individual compensation is usually substantial and the ownership opportunities may be a major benefit.

Single-specialty: In a single-specialty dermatology practice, one often finds that all aspects of dermatology are addressed. Typically, there is emphasis on general dermatology, but services also include surgery, dermatopathology, and Mohs micrographic surgery. The advantage is that patients can be referred to a colleague within the practice that may specialize in a particular aspect of dermatology.

Disadvantages can include poor organization, limited control, and greater number of meetings.

Multi-specialty: This type of medical practice can be group or corporate owned depending on the set-up. Multi-specialty practices offer a wide range of products and services with no specific target. With built-in referrals and good salary and benefits, this option is the right choice for the physician who is interested in a general practice. Since it is not specialized, the technology is often limited and there may be specific specialties that may not be fully understood.

Corporate Practice: Usually owned by a private equity or venture capital corporation, these practices often have locations nation-wide with standardized protocols and contracts. Potential advantages are the ability for negotiations for better insurance reimbursements and lower costs of goods. Some physicians report initial higher salary offers, but there is often pressure to supervise midlevels and other ancillary staff. Physicians are treated like all other employees with salaries, limited vacation, and the need to follow standard operating procedures (SOPs). While some prefer the job security and peer consultation available in

With technology advances, the complexity of medical treatment and patient care has led some physicians to seek different practice settings. Many today are employees, rather than practice owners. Understanding advantages and disadvantages of the most common types of practices may provide insight and allow physicians to find a happy, long-term fit.

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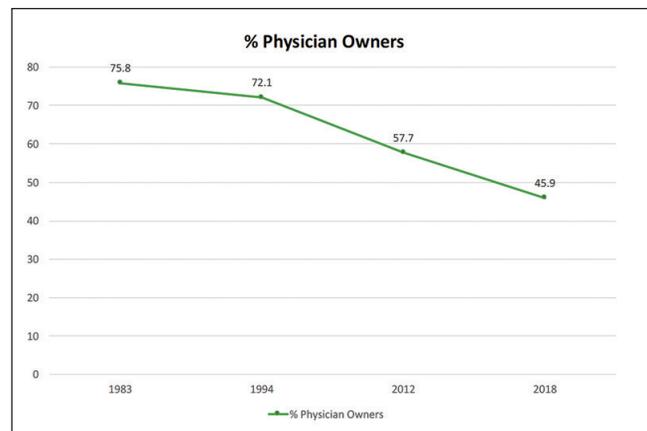
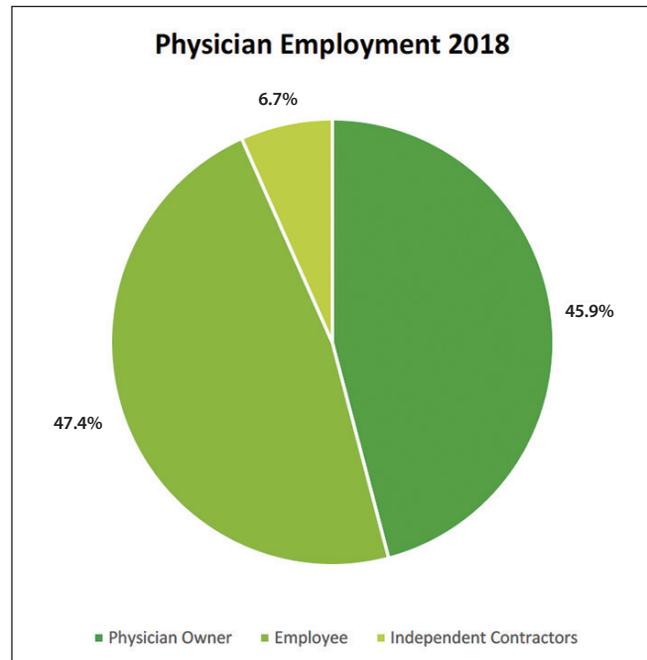


“With ever-improving technology, telemedicine is becoming more popular. The benefit of being able to find a specialist, regardless of location and time of day services are requested, is highly valuable. This may allow a better match between patient and physician.”

corporate practices, others note significant loss of control over the types and range of products and services. In addition, outside work is typically restricted, and the corporation may own any and all intellectual property development while one is employed by the organization.

Academia: Physicians will be affiliated with a university or research team. In addition to university based clinics, medical practices that are focused on clinical trials, research, and development fall into this category. This setting is ideal for those physicians looking for research opportunities and/or teaching. Although the pay may be less, there is often a large staff and opportunities to advance science. In addition, there are often built-in referrals, and the physician is not typically responsible for the business of the practice.

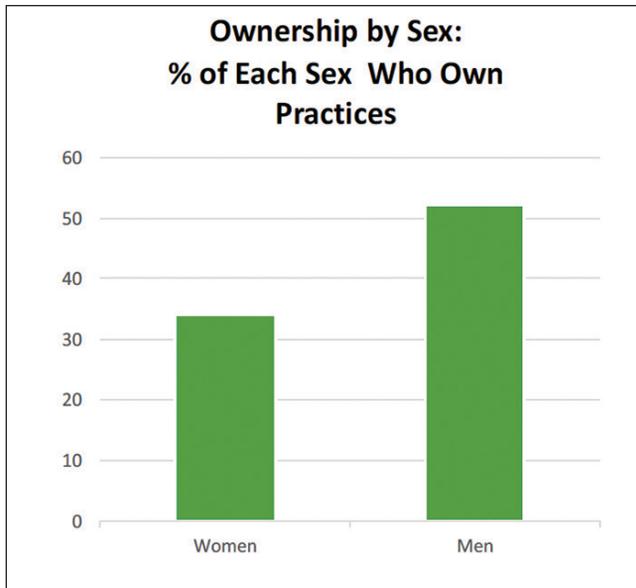
Solo Practice: For the autonomous and/or business-minded physician, starting up a brand-new practice is often a dream come to fruition. A solo practice means the physician has complete independence and controls all aspects of the practice. Although it may require significant capital and time, there is often greater job satisfaction as the physician builds his or her own brand and loyal patient base. Unless you are in a rural location with need for your services, there



For the first time ever, the percentage of employed physicians in the US outnumbers the percentage of physician owners (top). The percentage of physician owners has been steadily declining. Data from Kane, CK. AMA Policy Research Perspectives. AMA Economic and Health Policy Research, May 2019; www.ama-assn.org/

may be less negotiating power with insurance companies. Solo practices are often exceptionally successful when they are specialized to the physician’s expertise.

Cash-pay Practices: Some practices are starting to move away from restrictive insurance-based systems. Opting for a cash-pay practice can significantly reduce business overhead by decreasing employees needed to manage insurance contracts, submissions, and claims denials. While not all patients may choose to have direct-pay physicians, those who do



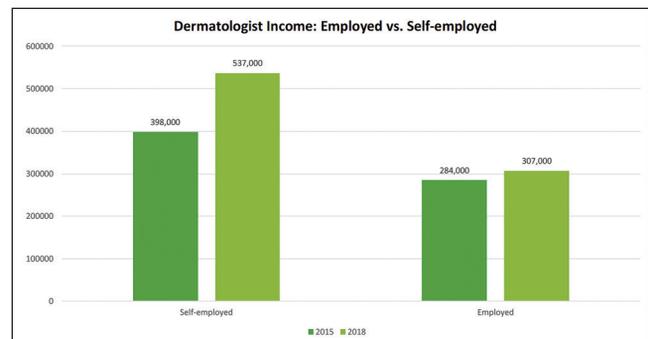
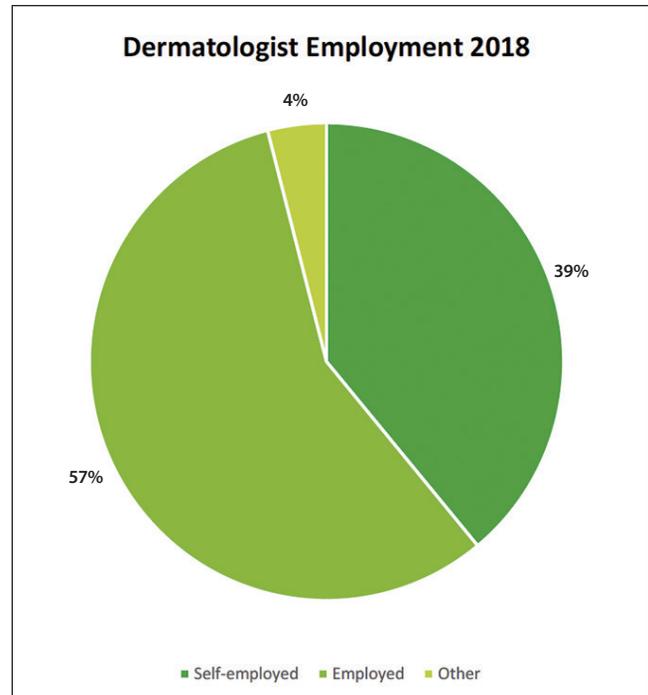
Overall, 34.3% of women physicians are practice owners, compared to 52.1% of men. Data from Kane, CK. AMA Policy Research Perspectives. AMA Economic and Health Policy Research, May 2019; www.ama-assn.org/

tend to be more loyal and often partner with the physician in their treatment plans. Many of these physicians describe a distinct sense of freedom with this type of practice, as one has the ability to focus more on patient care rather than insurance verification and arbitrary electronic medical record requirements.

Telemedicine Practices: With ever-improving technology, telemedicine is becoming more popular. The benefit of being able to find a specialist, regardless of location and time of day services are requested, is highly valuable. This may allow a better match between patient and physician. It also requires far less start-up and operational investment. Although there are increased costs associated with finding and keeping patients, there may also be a higher ceiling in terms of compensation.

THE RIGHT FIT

These are a few of the common categories for dermatologists to consider when starting or joining a practice. Each one has specific benefits and challenges. Choosing the right fit is a personal choice depending on professional preferences and personal attributes. At the same time, knowing what type is the wrong fit is just as important as it can prevent problems down the line. Finding the right match is key to a successful medical practice and provides a positive experience to patients and physicians. ■



In 2018, the percentage of employed dermatologists (57%) is higher than self-employed or other (top). Self-employed dermatologists report higher incomes with more significant income growth from 2015 to 2018, compared to employed dermatologists. Data from Medscape Dermatologist Compensation Report 2018; Medscape.com

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