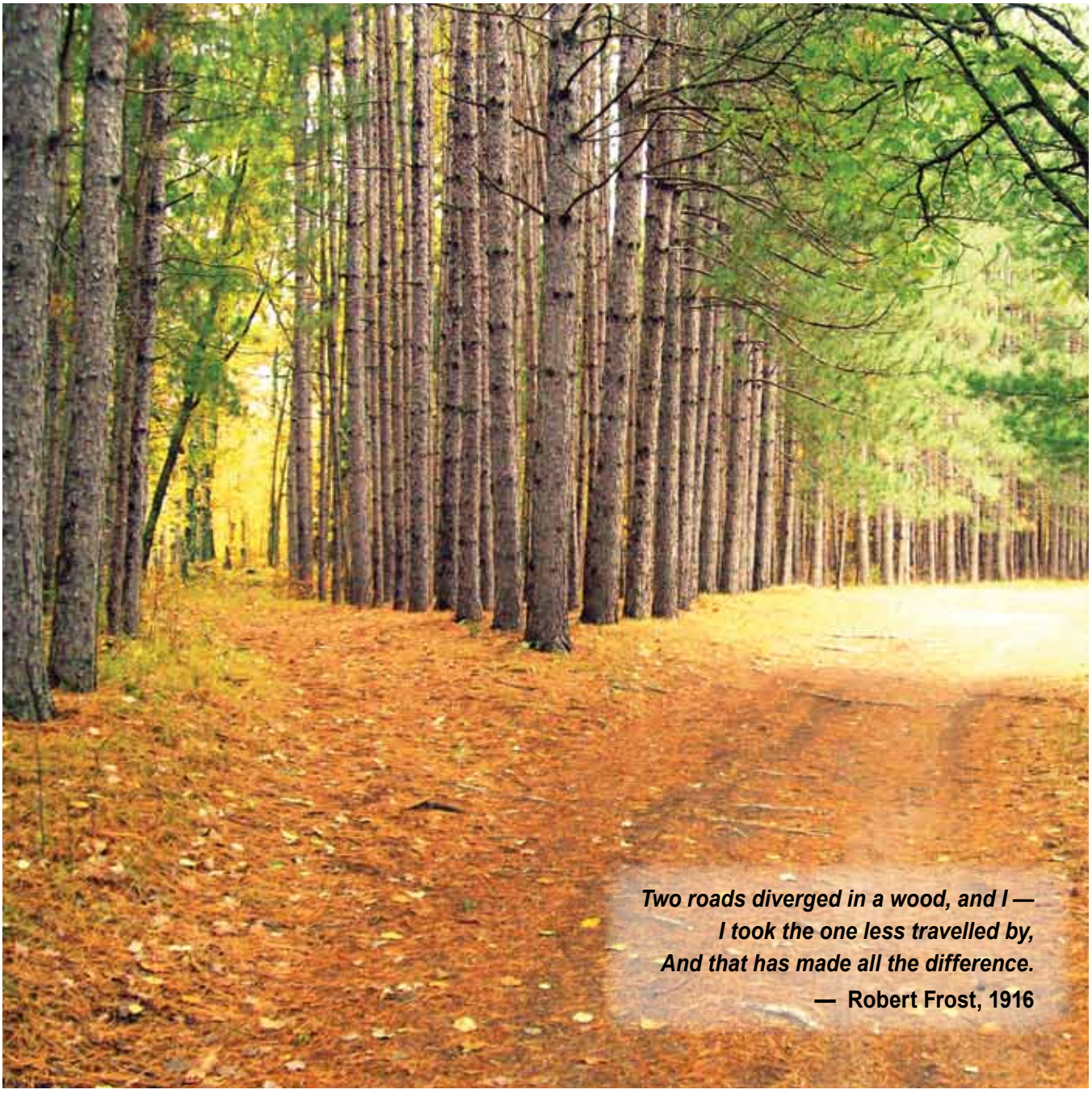
The Independent Pediatrician

Volume 1 / Fall 2013



The Independent Pediatrician

This publication is dedicated to the men and women who have chosen to care for our children. Whether they work in hospitals, academic settings, or private practices, pediatricians have taken the path less traveled.

THE PAST—
A UNIQUE HISTORY OF SUCCESS

Pediatricians have an amazing history of reducing and eliminating childhood disease. Children today will never experience smallpox, polio, and, for the most part, meningitis and measles. Pediatricians deliver preventive care and immunizations to millions every year while also being on-call 24 hours-a-day to provide acute care. They assist and reassure parents and patients, ensuring that today's children grow up to be tomorrow's future. These accomplishments are a credit to the physicians, scientists, and clinicians who continue to tackle the most vexing health care problems facing children.

THE PRESENT—
CHANGE AND CHALLENGE

Today, pediatricians are faced with an array of uncertainty: health care reform, hospital take-overs, private insurance challenges, government mandates and ever-changing regulations. But those who actually provide the health care services have never wavered from the goal of delivering quality care at an affordable cost.

THE FUTURE—
THE PEDIATRICIAN IN CONTROL

We will introduce you to successful independent pediatricians and share their secrets for success. They are entrepreneurs running smart businesses. They are good doctors. Most importantly, when faced with a dilemma, they do what is in the best interests of their patients over and over again. These pediatricians choose the road less traveled, and, as you will see, it has made all the difference.

The Independent Pediatrician is brought to you by PCC, which provides tools and services pediatricians across America have told us they need to remain independent and in control of their practices. PCC itself is a fiercely independent business. It puts the interests of its clients, community, and employees, on an equal footing with those of its shareholders as a B Corporation.

PCC created this publication to start telling the stories of friends we've made in our 30 years of working with independent pediatric practices. We hope you enjoy learning about these successful practices and that reading about them will inspire you to spread the word and tell your own story.

The Independent Pediatrician

Volume 1 / Fall 2013
www.independentpediatrician.com

contents

Welcome to the first issue of **The Independent Pediatrician.**

Independent Pediatricians, are by their nature, entrepreneurial... It would seem that their scientific training takes them in this direction.

Independent Pediatricians want to remain independent so that they can make decisions based solely on what's in the best interest of the patient.

This booklet contains profiles of several different styles of independent pediatric practice. And, while it celebrates independent pediatricians, it is dedicated to pediatricians as a whole.

This is the inaugural issue of **The Independent Pediatrician.**

We hope you will share our vision, spread the word, and tell your story.

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You Define Affordable Care

by Chip Hart

Chip Hart coaches and guides pediatricians as they navigate the changing business world of medicine. He combines more than two decades of experience working with busy pediatric practices all over the country with his passion for real world data and good medicine, to deliver practical observations, pragmatic advice, and proactive strategies.

I met with a client recently to discuss the status of his practice. He's a rural, solo doc who, after splitting from a larger group, has built a thriving, successful practice. As he told me, he loves working for his patients and he makes an excellent living. He enjoys seeing his "kids" in the grocery store and knows that he's had a huge impact on some of their lives. He also knows he can pay for college for his own children. He feels blessed.

He then told me how he'd heard from one of his early patients who, he said with admiration, had gone off to med school and become a pediatrician. What advice could he give to this new doctor? Would he recommend returning to their hometown to open up a practice?

"For the first time in my life I was afraid for someone going into pediatrics," he told me. "Between my state government, the insurance companies, Obamacare, the hospital pushing on me... it's just a mess. I told him to pick another specialty. I don't know how he'd ever earn a living. I told him it was a bad idea."

I was aghast. "I thought you just told me you loved your job?"

"I do. I love the kids and families. I just hate all the non-medical intrusion."

"And I thought you just told me you make good money?"

"I do make good money." Great money, it turns out. "But I have to work day and night to do it." He used a different term, but you understand.

I went on. "So, you have a sometimes fantastic and rewarding job caring for children that pays a significant multiple of what any local kid could expect to earn returning to this rural county, and you're telling him it's a bad idea? What other career path of such high personal and financial return has less risk? Could farming do the same for him? Or gas station? Or what if he became a teacher? What other career path can you recommend to someone with the ambition to care for people and be his own boss?"

After a minute of contemplation, he turned to me. "You're right, I hadn't thought of it that way in a while."

I was a little fired up. "Earning your medical degree wasn't a guarantee of anything. Not of career enjoyment, an easy life, or take home pay. There is no education or training that allows you to skip bureaucracy, personal risk, or disappointments. It was just an opportunity to have the world's best job, with the most control, at a relatively high rate of pay. That's all it was. An opportunity. And you still have to work hard — harder, perhaps, than anyone else."

What's the moral of this story? Have pediatricians undersold their value to everyone, including themselves? In my mind, it's long past time to start celebrating the hard work and success of every independent pediatrician among us. All the evidence indicates that independent pediatricians, no matter how loosely you define them, provide better care to our children at a lower cost. Does anyone disagree?

That experience isn't isolated. I recently had the pleasure of addressing the Texas Pediatric Society at their 2013 meeting about the topic of pediatric independence. Texas is the hot spot for some of the more heated hospital/IPA/MSO turf wars in recent memory and pediatricians are feeling the pain.

I reviewed the list of perceived threats in our pediatric world and we agreed that most

of the noise is being created by the very entities that want you to feel threatened. Who is telling you that you must sell your practice to the hospital or face dire consequences? Why the hospitals, of course. Who is scaring you the most about your limited network and bad contracts? The local megagroup, of course. We talked about the poor treatment many of the doctors had received at the hands of their larger partners. You can read about one doctor, Bryan Sibley, here inside and how he reacted to his hospital employment.

We reviewed the pros and cons of merging with other like-minded pediatric practices. There are many myths about merging, but there's no question that it can be greatly beneficial for the right practices. I used BCD Health Partners, in NJ, as a prime example of how to merge the right way — with a focus on patient care. Inside, Drs. Krekamey Craig and Jill Stoller talk about how the merger affected their practices.

The discussion rolled to the topic of concierge medicine, which always lights a fire in a group. Texas isn't as familiar, yet, with some of the hybrid solutions I've seen on both coasts, solutions that not only keep a practice viable, but also they improve the quality of care. Dr. Gayle Smith, on page 12, is a prime example.

We concluded our presentation with what has become my mantra for 2013:

If they are bigger, ***you are faster.***
If they are bigger, ***you are more creative.***
If they are bigger, ***you are more personal.***
If they are bigger, ***you provide better service.***
If they are bigger, ***you don't have to play by their rules.***
If they are bigger, ***you make your own rules.***

I fear when anyone makes absolute predictions about our industry. Anyone who assures you of the future is simply guessing, even I. But I'll share two predictions here and we can see how I fare in a few years.

> "All the evidence indicates that independent pediatricians provide better care to our children at a lower cost."

First, I predict change. I can guarantee that the overwhelming majority of pediatricians are going to have to do things differently as we all face a national health care challenge. Technology is going to play an important part, for example, as patient access to their own records becomes the norm. Not much of a guarantee, perhaps, but too many of my friends in this business seem unwilling to consider new ways of doing business until, perhaps, it's too late.

Those practices who embrace change will flourish. Just like in the '90s, when HMOs threatened us all with scary tactics like capitation. Yet, many of you flourished.

Second, I predict that when pediatricians look back, they're going to realize we're at the beginning of a golden era for pediatricians. The federal government has slowly but steadily pushed up reimbursement for primary care work, Medicaid in many states is being paid at Medicare levels, and performance programs like PCMH are improving both care and bottom lines to unprecedented levels. Sure, each of these improvements is imperfect, but can you honestly say things were better 10 years ago? For most of you, the answer is no. You have never had a better time to work with your patients and never have you had a time to generate more revenue.

Now, let's have your colleagues and peers tell us their stories. And, please, share your story.

Why are you an independent pediatrician?

We asked the hundreds of members on the SOAPM email list some vital questions and we were overwhelmed with replies. Here, we feature some of the consistent themes among them.

"The ability to make decisions, change processes and do what is necessary to take care of my patients and their families in the best way possible."

"Pediatricians deliver pediatric care best. Better than hospitals, insurance companies, or health care organizations."

"I am skeptical that the nitty gritty of running a pediatric practice can be managed from the top down by people who have no idea about how to provide medical care to a child."

"Autonomy. Pure and simple. No one cares more about me and my practice and my patients than I do."

"Quality care and financial stability."

How do you define your success as an independent pediatrician?

"I define success as being able to achieve a good work-life balance. Being able to choose my own location, hours, practice style and philosophy have all been a part of achieving this. Having the time to care for my own children has been a huge help in making me a better pediatrician."

"Getting referrals from your own patients, school teachers of your children, or having all the doctors in town bring their children to me."

"Managing a business that cares for many children, including underserved children, who have regular easy access to the medical home."

"We are able to hire people essential to the medical home concept (mental health professionals, lactation consultants, pediatric hospitalists) who in a larger business entity would likely be terminated. Half of our team would be terminated. That would not be good for children and families."

"We're finding interest in the small practice is alive and well."

— Dr. Bryan Sibley

The Rewards of Solo Practice

by Jill Fahy

Bryan G. Sibley, MD FAAP
Location: Lafayette, Louisiana
Nurse Practitioners: 2
Visits per Day: 70 or more
Medicaid: 60% of his patients

Dr. Bryan Sibley is in his prime as a solo pediatrician in Lafayette, La.

At 48, he enjoys a successful practice, which, by his own definition, pays the bills, offers a comfortable living, provides his staff with a solid retirement plan, and lets him see patients who are most in need of healthcare and least able to afford it.

But ever the entrepreneur, Dr. Sibley has been looking to the future, recruiting new blood and developing a plan for succession that allows for a smooth transition into retirement and, perhaps someday, new ownership.

"I worked for a larger group earlier in my career, and I was also a partner in a practice with other doctors," Dr. Sibley said. "So I already knew two things when I started out as a solo doctor. One, I don't want to be employed by anybody. And two, I wouldn't bring in another physician until I found a person who is most like me."

FACING DOWN THE BARRIERS

Solo physicians looking to hire in today's market have their work cut out for them. While primary care physicians (pediatricians included) remain the focus of recruitment efforts by hospitals and medical groups, the supply has dwindled. Physicians are moving away from independent practice toward hospital employment as challenges over payment, the uncertainty of health reform and regulation-driven paperwork increase.

Sixty-three percent of Merritt Hawkins' 2011/12 physician search assignments were for settings featuring hospital employment, up from 56 percent the previous year and up from 11 percent in 2003/04, according to Merritt Hawkins' 2012 Review of Physician Recruiting Incentives.

The report also cites changing practice styles and physician demographics as factors in the supply shortage. Physicians are increasingly looking to balance career with lifestyle by seeking jobs with structured hours, the report says. Also, female physicians, who represent the highest concentration of primary care doctors, work 18 percent fewer hours than male doctors, according to the Health Resources and Services Administration.

With the cards stacked against them, solo physicians must bring all their business management skills to bear when choosing the right candidate. For Dr. Sibley, this means understanding the recruitment landscape and applying that knowledge when vetting a candidate. His plan, for the immediate future, is to add a third nurse practitioner. The long-term goal, Dr. Sibley added, would be to hire a physician who could help grow the practice and, eventually, become his successor.

The right physician recruit, said Dr. Sibley, would be motivated to work – an ethic that is needed for the survival of a small practice and one that makes the Louisiana pediatrician tick.

"I won't bring in another physician until I've found a person who fits the mold," he said.

INDEPENDENT AND STAYING THAT WAY

Bryan Sibley was still in short pants when he first pondered life as a pediatrician. The tipping point? A trip to the emergency room for eating too many Flintstone vitamins, which, he remembered, tasted like candy.

"For me it's a spiritual thing... I believe, as a doctor, you should take care of everybody."

Patient Costs

Recent reports show that patients must pay 70% more for pediatric care provided by hospital owned practices than they would at a privately owned practice.

— June 2013
MedPac Report

"The doctor who saw me was the pediatrician who lived a block away from me," Dr. Sibley said, speaking with a gentle drawl that could smooth the wrinkles on a balled up seersucker jacket. "After the incident, this doctor encouraged me, checked up on how I was doing and later became sort of a mentor while I pursued a pediatric career."

Fresh out of residency, in 1992, Dr. Sibley joined a national multi-specialty group in Houston, Tx. He was salaried and worked under a capitation model, but was also welcome to earn a bonus by seeing his own patients. So he visited with obstetric offices, obtained hospital privileges to see newborns, and worked as the team physician for the local high school football squad.

But when it came time to collect his bonus, Dr. Sibley was turned down. He said the hospital was focused on other priorities and hadn't collected his outside charges. Within a year, Dr. Sibley moved back to Lafayette, established a solo career, and for the most part, has never looked back.

"My only criticism of some large groups, including those owned by hospitals, is that their goals are often too broad to drill down to the individual practitioner – to see what makes them tick and how they can become more effective," Dr. Sibley said. "Nobody will ever care about my business as much as I do."

Currently, Dr. Sibley employs two nurse practitioners and seven full-time staff. Together, the clinicians see some 70 patients a day (more in the winter). The practice works with a local billing company and was among the early adopters of EHR, implementing his system in 2004. The practice's patient volume is 60 percent Medicaid, by design.

"For me it's a spiritual thing," Dr. Sibley said. "I believe, as a doctor, you should take care of everybody. Of course you've got to get paid some way, but I consider myself blessed that I can open my doors to all comers."

FIGHTING BACK WITH INNOVATION

For every solo practice that chooses to close its doors, there are many more that continue to stand their ground, pretty much as they have for the last 50 years. But the threat, however baseless, remains. Independent physicians are back in the crosshairs of hospitals, which are eager to capitalize on a healthcare industry aimed at rewarding those who provide preventive care.

So the traditional small office must be innovative and look for better ways of providing high quality care. This may involve joining forces with other pediatricians, using technology to improve communication with patients and parents, or something brand new. Dr. Sibley will have to call on his entrepreneurial skills to find what works best for his patients.

Dr. Jill Stoller, who chairs the AAP's Section On Administration and Practice Management (SOAPM), said these practices also require the leadership of physicians with strong business acumen and management skills. Also, small practices can keep expenses down by hiring several mid-level providers who can see patients but at less cost to the practice.

Dr. Sibley agrees. "Solo practitioners will have to give up some of what they used to consider within the realm of their practice," he said. "We adjust by using a combination of extenders and have relinquished some clinical services, such as inpatient pediatrics."

The payoff, Dr. Sibley added, is maintaining the independence he has earned.

"However you choose to practice, as a solo doctor or by a hospital, you're going to have to be invested and committed to the success of the business," he said.

Meanwhile, small practices and solo practitioners committed to success continue to thrive. Dr. Sibley, a practice management consultant for Louisiana-based Pediatric Management Institute, said his seminar audiences are largely made up of small practice and solo physicians.

"A lot of these folks are younger pediatricians, early in their careers, who are asking questions about staffing and HR issues, or which EHR to buy, or whether they should buy or lease office space," he said. "We're finding interest in the small practice is alive and well." ■

> "The hospital was focused on other priorities... Nobody will ever care about my business much as I do."
>
> — *Dr. Bryan Sibley*

You Already Are a **Patient Centered Medical Home**

IF YOU'RE A PEDIATRICIAN, you already know how to function as a Patient Centered Medical Home. It was ingrained in your psyche during medical school, your residency, and your internships. Becoming a PCMH is all about providing high quality care and ensuring that the patient gets the care they need. When you order a referral, someone on your staff will assist the parents in scheduling it. When a child comes in to your office, you make sure their immunizations are up-to-date. You believe in the importance of preventive medicine and you hate sending a child with asthma to the emergency room. You know what it means to be a patient centered medical home.

PCMH is one of the important building blocks of health care reform. Insurance companies are taking notice and paying a premium to practices that are properly recognized.

In 2012, five major insurance companies, which provide coverage for over 94 million Americans, announced their support and financial backing for creating medical homes.

Research shows that Patient Centered Medical Homes are successful because they result in fewer unnecessary emergency room visits and inpatient hospital admissions, as well as better care coordination.

Even though the government and insurance companies pay a premium to practices that are recognized as PCMHs, pilot projects show they save money. WellPoint expects it could see savings as high as 20% in just three years, while UHC expects medical homes will save twice as much as they cost.

PCMH's IMPACT ON ED VISITS

- Visits reduced by 34% in Ohio
- 39% fewer visits in Minnesota
- Visits reduced by 24% overall and by 30% for patients with chronic diseases, in North Dakota

PCMHs PROVIDE BETTER CARE

- 250% increase in well visits in Florida
- 112% increase in influenza inoculations in North Carolina
- 450% increase in provider participation in CHIP in Colorado

The statistics presented above are collected from the 2012 report *Benefits of Implementing the Primary Care Patient Centered Medical Home,* published by the Patient Centered Primary Care Collaborative.

TO LEARN MORE *www.tinyurl.com/pzhx9f4*

THE DOCTOR is Always In

by Jill Fahy

In 2009, Jessica Lucia, a mother of three young boys, was invited by her pediatrician, Dr. Gayle Smith, to join Dr. Smith's new solo practice – Partners In Pediatrics.

The decision – an enthusiastic 'yes' – should have been easy to make, said Lucia. Membership in Dr. Smith's new practice would include hour-long appointments, no waiting time, same-day appointments, 12-hour-a-day and after-hours telephone coverage, and interactive educational workshops. What's more, Dr. Smith had built a strong rapport with her and her husband, Dr. Dan Hardy — a Richmond, Va. neurologist — and their children, Griffin, 10, Reese, 7 ½, and 5-year-old Xander.

But Lucia had concerns. Dr. Smith was switching from a traditional primary care practice to a concierge practice. The model, which gained media interest mid-1990s, caters to hundreds instead of thousands of patients and allows for highly personalized care. But it costs. Members of concierge practices pay a fee for these personalized services — usually somewhere between $1,200 and $15,000 annually.

Dr. Smith's monthly fee is on the low end of the spectrum, and the Lucias could afford it, but the couple was torn.

"(Dr. Smith's) new model of care – more time for each patient, more personal care — is what I believe every patient should have, and what I hope the future of health care holds, but it felt uncomfortable purchasing it for my children when it's not available to all children, due to limited availability and financial concerns."

In the end, Lucia and her family opted to stay with Dr. Smith.

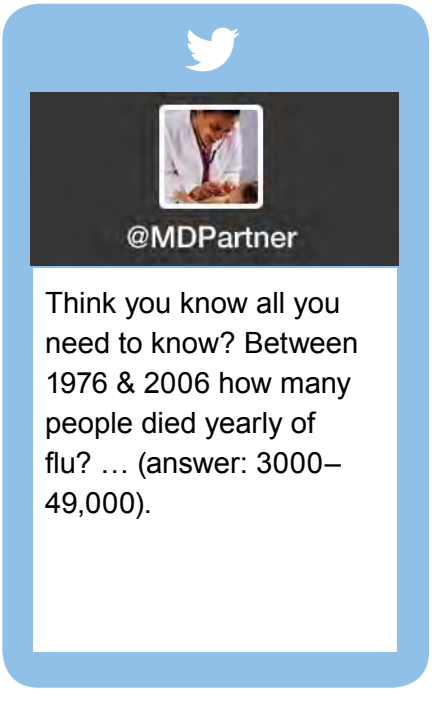
While the ethical debate continues over whether concierge medicine leads to the abandonment of patients through downsizing and caters to the wealthy, an increasing number of families like the Lucias, who want to play an active role in their children's health care, are joining pediatric concierge practices.

MORE TIME FOR PATIENTS

Dr. Scott Serbin, acknowledged by the AAP as the country's first pediatrician to open a concierge practice, says the number of pediatricians practicing as concierge physicians in the last few years has grown considerably.

"Concierge physicians in the U.S. measure in the thousands," Dr. Serbin, of Pinnacle Pediatrics, said. "Pediatricians practicing concierge medicine measures in the dozens. On a percentage basis, our numbers are still small."

Pediatricians may be slower to enter



concierge medicine, Dr. Serbin suggests. Charging a fee-based model for preventive medicine, the value of which can be less obvious to potential patients, can be "more of a tough sell."

But many pediatricians, like Dr. Serbin, who gravitate to concierge medicine are frustrated by the impersonal nature of a large practice, where one provider may see 40 patients a day for six minutes each. "I had my own practice for about 15 years and I grew weary of the harried nature of things," he said. "It was rush, rush and returning phone calls, and I wasn't enjoying what I was doing."

The tipping point, Dr. Serbin recalled, came more than seven years ago, during his father's battle with cancer. "I saw it from the other side," he said. "I saw the rushed nature of medical care. They didn't have time to be compassionate. They were trying to do their job as quickly as they could, and it was a real eye-opener."

In 2004, Dr. Serbin moved to the concierge model. Since the switch, he has seen some 300 patients a year, down from 3,000. He has more time to spend with patients in the office, and there is also no waiting time for appointments, which are scheduled at the convenience of the patient.

"Concierge slows the pace of a practice down," Dr. Serbin said. "It affords the patient time and it gives me the time to research and ask appropriate questions. I have time to do an exam and I have time to listen to a parent."

A FEASIBLE MODEL

Concierge practices, which operate entirely or partially on monthly or annual fees, can enjoy the benefits of seeing fewer patients without taking a hit in revenue. Typically, an active pediatric patient generates between $25 and $35 per month in revenue for a practice. A concierge office that charges $100 a month, per patient, will need only 1/3 the number of active patients to break even. The reduction in patient volume, as well as the removal of insurance billing, will also reduce overhead costs.

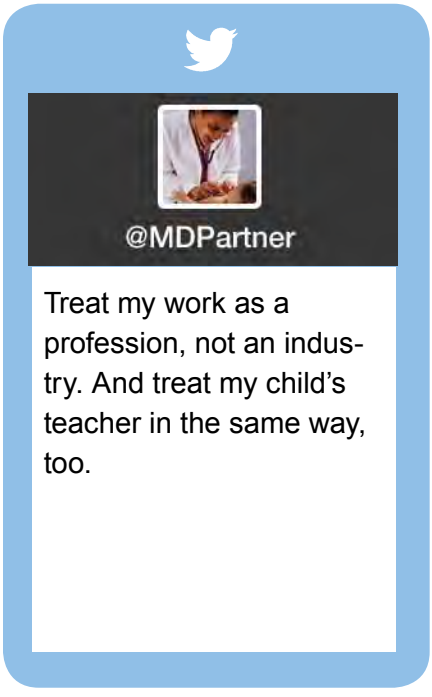
Concierge practices usually fall somewhere in the range of two basic business models. The first does not take insurance. All of a member's primary care is covered under an annual flat fee, but patients need to carry insurance to cover specialist referrals, hospitalizations, x-rays, prescriptions and labs. The second model accepts insurance and also charges a fee to cover education, consulting and other types of preventive services that are not covered by the patient's insurance policy.

"There is no cookie-cutter model," said Dr. Serbin, whose practice does not participate in insurance plans. All his services are covered under Pinnacle's monthly membership fee of $100 for children ages 0 to 7, and $50 for children age 7 and older. Patients, however, are encouraged to carry health insurance for non-covered services — such as specialist referrals, labs and x-rays — as many of these services may be reimbursed under the patient's insurance coverage.

Dr. Smith, the pediatrician from Richmond, Va., also practices under a hybrid version of concierge, in which she accepts most major insurance plans and charges a monthly fee that is "less than a cell phone or cable bill."

NOT JUST FOR THE WEALTHY

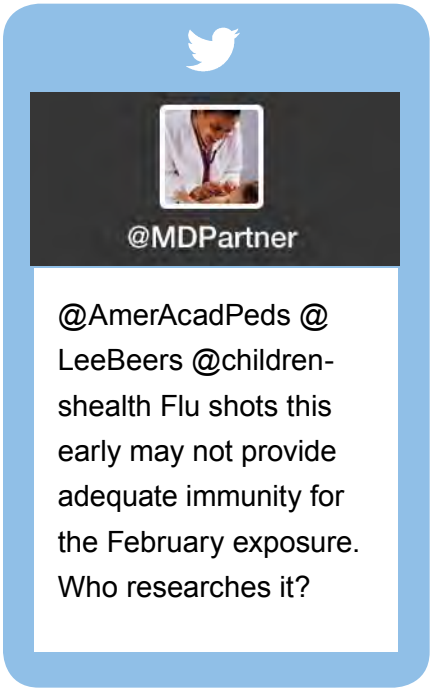
Now in her third year as a concierge pediatrician, Dr. Smith says a great deal of demographic research and



Dr. Smith uses Twitter to connect with her patients' parents and share answers to common questions.

Partners in Pediatrics
Location: Richmond, Virginia
Solo Concierge Practice
Typical Appointment: 60 minutes

Please follow Dr. Smith on Twitter — ***@MDPartner***



brainstorming went into devising the clinical and financial model for her practice.

Included in the conversations were parents from diverse socio-economic backgrounds who participated in focus groups to help design the services that were important and desired. Ultimately, it was these parents and market research that determined the fee Dr. Smith has likened to a monthly cable bill.

"Some markets are ready for 'rock star' medicine, as I call it, but our market research said there are not enough parents who are willing to sign on for that particular model over a period of five years in any demographic region of the city," she said. "Our goal was to create a pediatric practice that offered better access and more health and wellness services, all for a monthly fee that wasn't out of the reach of most families who would want that level of service and healthcare."

Added Dr. Smith: "I do think it's a myth that only wealthy folks would choose this particular model. In my third year, I've seen more high-deductible, HSA-type families, and folks ask, 'how much does this or that cost?'"

And while the ethical debate over access rages on, recent data points to concierge medicine as a choice for more than just the wealthy few. Top-level executives account for less than four percent of U.S. patients searching for concierge health care, according to an August 2010 survey of patients conducted by The Concierge Medicine Research Collective. More than 50 percent of concierge medicine patients, the survey says, make a combined household income of less than $100,000 per year.

Even in Marin County, California, which boasts the fifth highest income per capita in the United States, Child's Light Pediatrics prices its concierge fees low enough to accommodate most people interested in joining, said practice partner Dr. Oded Herbsman.

"The bulk of our practice are working professionals who really appreciated the time-saving and exceptional access to doctors," he said.

Child's Light charges a per-family, monthly fee of $135, which covers the house call-based practice's 24/7 direct physician telephone and email access. The practice also charges fees per service that typically range from $100 to $350 per visit, but the services are often covered under the patient's insurance plan.

"If you think about the worst case scenario, a patient may pay out-of-pocket between $2,000 and $3,000 a year, and that's not a majority of our patients," Dr. Herbsman said.

THE REAL PAYOFF

For Jessica Lucia, whose children are treated by Dr. Smith, the price covers the type of personalized care her family couldn't get from traditional practices.

"When I have general questions, I can email or call, and almost always get a direct response from an unhurried person," Lucia said. "When it's a health-related question, I am always able to speak to Dr. Smith within the hour, sometimes immediately."

For Dr. Smith, the biggest payoff with the concierge model is seeing her patients grow up into healthy adults.

"It seems, to me, as we connect on a deeper level with children and their families, that this model is paying the highest dividends in watching a lot of health problems melt away, and in allowing us to deliver health care instead of sick care," Dr. Smith said. "One of the non-monetary payments I receive every day is that knowledge that I really am selling health care through my expertise as a pediatrician."

"It allows us to deliver health care instead of sick care."

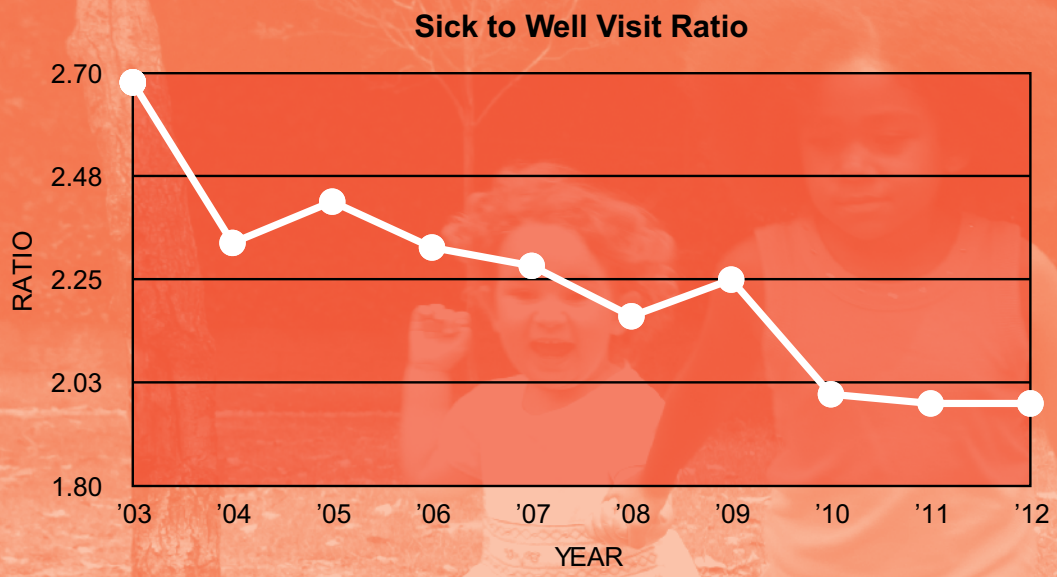
— *Dr. Gayle Smith*

"Concierge slows the pace of a practice down. It affords the patient time and it gives me the time to research and ask appropriate questions. I have time to do an exam and I have time to listen to a parent."

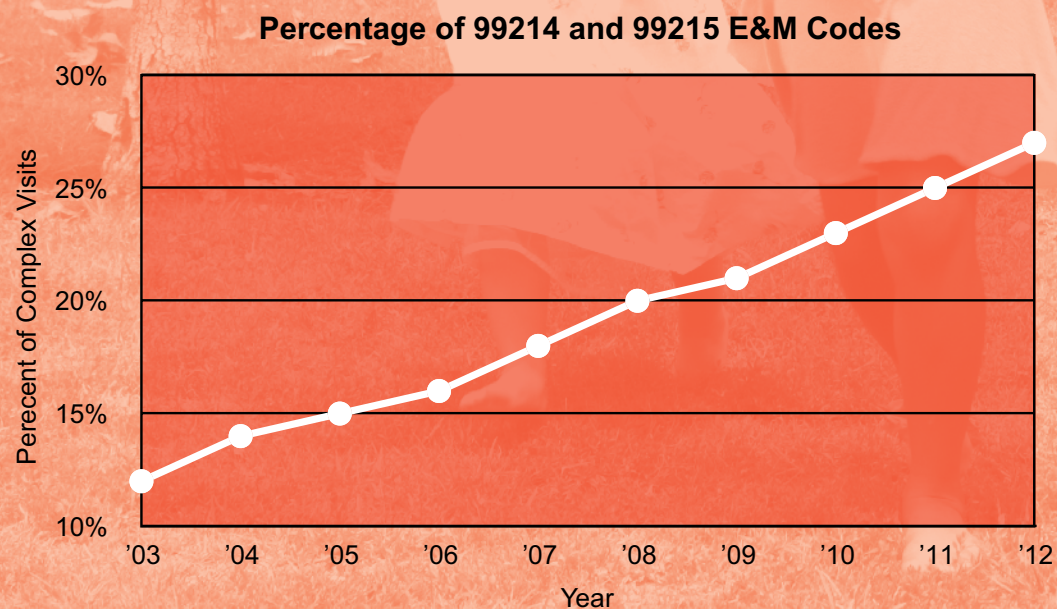
— *Dr. Scott Serbin*

Change Means Better Healthcare

Over the last decade, pediatricians have shifted their focus away from minor acute care to preventive care and chronic disease management.



Meanwhile, pediatric sick visits have become more complex.

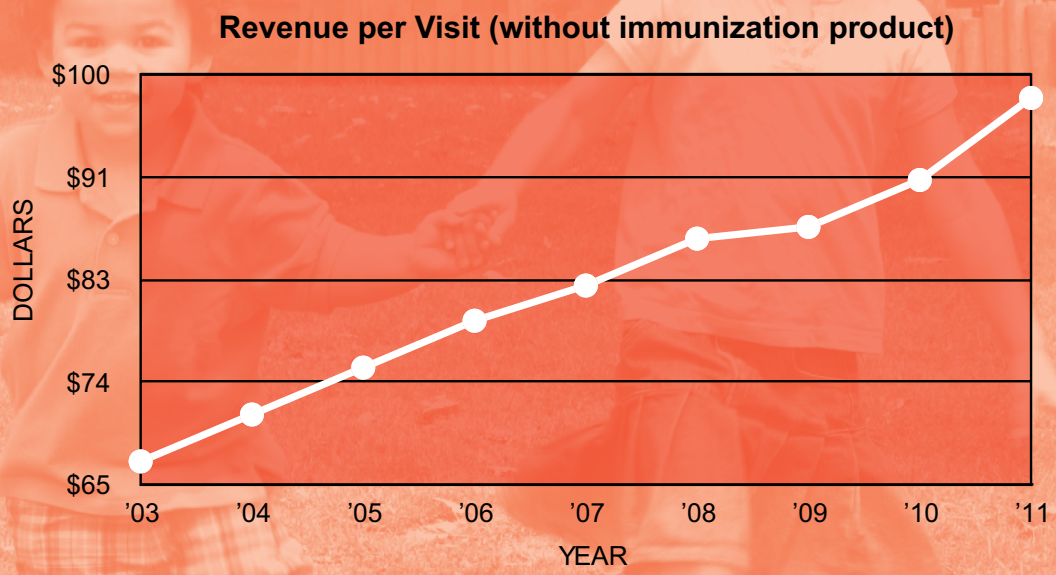


Pediatric sick visits are now two to three times as likely to be complex, featuring multiple diagnoses and more chronic management. Pediatricians often spend more time working for their patients.

"Focus on doing what's right for the patient; the rewards will follow."

—Richard Narkewicz, MD, FAAP, AAP President 1987–88

Pediatricians protect children from more vaccine preventable diseases than ever before. They provide more anticipatory guidance and patient educational resources. And they manage more children with obesity, social and development challenges, asthma, and other chronic problems.



The average pediatric revenue-per-visit has increased almost 50% since 2003.

The federal government and private insurance, with input from the AAP, are finally recognizing the value of primary care. Independent pediatricians are a vital part of our health care infrastructure and our country's future depends on their quality, affordable work.

Pediatric benchmarks courtesy of PCC from a sample of over 800 pediatricians across the country.

Working Together To Remain Independent

by Jill Fahy

In 2010, Denville Pediatrics was at the top of its clinical and financial game. The four-doctor private practice in northern New Jersey had emerged from a long period of inefficiency to improve quality and double its partner income within three years. Revenue was now available to hire another physician, to purchase new and better clinical equipment, and to give the waiting room a much-needed facelift. Schedules were filled with satisfied patients.

Then the ground shifted. Dr. Krekamey Craig, the Denville partner who championed the practice's turnaround, read an article trumpeting the demise of the independent physician. Doctors, it said, were abandoning their private practices for hospital employment. Hospitals were buying up smaller practices as care continued to shift from an in-patient to out-patient setting. In fact, hospital ownership of physician practices had tripled from 25 percent in 2002 to nearly 75 percent in 2011.

"What I read was a very grim outlook for the independent, small private practice, and it really worried me," said Dr. Craig. "We were finally in a good place, and all of a sudden we might end up with nothing?"

While merger activity has slowed since this time last year, hospitals continue to acquire physician practices with the same misplaced enthusiasm of the 1990s, despite continuing to lose between $150,000 and $250,000 per year in revenue over the first three years of employing a physician, according to a 2011 report from the *New England Journal of Medicine*.

A PRE-EMPTIVE STRIKE

In 2010, Denville's suburban practice was financially sound and planning to implement an EHR. It was, however, competing against a large number of small private practice groups and ripe for hospital acquisition. So the practice joined forces with two other practices from neighboring Bergen County to form their own merger, on their own terms.

BCD Health Partners, LLC – comprised of Denville, Chestnut Ridge Pediatrics and Broadway Pediatrics – debuted in November, 2011. The group has since expanded to include five practices in northern New Jersey, and is negotiating with a sixth, putting it on track to meet its goal of doubling in size by 2014.

The "group without walls" operates under a centralized business office that oversees billing and human resource management, information technology, purchasing, and inventory. Meanwhile, each practice, or "care center," retains the autonomy to make daily decisions affecting its clinical processes, location and team.

"Hands down, it was the best move we ever made," Dr. Craig said of the merger. "I love the autonomy. I was interested in maintaining my lifestyle. I want to retire from Denville Pediatrics as a primary care doctor who can see patients under my own rules, not under another entity."

Drs. Jill Stoller (left) and Krekamey Craig (right) of BCD Health Partners, LLC.

BCD Health Partners, LLC
Location: Northern New Jersey
Pediatricians: 18 and growing
Offices: 6 medical, 1 billing

The True Cost of Selling Your Practice

Hospitals lose upwards of $100,000 per doctor per year on the private practices they purchase and lose more the longer they own the practice. Salaries tied to performance take a hit when the hospital is unable to manage the pediatric revenue stream.

www.tinyurl.com/pvejcxj

STRENGTH IN NUMBERS

BCD was formed to improve care delivery and quality, gain efficiencies of scale, and reduce costs.

Financially, bigger is proving better for BCD, said group President, Dr. Jill Stoller. Revenue has increased across the board, she said, and cost sharing among care centers has reduced monthly operating expenses. BCD's size and leadership has also attracted the attention of New Jersey's largest Blue Cross/Blue Shield network, which has asked the group to help develop and pilot its new Patient Centered Medical Home program. BCD will likely find similar opportunities, given its enhanced visibility, Dr. Stoller added.

Dr. Daniel Schwartz, of BCD's Broadway Pediatrics Care Center, has called the merger a "no-lose proposition." Dr. Schwartz, who also serves as the group's resident technology liaison, said BCD's centralized business and technology structure has allowed each practice to make improvements, from website enhancement to EHR adoption, that otherwise would have been difficult or impossible to achieve. What's more, larger groups, in general, are in a better position to research, buy and implement required technology, such as EHR systems.

Practice mergers can also be the answer for physicians disillusioned by the demands of a changing health care environment. Increasingly, doctors are disappointed with medical practice and pessimistic about the future of their profession, according to a physician survey released in 2012 by the Physician's Foundation.

Eighty-two percent of physicians surveyed agree that the medical profession is in decline, the report said. The majority of these physicians (which include practice owners) identify "too

"I want to retire from Denville Pediatrics as a primary care doctor who can see patients under my own rules, not under another entity."

— Dr. Krekamey Craig

much regulation/paperwork" as the most important factor in the profession's decline. They also cited "loss of clinical autonomy," "physicians not compensated for quality," and "erosion of the physician/patient relationship" as factors.

BCD's Dr. Stoller argues that a well-planned merger can provide the profession with a shot in the arm, bringing together like-minded doctors who can work as a group to face today's health care challenges.

"A group without walls, or a larger group, is a way to fight back against all that government intrusion and changing HIPAA standards and regulations," Dr. Stoller said. "Centralizing a core business center allows a doctor to do more doctoring."

Said Dr. Craig, "Not only has joining BCD allowed us to retain our independence, I can now focus on fewer issues. I no longer have to deal with insurance contracts, health insurance or malpractice, and I can definitely spend more time just taking care of patients."

UNIFIED VISION

A well-planned practice merger can provide improved financial performance and help secure a future in the marketplace. But the effort takes research, a shared vision, and a willingness to work on behalf of the group. A hastily devised merger can result in distrust, poor communication, lost revenue and inefficient operations.

"This is not for people who can't be team players," BCD's Dr. Stoller said. "You have to work with a committee structure, and decisions are vetted through the board. The reality is you'll never be able to do everything you want to do as a member of a group, so there has to be a certain amount of trust."

BCD was originally formed by practices that are similar in size, patient demographic and vision for delivering quality health care. Each practice is also well established and financially successful in its own right and managed by physicians who knew one another prior to the merger. Equally as important, BCD practices use the same practice management and EHR systems.

"This model is designed to improve the quality of care all around," Denville's Dr. Craig said. "It allows our Care Centers to focus more on pediatrics and less on the distractions of day-to-day business." ■

Well Child Care is Key

Preventive Care is important to the doctors at BCD. Even with over 20 full time pediatricians, they consistently have some of the highest rates of compliance for well visits in the country.

What is your favorite part about being an independent pediatrician?

"Spending time with patients, and the ability to connect with them in different ways — by phone, blog, social media."

"The feeling of satisfaction from knowing that my success is the result of my own effort."

"Not having someone who doesn't work here making changes to policies that affect my practice and patients."

"Being able to make decisions without bureaucracy and red tape."

"From a business standpoint, I LOVE being able to make my own decisions without having to consult anyone. I can pick my own EHR company, my own waste management company, my own computer hardware, my own medical supplier. And if I don't like something, or want to change-again, the decision is mine."

"I have no restrictions on doing what I feel is right."

"I enjoy the Practice Management part of my practice."

"Having cared for 3 generations of children in a small town."

Control Your Costs

Vaccines represent 20% of the overhead in the typical pediatric practice. They are the most expensive thing next to you and your staff. One of the easiest things an independent pediatric practice can do to control their costs is to enroll in a group purchasing organization. Take advantage of the purchasing power of thousands of other physicians.

- Children's Practicing Pediatricians, Columbus, OH, *cpp-docs.org*
- Cumberland Pediatric Foundation, Nashville, TN, *cumberlandpediatric.org*
- Health Smart Vaccines, Chantilly, VA, *healthsmartvaccines.com*
- Main Street Vaccines, Hackettstown, NJ, *mainstreetvacs.com*
- National Physician Care, Marietta, GA, *nationalphysiciancare.com*
- National Vaccine Discount Alliance, Topeka, KS, *nationaldiscountvaccinealliance.com*
- Pediatric Alliance, Richmond, VA, *pediatric-alliance.com*
- Pediatric Federation, LLC, Berkeley, CA, *pediafed.com*
- Physicians' Alliance of America, Norcross, GA, *physall.com*
- River Valley Physicians, Inc., Cincinnati, OH, *rvpi.com*
- United Physicians' Association, Limited, Tulsa, OK, *upal.com*

If there is a GPO missing that has served you well, please let us know so that we can add it to this list.

Pediatric Gardens

As we brainstormed the concept of *The Independent Pediatrician,* a friend shared the perspective below on the SOAPM email list. SOAPM, for those who don't know, is the American Academy of Pediatrics' "Section on Administration and Practice Management" and the primary AAP-based hangout for independent pediatricians.

These comments come from Budd Shenkin, M.D. — a doctor who has traversed the spectrum of pediatric independence. He started as a solo doc in Oakland and, over 30 years, built his practice into a 10-location, 35-clinician East Bay pediatric group. It's the largest independent primary care group in the Bay Area, noted for its innovation and high quality.

Budd captured the essence of *The Independent Pediatrician* in his post and graciously agreed to share his words with us here.

"We shouldn't try to create a system where only one kind of practice-style is acceptable any more than we can expect every gardener to garden the same way."

Like gardeners, pediatricians build their practices in different ways, perhaps according to the inherent terrain of their plots and the kind of plants they wish to foster.

For example, I have always wanted a very inclusive practice. While private insurance may pay better, my sense of mission inclines me to think well of myself when I serve Medicaid patients (who, my colleagues point out, are also often easier to please). And there are plenty of Medicaid patients around my practice terrain to care for.

With a mixed social grouping in the reception area, how do you make sure all of your patients are comfortable? (Answer: make your service irresistible.) And how do you make your practice profitable while serving patients whose insurance doesn't pay particularly well? Your plot may offer a similar challenge — balancing the sunlight, shade and soil quality so that all of your plants thrive. Sometimes, the beauty of a particular flower or plant is highlighted by its juxtaposition to another.

Practicing this way also suits my psychological makeup. I tend to like "volunteers" in my backyard — the plants and trees that just spring up and make themselves known. They like it here. I let them grow, planting other shrubs and flowers around them, making them a part of the garden.

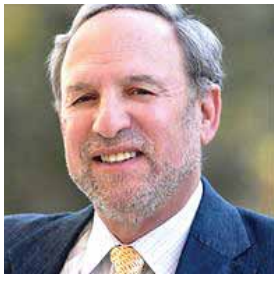
I also like to create systems, and larger practices lend themselves to systems, just as a larger garden inclines itself to pathways. Including more plants in my garden provides me with additional opportunities to weave pathways in and out of the terrain.

Other "gardeners" will consciously practice with carefully chosen patients whom they love, where they can "garden" intensively. Some prefer enormous gardens intended to produce a bountiful harvest, while others focus on a specific type of plant or flower.

We should recognize and value the wide variety of gardens available to us. They all have their virtues! We shouldn't try to create a system where only one kind of practice-style is acceptable any more than we can expect every gardener to garden the same way.

Let a solo physician work alone with her homegrown EMR, let some providers have their big practices, let others distinguish themselves from the generic practices who join the university system. Let some practices be hyper-scientific and others be touchy-feely. In fact, the beauty and strength of the various practice styles is that every manner of plant — and patient — can find its gardener. ■

— Budd Shenkin, M.D.



You can read Budd's excellent blog and consider him for pediatric practice management consulting at buddshenkin.com.

Tools for the **Independent** Pediatrician

- **Independent Pediatrician** — Visit this website regularly for the latest stories about independent pediatricians.
  independentpediatrician.com
- **Chip's Blog** — The life and times of a pediatric consultant.
  chipsblog.pcc.com
- **National Breastfeeding Center** — Delivers comprehensive breastfeeding solutions to employers, hospitals and healthcare providers.
  nbfcenter.com
- **PCC** — Pediatric specific solutions that allow independent pediatric practices to control their future.
  pcc.com
- **Pediatric Inc.** — Pediatric office management blog.
  pediatricinc.com
- **PedsOne** — Pediatric specific billing service.
  pedsone.com





- **Pediatric Management Institute** — An online pediatric practice management resource, including practice management workshops, pediatric benchmark calculators, and much more.
  pediatricmanagementinstitute.com

- **Pediatric Practice Management Media Cast** — A weekly discussion about pediatric practice management.
  ppmmc.libsyn.com and *bit.ly/19eGF4O*

- **SOAPM** — "Home" to pediatricians interested or involved with the management or administration of pediatric practices.
  aap.org/sections/soapm/soapm_home.html

- **We Are Pediatricians** — A FaceBook group where pediatricians can share important information with their patients, friends, and their families. Also, used as a community tool for pediatric practices to provide content for their Facebook pages.
  facebook.com/WeArePediatricians

- **Verden Group** — Consultants specializing in pediatrics and patient centered medical homes.
  theverdengroup.com

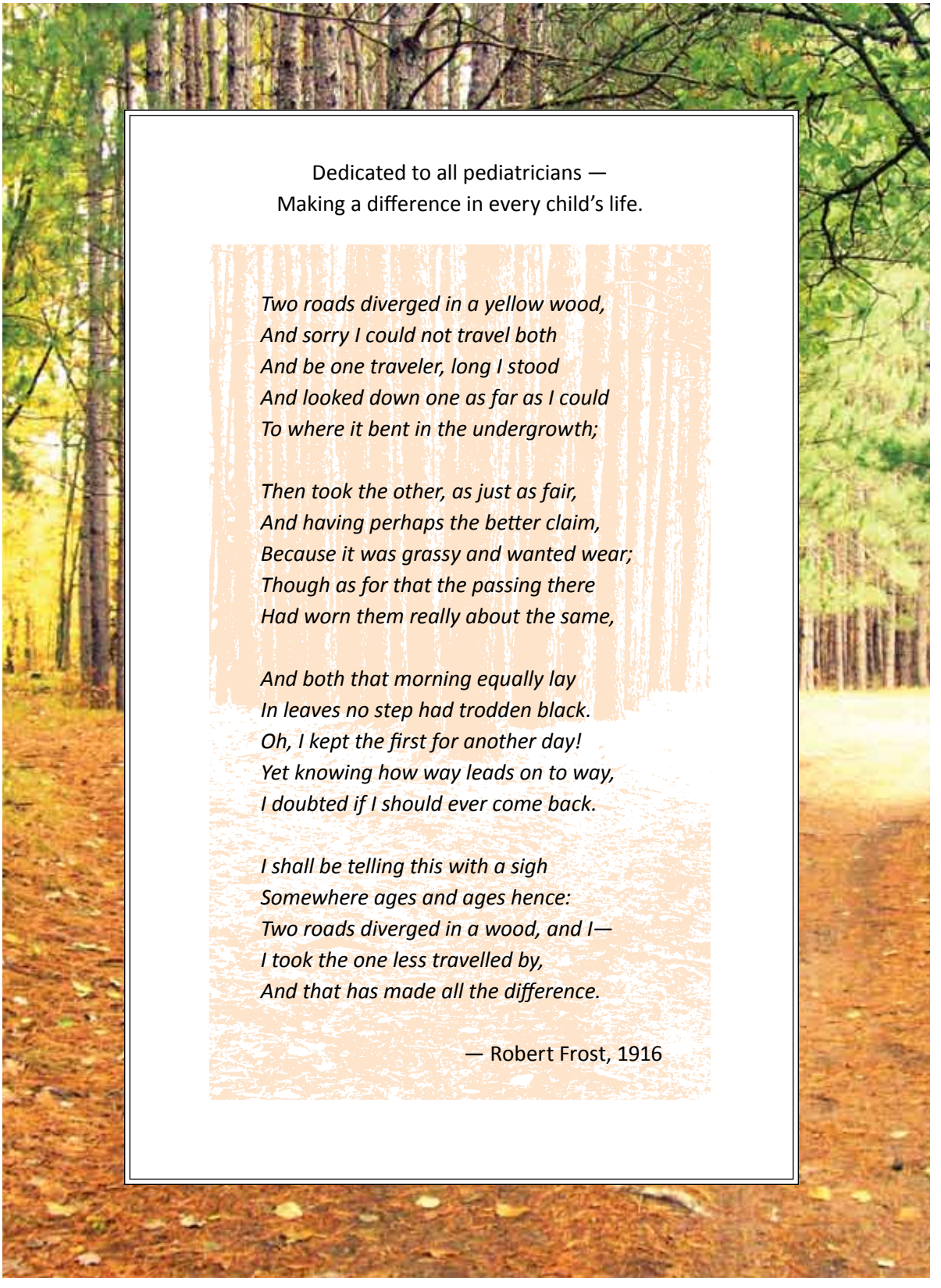
You're an Independent Pediatrician

- Tell Your Story.
- Tell Your Friends.
- Tell Your Patients.
- Tell Your Family.
- Tell The World.

mystory@IndependentPediatrician.com

Your Story Here.



Dedicated to all pediatricians —
Making a difference in every child's life.

Two roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler, long I stood
And looked down one as far as I could
To where it bent in the undergrowth;

Then took the other, as just as fair,
And having perhaps the better claim,
Because it was grassy and wanted wear;
Though as for that the passing there
Had worn them really about the same,

And both that morning equally lay
In leaves no step had trodden black.
Oh, I kept the first for another day!
Yet knowing how way leads on to way,
I doubted if I should ever come back.

I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I—
I took the one less travelled by,
And that has made all the difference.

— Robert Frost, 1916

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