



Module 13:

Evaluating Practice Opportunities: Specialists



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Key Learning Points

- ▶ *How to identify and evaluate short-term and long-term practice opportunities*
- ▶ *Lifestyle and personal issues: a top priority*
- ▶ *Trends in medicine and their potential impact on you*
- ▶ *Costs and benefits of various medical practice models*
- ▶ *Remuneration options*
- ▶ *Useful resources*

INTRODUCTION

Whether you are a senior resident or a fellow envisioning your ideal career path or a practising specialist looking for a change, there are a number of issues to consider when evaluating practice opportunities. Although personal aspirations, lifestyle and location will be important considerations, other factors—such as national and provincial medical-political issues, trends in health care, professional issues and the specifics of your field—should influence your decision. This module will explore pertinent issues that senior residents, fellows and new-entrant physicians should consider when establishing a medical practice.

THE CHANGING DYNAMICS OF THE MEDICAL ENVIRONMENT IN CANADA

In recent years, physicians finishing residency and fellowship programs have seen a considerable change in the number and quality of practice opportunities in Canada. Concerns regarding a shortage of physicians in Canada in the 1990s prompted an increase in medical school enrollment—from 1,577 in 1997–98 to 2,800 in 2011–2012 (*CMAJ*, October 18, 2011; 183 (15), p. 1801). Today, the consequent increase in the number of physicians completing training, combined with expanding scopes of practice in some specialties and issues surrounding resource planning, as well as certain other factors, have resulted in a growing risk of unemployment and under-employment for residents in an expanding number of specialties, including cardiac surgery, nephrology, neurosurgery, plastic surgery, public health and preventative medicine (community medicine), otolaryngology, radiation oncology and orthopedic surgery. (*CMAJ*, October 4, 2011; 183 (14), p. 1673).

Complicating the growing supply of physicians in Canada are the fiscal implications of decreased funding for health care as federal, provincial and territorial governments move to counter growing fiscal deficits. After talks between Ontario's doctors and the minority Liberal government stalled in 2012, Ontario Health Minister Deb Matthews unilaterally imposed reductions to the provincial physician fee code on May 7, 2012. The website canadianhealthcarenetwork.ca reported that Matthews said the "... very highest-paid specialists where we've seen the windfall gains..." will be targeted. Three days later, in the same publication, former provincial Minister of Health and Long-Term Care George Smitherman was quoted as saying, "... the government [has] decided to make [Ontario physicians] the poster child for austerity". A number of provinces are closely following the actions in Ontario as they evaluate alternatives to control healthcare spending in their own jurisdictions.

When identifying and evaluating practice opportunities, physicians graduating today will surely confront the consequences of the increasing supply of physicians, as well as the implications of the actions of governments to balance their budgets to counter unfavourable fiscal realities. As they search for the optimal practice opportunity, the prudent resident or fellow will consider these factors as they apply to members of their respective specialty, as well as to their own respective practice situation.

WHERE TO LOOK FOR PRACTICE OPPORTUNITIES

Residents approaching their final year of study are often overwhelmed by clinical, teaching and research responsibilities, as well as preparation for fast-approaching qualifying examinations. Although it may be daunting to also identify, research and evaluate potential opportunities, these tasks are important. All too often,

systematic evaluation of practice opportunities becomes an afterthought, a “luxury” to be accomplished during non-existent down time. It is, however, one of the most important decisions of one’s professional career, with far-reaching implications. This module will help you to approach this critical task in an organized, efficient and effective manner. In addition, it will identify other resources that are available to assist you.

Talk to current and former senior colleagues. Excellent advice regarding the identification of potential practice opportunities is close at hand. When entering the CaRMS residency match, many residents recall receiving excellent advice from former students and interns who had recently completed the “matching” process. Similarly, a recent graduate with whom you may have worked and trusted may be an excellent resource. These specialists have experienced the process that you are just now beginning—and they may be able to provide useful information regarding market conditions, remuneration and incentives, as well as other relevant facts. The information and advice provided by these trusted colleagues will typically be unbiased, timely and accurate.

Talk to your staff physicians. Tap into the wisdom of your program director, department head or other staff physicians whose opinions you respect and value. Academic and non-academic institutions often contact program directors and/or department heads directly with regard to potential prospects amongst recent graduates. Furthermore, these are individuals who will most likely be contacted to provide references about your aptitude, ability and character. Discussing your career and personal aspirations with these staff physicians may provide an important source of practice opportunities, perhaps even within your own faculty.

Consult the Canadian Medical Association’s website. This is another excellent starting point. On cma.ca, you will find links to the most effective and efficient resources for practice opportunities.

- ▶ **Classified ads online.** This includes the classifieds published every two weeks in *CMAJ*.
- ▶ **Residents’ associations.** Provincial and national residents’ associations compile practice opportunities and lists of locums. Some of these organizations have staff on hand who will help you to write a résumé and prepare for interviews.
- ▶ **Professional organizations and provincial governments.** Provincial medical associations also keep lists of the specialties that are in demand in their jurisdictions, along with contact names and numbers. Ministries of health are also an important source of practice opportunities. Links are available on cma.ca.

Consult specialty publications and websites. Almost all medical specialties have publications that provide lists of practice opportunities. Many of these specialty organizations have websites with similar listings, and some provide members with access to databases of remuneration data for different groups within the specialty, often by region.

Consult medical journals. The print edition of *CMAJ* includes extensive listings of positions for physicians of every specialty. The same ads are posted online at cma.ca.

Go to job fairs. In some parts of Canada, provincial and faculty-sponsored job fairs cater to both family physicians and specialists.

Consult physician recruiters. Several provinces and territories employ physician recruiters. For more information, contact the ministry of health of that respective jurisdiction.

Key Message

Utilize all available resources to identify practice opportunities.

Key Message

Consider yourself and your family first when making decisions about your future medical practice. Only when you have addressed those needs should you evaluate the financial and clinical aspects of a long-term practice opportunity.

Consult with community development officers. Some provincial health ministries employ community development officers (CDOs) to liaise between the area's medical faculty and the geographic region it serves. CDOs assist both family medicine and specialty residents, and are well connected to the communities and medical practices that are recruiting new physicians. CDOs can also assist you by contacting their counterparts in other provinces.

Pay attention to word of mouth tips. Simple, but invaluable! When attending national and regional academic meetings, be sure to introduce yourself to counterparts across and outside the country. One can often discover practice opportunities at these meetings, and taking the opportunity to meet a potential employer face to face can yield future benefits. At these meetings, it is common for specialists to ask colleagues within their field for hiring recommendations.

HOW TO EVALUATE PRACTICE OPPORTUNITIES

There are a number of factors to consider when you are evaluating potential practice opportunities.

Lifestyle, Location And Personal Aspirations

Always address the non-professional issues first. Professional satisfaction will be difficult, if not impossible, without lifestyle satisfaction and fulfillment. Ensure that you consider your non-professional needs and desires, as well as those of the people who are close to you.

- ▶ Will you and your family be happy living in the community for a long period of time?
- ▶ Are affordable, quality housing and schools available?
- ▶ Are there satisfactory employment and education opportunities for your significant other?
- ▶ Does the area offer the cultural, religious, shopping, recreational and sports activities that are important to you and your family?
- ▶ Will the location, and available transportation, allow for travel to (and visits from) extended family and friends?

Remember: If you are not happy at home, it is very likely you will be unhappy at work.

National And Provincial Issues

Even before beginning the search for the most appropriate practice opportunity, consider the national and provincial environments for medical professionals. What are the current trends in health care? What will the impact of these trends be in the future? Is there a shortage or surplus of specialists in your discipline? Are there restrictions on practice opportunities for someone in your specialty in a given region or province? These and other factors may affect your job search and evaluation of opportunities.

Supply Versus Demand

In the 1980s and early 1990s, several reports suggested that Canada had an oversupply of physicians. Many medical schools responded by significantly reducing class sizes. Past projections did not account, however, for the combined impact of an ever-growing population, a reduced number of new trainees and attrition within the aging physician population. The end result was an increasing shortage of physicians in almost all specialties and sub-specialties as we entered the twenty-first century.

The tide, however, has turned once again. Increased medical school enrollment from 1997–98 through 2011 has created a larger cohort that has recently completed residency and has begun to seek practice opportunities. This increased supply of specialists, combined with the ever-increasing fiscal constraints on healthcare spending faced by the provinces and territories, has resulted in a more conservative outlook for many physicians seeking positions.

The consequences are significant and, depending upon one's specialty, can be either beneficial or detrimental. For those specialties with continuing demand, the job market can still be inviting, receptive and even rewarding. For those specialties in which the supply has now exceeded demand for their services, however, increased competition for fewer positions will require creativity, due diligence and flexibility in the search for the optimal opportunity. In addition, these challenges will often require preparation, negotiation skills and perseverance on the part of the successful applicant.

Senior residents should review the job market for their specialty area to determine how national and provincial trends specifically apply to them. Unfortunately, many will face more restricted opportunities than their predecessors. Do your homework and research the market value of remuneration packages and incentives being offered to your specialty (also see *Module 8. Physician Remuneration Options*). If you properly assess the supply, demand and market value of your specialty, you will be in an informed position to accurately evaluate potential practice opportunities.

Other Trends In Medicine

In addition to supply, demand and price, other trends in medicine may impact your future career choices. Although restrictions on where a physician may practise have been uncommon, some regulations do exist. In Quebec, for instance, Plans régionaux d'effectifs médicaux (PREM) have placed significant restrictions on where and how a newly graduating specialist or family physician may practise. In certain specialties in other provinces, only limited numbers of positions are available in a given year or period. In some jurisdictions, billing caps or maximums, which can be specialty-specific, may be imposed. Some of these billing restrictions may be removed if a physician who is new to a designated under-served area meets certain criteria, such as performing specified "in-demand services" or staying for a predetermined period of time. Some regions of the country may offer bonuses and other incentives to recruit sought-after specialists. To learn more about regional incentives and restrictions, contact the relevant provincial medical association and ministry of health.

Some residents may wish to practise in a specific location with the intention of replacing a senior colleague who is approaching retirement. Although some hospitals and jurisdictions may have a mandatory retirement age for specialists, particularly surgeons, this will not always be the case. Be wary of agreeing to complete additional training with the view of replacing a senior specialist. It is not uncommon for a resident to return from training only to find that the senior colleague refuses to retire. Without a legally binding contract, the resident may be without a position or livelihood. If you are considering such a scenario, obtain legal and professional advice to protect your career and future position.

Hospital downsizing, healthcare restructuring and centralization of medical services may have considerable impact on those who practise in institutions. Investigate whether hospital restructuring is pending or has already occurred in all of the locations you may be considering for long-term practice. It would be regrettable to set up your office across the street from a hospital, only to have it close in three years and relocate five miles away—or disappear entirely.

Alternative payment plans (APPs) and alternative funding plans (AFPs) are increasingly more common, both inside and outside academic environments. It is important to critically appraise their implications and impact in detail. If evaluating an opportunity involving an APP or AFP, it is strongly recommended that you seek professional advice from qualified accountants, as well as lawyers who specialize in contract law.

The pressure on health funding in Canada has resulted in more services provided by doctors being delisted or uninsured by provincial healthcare plans. It is very important for all physicians to familiarize themselves with existing guidelines, recommended fee schedules and the mechanics of billing patients directly for uninsured medical services. Such billings contribute a greater proportion of the remuneration for both family physicians and specialists than ever before.

Following this trend is the advent of point-of-service payment machines for debit and credit cards within the physician's office. Furthermore, computerization has led most provinces and territories to require electronic data transfer (EDT) billing from their physicians, leaving individuals with minimal computer skills scrambling. These issues are discussed in greater detail in *Module 8. Physician Remuneration Options*.

These are among many trends that medical practitioners will encounter. All should be researched and evaluated by senior residents who are assessing different practice options and locations.

Professional Issues

It is prudent to research all potential practice opportunities to verify that your professional needs will be met before you commit to a long-term contractual relationship. Is there sufficient demand for your services to guarantee an adequate income, as well as vocational satisfaction? Will the demand be so onerous as to threaten your quality of life? Consider being the only specialist in your field in a busy community hospital with a one-on-one call schedule.

Be sure to evaluate office space, hospital facilities, on-call requirements, radiology and laboratory support, other necessary services and useful resources. Review operating and procedure room facilities, as well as resources for research and academic activities, if applicable. Will the institution meet your personal standards of practice? Is there a group practice or association that you may join? What are the personalities, qualities and professional reputations of the members of that group? Will you be able to work well with them? Are these specialists excellent clinicians and colleagues to whom you can entrust your patients? Are quality consultants, specialists and other professionals that you require available? Are these professionals well recommended?

As you are the new professional on the block, will your potential colleagues or institution try to limit you to suboptimal operating room times, or will you have equal access to the facilities? If you have a specific skill set or training (e.g., endoscopic retrograde cholangiopancreatography, or ERCP), will you obtain sufficient referrals to maintain competence? Will call responsibilities be shared equally among all your colleagues, or will you be expected to accept a disproportionate share?

If you anticipate a widely diverse patient base, will they have easy access to your office and laboratory facilities? Will parking be available for you and your patients, and at what cost?

Key Message

Consider national and professional trends in your respective specialty area, as well as the specific professional issues that may pertain to any practice opportunity.

Appropriate and accurate research of all aspects of the opportunities that you are considering will help you to effectively evaluate your suitability to the respective practices and uncover potential deficiencies. No one likes surprises after starting practice. Not only will good research help you to plan for your future, but it may also demonstrate your interest, initiative and enthusiasm to the parties with whom you are negotiating.

PRACTICE OPTIONS

Researching a potential opportunity also includes evaluating the mode or structure of that practice. Whereas, in the past, the vast majority of physicians were solo practitioners, today there are many different forms of practice: associations, partnerships, salaried positions and alternative funding plans, to name a few. Learn about these different models to appreciate the costs and benefits associated with each.

Solo Practice

Although the majority of specialists today are solo practitioners, their numbers and the popularity of solo practice are in decline as more cost-efficient practice structures—such as groups and associations—gain popularity. The vast majority of new specialists should consider an association or group practice to capitalize on economies of scale and save on overhead costs, sharing them with colleagues. If planned and negotiated properly, a well-organized group practice can incorporate all of the benefits of a solo practice.

Advantages Of Solo Practice	Disadvantages Of Solo Practice
▶ Complete autonomy for the physician	▶ Complete responsibility for practice set-up, overhead, staffing and practice management
▶ Control of all aspects of the practice and work environment	▶ Initial start-up costs are generally greater than for a group practice
▶ Dedicated staff and resources	▶ Economies of scale—by sharing costly overhead (e.g., rent, utilities, staff) with a partner or associate—are not available
▶ Freedom to set working schedules, patient volume and practice style	▶ No daytime coverage while you're away
▶ Quieter office, with fewer distractions	▶ No on-site peer support

Group Practice

A group practice is defined as two or more professionals who practise in the same office. The professionals do not need to be associates, or even of the same discipline (e.g., a family physician who specializes in sports medicine, an orthopedic surgeon and a physiotherapist, all sharing an office).

The key advantage of a group practice is sharing the costs of office space, medical equipment, supplies and staff. These economies of scale can reduce the overhead cost per member significantly. There is a limit to the economies of scale, however, as savings eventually plateau. Bigger is not always better.

Group practice is becoming more practical in Canada, because of the changing medical environment and the inherent cost efficiencies. The percentage of physicians who work in group practice varies between family practice and other specialties, urban and rural settings, and from province to province.

Association Versus Partnership

The two most common forms of group practice are associations and partnerships. If you're considering joining a group practice, endeavour to meet all associates or partners to determine your personal and professional suitability with your potential associates or partners. By identifying problems early you can avoid making a hasty and regrettable decision.

An association is an expense-sharing arrangement. It can range from sharing only the rent and waiting-room costs to sharing everything, including staff, equipment, all medical supplies and office resources. Associates do not share income, nor do they specifically share professional or legal responsibility for others in the group. The degree to which expenses are shared should be clearly specified in a legally binding association agreement. Anyone considering such an agreement should review it with legal counsel before making any commitment.

A partnership group practice shares not only expenses, but also income, personal liability and medical liability. As a partner, you will be legally liable for the actions of other members of the partnership—even though you may not be aware of, or condone, specific actions. Careful drafting of the partnership agreement is critical to help you to manage these liability issues. A formula for each partner's share of income and expenditures must be specified in a legally binding partnership agreement, which is generally much more complicated than an association contract. It is essential that you review any partnership agreement with a lawyer prior to deciding whether to join or not join such a group.

Most group practices today have a cost-sharing association arrangement rather than a partnership agreement.

Advantages Of Group Practice	Disadvantages Of Group Practice
▶ Economies of scale for expenses (e.g., office space, medical equipment, supplies and staff)	▶ Loss of autonomy
▶ Minimal or no start-up costs, if joining an existing practice	▶ Resources and staff must be shared
▶ Convenient on-site consultations with colleagues on difficult cases	▶ Daily practice routines and schedules may depend on other physicians and staff
▶ Cost effective to employ a dedicated office manager to hire staff and run the practice efficiently	▶ Complex personnel structure means greater possibility of personality conflicts
▶ More financially practical to have sophisticated medical and computer equipment	▶ Excellent and ongoing communication is essential to maintain a comfortable work environment
▶ Physicians can make best use of their time—to see patients!	▶ Greater possibility for disagreement over such things as capital purchases (e.g., what voting structure will the group use to make such decisions? majority agreement? unanimous agreement?)
	▶ More difficult to find a group practice that is a good fit, both personally and professionally

Key Contract Points

The association contract or partnership agreement is of paramount importance to anyone who considers a group practice. The contract should outline the responsibilities of each member of the group, as well as the benefits to be enjoyed by each participant.

The detailed contract should address all existing issues and potential problems, outlining courses of action on the “what ifs”. A well-drafted agreement, which has been reviewed with legal counsel, will ultimately save you time, stress and money. Some specific issues that a partnership or association contract should address include:

Term of agreement and notice of termination. These clauses address the duration of the agreement and what procedures will be followed if a partner or associate wishes to leave the group. They also outline the obligations of the outgoing member, and may include restrictions on future activities (e.g., a non-competition clause in which the departing member agrees not to set up a similar practice within a certain radius for a defined period of time).

Individual obligations. This section outlines the responsibilities (e.g., clinical, on-call, financial, administrative) of each member.

The group’s obligations. This section specifies the benefits each member is to receive (e.g., clinical coverage, expense sharing, shared staffing, administrative support).

Office lease. Is this a sublet or a new lease? Are there negotiated options to renew? How do you get your name on the lease? Have your lawyer review the lease and association/partnership agreement concurrently. This will verify that existing group members have negotiated the best deal possible, and ensure that there are no potential timing problems. For example, if an association agreement is for a three-year renewable term and a lease agreement is for a five-year term, a new associate may face the possibility of not being renewed after three years—but retain lease obligations for two years thereafter!

Billing and expense responsibility. This defines such issues as who does the billing, who is responsible for administration, and how shared expenses will be allocated.

Authority regarding business decisions. This determines how decisions will be made (e.g., majority vote, two-thirds or unanimous).

Staffing issues. When you join a group, interview the shared staff members as if you were hiring them in the first place. Negotiate that you will have the ability to replace staff if existing personnel are unsatisfactory. Also, negotiate that you have an equal say in performance evaluations, office policies and staffing plans.

Financial arrangements. The formula for distributing revenues and expenses among the group members must be detailed in the agreement.

Financing the practice. The financial responsibilities of each partner or associate for expenses and capital purchases must be detailed (e.g., building, leaseholds and expensive equipment).

Liabilities and debt. The potential debt responsibilities of each individual member, and the group as a whole, must be delineated.

Key Message

There are advantages and disadvantages to all modes of medical practice. Seek assistance from professionals. Your lawyer, accountant and financial advisor will be invaluable as you explore and evaluate your options.

Insurance. The contract should specify how much disability, practice overhead and life insurance is required of each member of the association or partnership to cover potential financial obligations in the event of disability or death. Will members be required to insure each other?

Potential buyouts. Can an individual member be bought out? How will the value and security of a share or “partnership interest” be calculated?

These are just some of the issues to address in any association or partnership agreement. The expertise of a lawyer who has experience in contract law and who has worked with physician groups in the past is essential. You and your lawyer should work closely to ensure that the agreement reflects your understanding of the association or partnership, and that all of the “what ifs” that you and your potential associates or partners may not have anticipated to date (e.g., maternity/paternity leave, leave of absence, incorporation of individual members) will be dealt with in an agreeable arrangement.

Incorporation considerations should be reviewed with your financial planner and accountant. Detailed information is available in *Module 5. Legal Issues For Physicians*.

Fee-For-Service, Salary And Blended Arrangements: Pros And Cons

Most physicians in Canada are self-employed professionals whose income is generated by fee-for-service billing, and who work in either solo or group practices. An increasing number of physicians, however, now derive a portion, or all, of their income in the form of a salary. Salaried physicians are, in fact, employees of their hospitals or organizations.

It is a misconception, though, to assume that the monetary and non-monetary benefits (e.g., pensions, sick leave, holidays, disability insurance, and medical and dental insurance) enjoyed by other salaried individuals, such as nurses or government employees, will also be available to salaried physicians. The benefits available to salaried physicians are generally specified in their individual employment contracts. If you are negotiating a salaried position, determine what benefits are included, and ensure that they are documented in the employment contract. Like any partnership or association contract, your employment agreement should be reviewed and approved by legal counsel before you agree to the terms. It may also be prudent to have your accountant review the agreement. Tax planning opportunities may exist, and there may even be tax implications if your employer pays for certain benefits on your behalf (e.g., partial or complete payment of employee disability insurance premiums by the employer will make any disability benefits that may be collected taxable to the employee).

Examples Of Salaried Positions

In academic institutions, physicians commonly derive their income in the form of a salary, or through some predetermined mix of salary and fee-for-service income. Outside academic institutions, physicians on salary include pathologists, hospitalists and doctors hired by community health centres to provide care for the population served by the clinic. Large private-sector companies also employ physicians on a contract basis. The federal government (particularly such departments as Health, National Defence and Veterans Affairs) and other government bodies employ physicians on salary and contract. In addition, many provincial governments employ salaried physicians for under-served areas.

With increasing numbers of doctors not maintaining hospital privileges, an increasing number of facilities now offer hospitalist positions as well as clinical associate positions to family doctors. These physicians are hired by the

hospital to work in specialty clinics and cancer clinics, as well as to serve as surgical assistants.

A guaranteed income, unaffected by the volume of procedures and services performed, is one of many advantages enjoyed by salaried physicians. But, unlike their fee-for-service colleagues who earn business income, employee-physicians have limited available deductions under the *Income Tax Act*. A physician whose entire income is paid as a salary generally cannot deduct association dues or liability insurance premiums. Under such circumstances, physicians should negotiate to have their employer pay these expenses.

Salaried physicians should always consider negotiating for the ability to do additional fee-for-service work to earn business income. For example, the physician could negotiate for regular time—perhaps one day per week—to work as a fee-for-service provider independent of the contractual obligations to the employer. Under this scenario, expenses such as liability insurance premiums, convention costs, automobile deductions and association dues should be tax deductible if they're incurred to earn business income. Salaried physicians who pursue additional fee-for-service work are strongly advised to seek the advice of a tax accountant.

Advantages Of Salaried Positions	Disadvantages Of Salaried Positions
▶ A secure, agreed-upon income, received each pay period	▶ Limited ability to earn more, except by renegotiating contract; workload could also increase without a parallel increase in earnings
▶ Generally no requirement to manage the practice	▶ Limited control over the working environment
▶ No responsibility for overhead costs	▶ The employer often makes decisions about staff, working conditions and overall operations
▶ Benefits may include guaranteed paid vacation, CME time, sick leave, medical and dental benefits, life and disability insurance	▶ Benefits are generally limited to those defined within the employment contract
	▶ No guarantee of employment beyond the term of the contract
	▶ Tax deductibility of certain expenses, such as CMPA fees or association dues, are limited

Hospital-Based Academic Positions

While some physicians in academic positions receive 100% of their income as a salary, most academic positions offer a combination of salary and fee-for-service income.

Although academic institutions often allow opportunities for physicians to generate business income, some groups and departments have income ceilings, in which earnings in excess of agreed-upon limits revert to the department, hospital or academic institution. The specific arrangement can be complicated; academic physicians may need to address the issues of association or partnership arrangements, as well as the issues of blended income. In addition, unlike their non-academic counterparts, academic physicians often have little autonomy regarding practice management decisions.

Because contractual and professional arrangements are likely to be mixed, academic opportunities are potentially the most complicated form of practice

arrangement. Academic physicians must learn how to negotiate contracts with the institution, the university, their clinical group members, as well as with their department chair. When negotiating in an academic setting, don't make the mistake of assuming that there will be no latitude or flexibility. *Module 10. Principles Of Negotiation* addresses this issue in detail.

Academic physicians need expert personal and professional advice. Contact your lawyer, accountant and financial planner prior to signing any contract.

ALTERNATIVE PAYMENT PLANS (APPS) AND ALTERNATIVE FUNDING PLANS (AFPS)

Alternative payment plans (APPs) address alternative methods of remunerating physicians for clinical work. Alternative funding plans (AFPs) address alternative methods of paying physicians for clinical and academic work. APPs and AFPs are relatively new compensation models for medical practice, but they are growing in popularity across Canada.

APPs are being implemented by many provincial governments as a component of primary care reform initiatives. AFPs are typically implemented in academic centres, where a significant part of the physician's work and time is not remunerated by fee-for-service payment. For instance, academic physicians often devote significant time and resources to teaching, research, administration and other duties. None of these services or duties, however, can be billed under a fee-for-service model.

An APP or AFP is created upon mutual agreement between a group of physicians and the province or territory. The agreement is documented in a binding contract, signed by the province, the physicians, often the provincial medical association, and, for academic positions, the university. The province/territory agrees to provide a set amount of remuneration per physician or full-time equivalent, and the physicians contract to provide agreed-upon levels of their clinical, teaching, research, administration and other activities (i.e., the "guaranteed deliverables"). The parties agree on a mechanism to account for these defined deliverables and compare them to budgeted amounts on a periodic basis. As part of this process, APPs and AFPs generally require physicians to submit billings as if they were earning their income as fee-for-service specialists—even though their remuneration is set and guaranteed by the contract (i.e., shadow billing). Governments often compare the amount of shadow billing with the remuneration received by the same physicians to ensure that the public has received value for money.

Case Example: An AFP For Emergency Services

An emergency department at an academic institution employs six full-time emergency physicians who are presently remunerated by a combination of fee-for-service, salary and other earnings. They also perform clinical, teaching and administrative functions. The local healthcare authority offers the group an AFP valued at \$1.2 million to provide all agreed-upon emergency room services for a fiscal year.

By accepting the AFP offer, the emergency physicians will provide the agreed-upon services to the public and must agree among themselves how to share the remuneration. Although it may be simple to divide the income equally (i.e., \$200,000 each), some of the physicians may feel they deserve higher income because of their seniority, or because they perform other valuable duties. The recruitment of additional emergency physicians may complicate the negotiations further. Prospective group members should not assume that they will have an

equal share of the remuneration offer. Therefore, each member must negotiate a contract within the overall AFP contract.

For these and other reasons, AFP-funded academic group practices can be the most complicated of all contractual obligations for physicians. You are strongly urged to seek professional legal and accounting advice before committing to any APP or AFP arrangement.

TERM POSITIONS AND LOCUM OPPORTUNITIES

Locums are a starting point for an increasing number of specialists. Portability, combined with the absence of significant overhead, enables many anesthesiologists, for example, to choose locums rather than seek permanent positions upon completing residency. For a variety of reasons, members of many other specialties also prefer short-term positions.

Physicians who undertake a locum as a way of considering a permanent practice opportunity will find that the experience provides an excellent on-site way to evaluate the practice, the resident physicians, their practice management and staffing styles, the practice layout, the hospital, community and other factors. The experience can be invaluable if a permanent position is available at a later date.

The locum doctor should develop a checklist to thoroughly assess the locum before accepting the opportunity. Be prepared to evaluate such issues as practice and patient profile, volume and workload, the charting system, staffing support, scheduling policies, office hours, call obligations and insured and uninsured billing policies. For detailed information, see Appendix 2. Locum Evaluation Checklist Summary (below) and *Module 11. Negotiating A Fair And Mutually Beneficial Locum Contract*.

The process that one uses to evaluate a locum or term position is the same as that used to evaluate long-term practice opportunities; see Appendix 1. Sample Practice Evaluation Checklist (below). Use the locum as a case-example study and evaluate the specifics of the opportunity. Note the characteristics you dislike about the practice, but be sure to use the more favourable ones in your future practice.

Key Message

A locum is a practical way to evaluate a potential long-term practice opportunity.

ACTION PLAN

- ▶ **Know what is important to you and your significant other regarding lifestyle, location and personal aspirations.**
- ▶ **Use the many resources that are available to help you to identify and explore practice options.**
- ▶ **Review national and provincial issues and trends as they apply to your specialty, and assess their impact on potential practice opportunities.**
- ▶ **Consider the advantages and disadvantages of the various practice modes that are available for your specialty.**
- ▶ **Evaluate all practice opportunities to select the most optimal agreement for your professional and personal satisfaction.**
- ▶ **Select a lawyer and accountant to be part of your professional advisory team.**
- ▶ **Ensure that any and all contracts are reviewed concurrently by your contract lawyer prior to accepting a position.**

RESOURCES AND REFERENCES

The following resources are available at cma.ca.

- ▶ Practice Management Education Modules
 - *Module 5. Legal Issues For Physicians*
 - *Module 8. Physician Remuneration Options*
 - *Module 9. Principles Of Negotiation*
 - *Module 10. Evaluating Practice Opportunities: Family Medicine*
 - *Module 11. Locums: Negotiating A Fair And Mutually Beneficial Locum Contract*
- ▶ **CMA's Career Centre for Physicians** (drcareers.ca)
Check out employment opportunities at the CMA's career centre for physicians.
- ▶ **HealthForce Ontario** (www.healthforceontario.ca)
This Government of Ontario website offers services and valuable links to physicians, including:
 - **The HealthForceOntario Marketing and Recruitment Agency**, which offers individualized help for health professionals and their families from outside Ontario who want to relocate to the province. Case managers are available to help individuals navigate their entry into the Ontario practice environment.
 - **HFOJobs**, an online portal that enables physicians to search for practice opportunities and for community information, as well as to build their curriculum vitae, set job alerts and apply for jobs.
- ▶ **Alberta Physician Link** (www.albertaphysicianlink.ab.ca)
Alberta Physician Link is a "one-stop" provincial recruitment website for physicians who want to find jobs/practice opportunities in Alberta, including locum opportunities. The website also provides linkages to various resources to help navigate the processes for licensure, supports for immigration and various information sites to learn more about living in Alberta.
- ▶ Links To Provincial Health Ministries And Medical Associations
- ▶ **Practice Hotline: 1 800 361-9151**
CMA members can get 60 minutes of free consultation with a practice management expert. Tell us what you need assistance with and, after analyzing your situation, one of our consultants will call you back within two business days with suggested solutions. We field inquiries on a wide range of issues, such as contracts, purchasing or selling a practice, leases, human resources, office operations and technology.

APPENDIX 1: SAMPLE PRACTICE EVALUATION CHECKLIST

First And Foremost: Lifestyle

- ▶ Will you and your family be happy living in the community for several years?
- ▶ Is affordable, quality housing available in the community?
- ▶ Are desirable schools, shopping, recreational, cultural and religious facilities readily available and accessible?
- ▶ Can you, your family and friends visit each other easily?
- ▶ Are desirable employment and/or academic opportunities available for you significant other and family?

When Evaluating A Salaried Position

- ▶ Have you addressed what you are to give, what you are to receive and all of the “what ifs” with your lawyer and accountant?
- ▶ Is your understanding of your promised remuneration, including benefits, specifically documented in the employment contract? Has your lawyer reviewed your contract and agreed with your impression?
- ▶ Are important parameters of your practice—such as OR time, administrative and medical personnel, overhead charges, and time and resources for such specific procedures as colonoscopy, bronchoscopy or EMG—documented in your employment contract to the satisfaction of both you and your legal counsel?
- ▶ Is your employment contract written for a set period of time? If so, does it automatically renew unless appropriate notice is given by one of the contracting parties?
- ▶ Is there a probationary period? Do all benefits commence after employment begins, or after a predetermined probationary period? Is there any penalty if you are terminated during the probationary period? Is there a cost if you choose to resign prior to the end of the probationary period?
- ▶ What constitutes “cause” for dismissal? Would you be provided with time to refute any reported cause for an employer’s dismissal action?
- ▶ If you will receive pension benefits, what is the duration of time before you have legal ownership of all employer contributions to your pension plan? (A “vesting” period of two years is common; for example, if you resign prior to two years of employment, all employer contributions to your pension plan remain with your employer and cannot be taken with you to your next employer or transferred to your RRSP.)
- ▶ Will your remuneration be entirely salary, or will there be an opportunity to earn business income and avail yourself of available tax deductions and/or tax credits?
- ▶ Do you have control over the hiring and termination of any para-professionals and other personnel who will be working for or with you (e.g., secretaries for office-based practices, technologists for radiologists or laboratory physicians, specialty technicians for ophthalmologists, nurses for employed surgeons)? If not, will you have input as part of a staffing committee, or are such decisions made by others, such as the human resources department of a hospital? Will these individuals be unionized, and what are the potential implications should you wish to end an individual’s employment contract?

When Assuming A Practice And/Or Joining A Group

- ▶ Is the practice limited to practitioners of the same specialty? Alternatively, are there different professionals and/or para-professionals within the same group (e.g., a group of three orthopedic surgeons with a physiotherapist, family physician and nurse practitioner)? If different professionals or para-professionals are part of the group, how is their remuneration calculated: equal share? fixed salary? blended arrangement? If the practice is an expense-sharing arrangement (such as an association), how is the sharing of costs calculated?

- ▶ Does the practice have a sub-specialty interest or a special needs population (e.g., pediatric gastroenterology, adolescent psychiatry, geriatric medicine)?
- ▶ Do the members of the group adhere to current practice guidelines and evidence-based medicine? Does the group have an excellent reputation among the medical community, or have others expressed some concerns (e.g., an emergency department that has not been able to recruit an emergency physician)?
- ▶ What are the regular office hours? Is there flexibility for your schedule? Will support staff be available if your office hours extend beyond the regular business hours? If so, will you personally bear any additional cost?
- ▶ If duties are divided among members of a group (e.g., MRI, CT scans, ultrasound, X-rays, PET scans among a group of radiologists; or the duties of microbiology, biochemistry, genetics, immunofluorescence, cytology, autopsies and histology among a group of pathologists), how are they allocated? Are the more financially lucrative activities available equally to all members?
- ▶ If duties are best assigned by allocation of hours, such as for emergency physicians or intensivists, how are the shifts assigned, and by whom? Is there a minimum or maximum number of shifts in a given period (e.g., a minimum of eight shifts per month for an emergency room physician)? Can you request your shifts during a period, subject to an approval mechanism, or are they assigned to you?
- ▶ What are the on-call obligations? Do all physicians in the group share call equally? Is call coverage limited to your hospital, or does it include a group of hospitals within a municipality? Is there provision for on-call obligations to decrease or end after you reach a certain age or level of experience (e.g., a group of internists and related sub-specialists that provides no call after members reach 50 years of age)? If so, how will this provision affect your on-call obligations in the next five to 10 years as more group members reach exemption status?
- ▶ What are the arrangements for after-hours, weekend and holiday coverage? Who sets the on-call schedule, and what provisions are in place to request time off for vacation or CME? Will the remaining group members cover your medical and/or surgical responsibilities while you are away?
- ▶ Are there teaching opportunities or obligations? Have you satisfied all of the requirements of the institution? What will the duties of your academic role be (e.g., teaching medical students, educating residents, preparing didactic lectures, conducting research and publishing peer-related articles)? If research is involved, is a certain percentage of your work time protected from increasing clinical and other duties?
- ▶ Does the practice have a policy for the allocation of referrals and consults among group members? Are consults that are addressed to a specific specialist delivered to that individual, or to anyone in the group? If the latter, how are the consults assigned: on a rotational basis, to whomever is in the office, to the specialist on call, or some other way?
- ▶ Are patients charged for uninsured services? If so, for what services? Are these services and their respective rates in accordance with provincial guidelines for uninsured services? How are such fees collected? Does the office have cash and revenue controls to appropriately reconcile uninsured billings and the amounts received in cash or credit card receipts?
- ▶ What are the office policies for phone-call prescription renewals and missed appointments?
- ▶ Have you interviewed the administrative and office personnel? Are you satisfied with their medical and interpersonal skills? Are there potential problems (e.g., terminating an employee's contract, or hiring a qualified nurse to assist with procedures) that would be best dealt with before your start date?

- ▶ Are there supplies of narcotics on site (e.g., cocaine for nasal epistaxis in an otolaryngology practice)? If so, what policies and safeguards are in place for storage, administration and inventory control?
- ▶ Is the practice in an area where hospital restructuring has happened or is pending? If so, what is the potential implication for your practice?
- ▶ If you are joining a group, does the allocation of overhead fairly reflect your use of the office, equipment and personnel? Is such allocation detailed within the association or partnership agreement? Has your legal counsel reviewed this document and agreed with your impression?
- ▶ Are there other agreements, such as leases or equipment contracts, that must be assumed when you join an existing group? Do these agreements match the duration of the association or partnership agreement? Have all relevant agreements been reviewed by legal counsel concurrently?

Appointment Scheduling

- ▶ What is the average number of patients you can expect to see per day? What is the mix of procedures, follow-up visits, new consults, etc.?
- ▶ How much time is allocated for a procedure, new consult or follow-up visit?
- ▶ Can you customize your appointment schedule? Can you adjust the time allocated for a particular procedure, consult or office visit if this is more applicable to your practice?
- ▶ Is time built into the schedule for emergency consults or same-day call-ins? How are these patients accommodated in the schedule?
- ▶ How do office staff handle situations when you are unexpectedly unavailable and unable to see scheduled patients (e.g., an obstetrician attending at multiple deliveries, or a surgeon in emergency trauma or surgery)? Will the office staff anticipate such situations and reschedule all appointments if necessary? Can they be relied upon to make the appropriate decisions if you cannot be reached?
- ▶ Is the turnover time for the examination rooms acceptable? Do administrative and medical staff ensure that each examination room is appropriately supplied, organized and cleaned?
- ▶ If you are to perform procedures in your office (e.g., gastroscopy, indirect laryngoscopy or colposcopic examinations), who is responsible for cleaning the equipment? Are all established guidelines met?
- ▶ Is the reason for the patient visit recorded on the appointment schedule? Are you provided with your appointment schedule in advance?
- ▶ Does the secretarial staff ensure that all necessary supporting documents (e.g., pathology and radiology reports) are available before an appointment, and will they reschedule appointments when necessary, such as if pertinent pathology or radiology reports are incomplete or unavailable? Are all supporting documents and charts available to you before you see the patient?
- ▶ Does the practice have an extensive list of contact phone numbers, including those of group members, other consultants, operating and procedure rooms at the hospital, family physicians, labs, diagnostic services and pharmacies?
- ▶ Is there close correlation between appointment scheduling and billing? Are administrative personnel adequately trained to record all billable procedures and fees once you have completed such activities and passed along relevant documentation?

For more details, see *Module 12. Starting Your Practice On The Right Foot.*

Medical Records

- ▶ Are the medical records comprehensive, well organized and legible?
- ▶ Do the physicians dictate or write progress notes? If dictated, are reports typed on-site or by an outside service? Are the turnaround time and quality of reports acceptable?

- ▶ Has the professional group evaluated or considered voice-to-print software?
- ▶ Does the practice have, or intend to have, an electronic medical record and chartless office?
- ▶ If the group utilizes electronic medical records, what system is in place? Is technical support reasonably priced and available in a timely manner? Does the IT service provider have a good track record?
- ▶ Are all reports, letters and referral requests in paper form? Are some diagnostic parameters, such as radiology and laboratory tests, available via computer? Are they available in real time?
- ▶ Are the existing notes appropriate, and do they contain all necessary and relevant information (e.g., drug allergies, previous surgeries and medical problems)? If you must care for the patients of another group member, will you be comfortable working with these records, or do you feel such records may be incomplete?
- ▶ Do records comply with standards set by the College of Physicians and Surgeons of your province or territory? Do the records raise any concerns regarding medical competence?
- ▶ Will the group members welcome standardization of medical records?
- ▶ After completion of a consult, what is the turnaround time for your completed consultation letter to be received by a referring physician?

For more details, see *Module 6. Medical Records* and *Module 7. Electronic Medical Records*.

The Medical Office

- ▶ Do the physicians own, lease or sublet office space?
- ▶ If the office or building is owned, what is the market value? If a mortgage exists, what are the terms of the mortgage? As a new member, will you be required to be a part owner of the building and assume a representative share of the liability? At what cost?
- ▶ Will important diagnostic and hospital resources continue to be close by? (An obstetrician who is considering a five-year lease for an office across the street from the community hospital may wish to reconsider if the hospital is planning to move all delivery services to a distant part of the community in the near future.)
- ▶ If renovations of your office are necessary, who will bear the cost of such improvements? Will the group share the cost as an enticement for you to join, or will you be responsible for renovations? Can renovations be completed before your arrival?
- ▶ What is the duration of any office lease? Does the duration of the lease conflict with the proposed term of your contract? Have all pertinent leases been reviewed by legal counsel?
- ▶ Which office functions are computerized? Which are still done manually?
- ▶ If the office is computerized, what service agreements are in place? If a computer problem arises, what is the maximum down time you could anticipate? Do existing service providers have good reputations? Is technical support timely, comprehensive, effective and reasonably priced?
- ▶ What communications equipment does the office use?
- ▶ If the office uses email, does it have its own internal server? Are procedures in place to address the potential medico-legal implications of receiving emails from patients?
- ▶ Is the office accessible, modern, comfortable, clean and pleasant for patients, staff and physicians? Is your allocated office space satisfactory?
- ▶ Are the exam rooms and common areas well designed for function and comfort?

- ▶ Is the office and medical equipment up to date? If equipment cost is considerable (e.g., for otolaryngology, ophthalmology, radiology practices) what existing lease, lease-to-buy or financing agreements are in place? Have such agreements been reviewed by legal counsel and/or an accountant to identify potential financial and tax opportunities and pitfalls?
- ▶ Will your personal needs for equipment and office space be met?
- ▶ What are the present and proposed staffing arrangements? Will you have shared or dedicated staff?
- ▶ What responsibility will you have for hiring and evaluating staff?

For more details, see *Module 16. Staffing And Human Resources* and *Module 15. Setting Up Your Office*.

Finances And Billing

- ▶ Does the group have an association or partnership agreement?
- ▶ Are shared and individual expenses clearly delineated in the agreement?
- ▶ Will expenses be shared equally, or will they be proportionate to each physician's utilization of the office, equipment and personnel resources? If the latter, is your proposed allocation fair, based upon your planned usage of the office, equipment and overhead?
- ▶ Have you reviewed the agreement in detail with your lawyer and accountant?
- ▶ Are you happy with the financial terms of the partnership or associateship?
- ▶ Are health, dental or other benefits available through the practice?
- ▶ How are the physicians remunerated: fee-for-service? alternative payment plan? salary? blended format?
- ▶ Have you reviewed and approved the office accounting system? Does each group member assume his or her respective billing responsibilities, or is this handled by an employee who is dedicated to this task? If the latter, have you reviewed this individual's qualifications and experience to ensure that all billing will be thorough, complete and reconciled on a regular basis? Will you be entitled to review your billing records at any time?
- ▶ Who will handle the receipts, disbursements and all banking responsibilities? If a dedicated employee does such activities, have you reviewed the individual's experience and qualifications to ensure that your financial interests, and those of the group, will be best served? Is this individual trustworthy and reliable?
- ▶ Are there clear policies for the billing and collection of fees for uninsured and third-party services?
- ▶ Is there a policy regarding patients who have overdue accounts?
- ▶ Does the practice post its office policies and distribute patient information sheets to clearly inform patients that they will be billed directly for uninsured services?

For more details, see *Module 8. Physician Remuneration Options*.

Accounting

- ▶ Has your accountant reviewed the bookkeeping and accounting practices in detail?
- ▶ Are expense and income records readily available for your review and approval?
- ▶ Who will prepare financial statements? Will this be the responsibility of each member of the group, or is there an employee dedicated to this task? How regularly are financial statements prepared and reviewed?

For more details, see *Module 4. Personal And Professional Accounting And Taxation*.

Insurance And Legal Issues

- ▶ Do all group members have adequate professional and personal liability insurance, life insurance, office insurance, disability insurance and practice overhead insurance to cover any potential losses or obligations for the term of the group practice agreement?
- ▶ Are there provisions within the agreement for the resignation or death of a group member to ensure an orderly continuance of the practice?
- ▶ Does the agreement provide for maternity or paternity leave? If so, what are the financial arrangements and obligations for anyone taking parental leave?
- ▶ Has your lawyer reviewed and approved the office and any equipment leases?
- ▶ Have your lawyer and accountant reviewed and verified that your best interests are covered in the association or partnership agreement?

For more details, see *Module 3. Personal And Professional Insurance* and *Module 5. Legal Issues For Physicians*.

Bottom Line

- ▶ Do your future associates have a vested interest in your success?

APPENDIX 2: LOCUM EVALUATION CHECKLIST SUMMARY

Scope And Style Of Practice

- ▶ What are the patient demographics of the practice? How do such demographics compare with your specialty and sub-specialty or area of interest (e.g., the locum is general pediatrics, but you have a specialty in pediatric gastroenterology)?
- ▶ Does the practice have a sub-specialty interest or a special needs population (e.g., pediatric gastroenterology, adolescent psychiatry, geriatric medicine, cardiovascular anesthesiology)? How does this compare with your interests and training?
- ▶ If the locum is in a surgical or procedural specialty, what will the allocated OR time be, or access to procedure rooms during your locum time? Will this availability be guaranteed, or is handled on a first-come, first-served basis?
- ▶ Does the physician you are replacing perform specialized procedures (e.g., reporting of PET scans for a radiologist, or ERCP procedures for a gastroenterologist or surgeon)? If you are expected to perform the same procedures, are you competent and comfortable in delivering these services? If not, has the host made arrangements for other colleagues to cover these tasks during the term of the locum?
- ▶ What are the regular office hours? Can you modify the office schedule if necessary? Will support staff be available if your working hours exceed the regular office hours?
- ▶ What on-call obligations are you expected to assume? Are there additional obligations related to the hospital, group practice or emergency department? Do you have the option of not fulfilling any of these obligations?
- ▶ Will the physician's trusted colleagues be readily available to assist you in an emergency or for a second opinion on a difficult case?
- ▶ Does the host doctor follow current practice guidelines and evidence-based medicine?
- ▶ What are the office policies for phone-call prescription renewals and missed appointments?
- ▶ Are practice policies (e.g., missed appointments, phone consultations) clearly posted in the office? Has the doctor provided each patient with a patient information handout that explains the practice policies? Do staff members enforce the policies consistently?
- ▶ Is the office clean and comfortable, and does it contain up-to-date equipment?
- ▶ Have arrangements been made for hospital privileges? Will such privileges be available before your start date? If you are practising in another province or territory, have the necessary criteria of the provincial College of Physicians and Surgeons and medical association been satisfied? If you will be billing the Ministry of Health directly, do you have an active billing number? If you are practising outside of Canada, have the appropriate malpractice, medical and other necessary insurance needs been obtained?

Appointments

- ▶ What is the average number of patients seen per day? What is the mix of new consults, follow-up visits and procedures? If a variety of skills are required (e.g., ultrasound, PET scan, CT scan and X-ray for a radiologist), what is the mix in the locum arrangement? Is the mix appropriate to your skills, expertise and style? Will financially rewarding procedures be available equally to the locum physician and the other specialists of the group or institution?
- ▶ Do the reception staff triage appointments and consults?
- ▶ Is the reason for the consult or patient visit recorded on the appointment schedule?

- ▶ Does the host doctor allocate a particular amount of time for a new consult, follow-up visit or procedure? Are these time allocations appropriate for the way you practise?
- ▶ In a surgical or procedure-based practice, how are procedures scheduled: through the host physician's secretary for in-practice procedures, or by an Operative Room Co-ordinator for surgical cases? How flexible are these individuals in establishing schedules? Have they been advised of the locum arrangement?
- ▶ How does the host doctor fit emergency consults and similar procedures into the schedule?
- ▶ Are there a reasonable number of time slots over the next two weeks for new bookings?
- ▶ Can you modify the appointment schedule if necessary?

Medical Charts

- ▶ Are the medical records comprehensive, legible and well organized?
- ▶ Does the physician dictate or write notes into the locum doctor's charts? Are all consultant letters and reports dictated? Are the dictations typed by a transcription pool from the hospital or the locum physician's office staff? What is the turnaround time for dictations? Is a dictate-to-write system in place?
- ▶ Does the physician keep up-to-date records for each patient? Is pertinent information (e.g., radiology and pathology reports, operative notes, referral and consultation letters) updated to the chart in a timely manner?
- ▶ Do the records raise any concerns regarding medical competence? If you are seeing another physician's patient in a follow-up, would the charts allow you to assess the patient problems effectively and efficiently?
- ▶ Are the patient files organized effectively so that office personnel can retrieve any patient's chart quickly and easily?

Finances And Billing

- ▶ How will you be paid for the locum?
- ▶ Will you and the host doctor have a fee-sharing agreement? If so, what percentage of fees will you receive for office services, hospital services and on-call services?
- ▶ Will the host doctor consider a guaranteed minimum daily income for you, if appropriate?
- ▶ Consider whether HST/GST will apply to your arrangement with the host doctor, and ensure that your agreement is reviewed by your tax and/or legal advisors to reduce or eliminate this possibility.
- ▶ Who is responsible for submitting and reconciling the billings for your services? If the host doctor's office is doing your billing, are you confident in the staff's competence in handling these tasks?
- ▶ Instead of relying on the host doctor's billing staff, is it in your best interest to enlist the services of a dedicated billing agent?
- ▶ Will your billing number, or the host physician's, be used?
- ▶ How will unpaid accounts be collected?
- ▶ How will you share Ministry of Health fees? How will you receive the service fees paid by third parties and the Workers' Compensation Board, such as an orthopedic surgeon reviewing WCB cases?
- ▶ Does the host doctor charge patients for uninsured services? If so, for what services?
- ▶ Has the host doctor provided a fee list for uninsured services billed directly to patients?
- ▶ Have you agreed on a schedule for when both parties will remit shared fees to each other? Have both parties agreed to non-performance clauses?

- ▶ Have you arranged financing to tide you over until you start to receive an income from the locum?
- ▶ Will you have an opportunity to moonlight outside the locum contract?
- ▶ Have your lawyer and accountant reviewed the locum agreement to ensure that your liability is appropriate and that potential income can be maximized?

Getting Ready For The Locum

- ▶ Have you confirmed all of your office, hospital, outpatient, call and other responsibilities?
- ▶ Have your hospital privileges been secured?
- ▶ Will you be provided with experienced office staff?
- ▶ Do you have contact information for call group members, other consultants, labs, diagnostic services, pharmacies and other important referrals?
- ▶ Have you received a hand-over list, identifying any special needs patients?
- ▶ Have you verified that the host doctor will assume medico-legal responsibility for all pending investigations you've initiated after your term has ended?
- ▶ Have you met the key staff and physicians at the hospital?
- ▶ Have you arranged for parking or transportation?
- ▶ Will the host doctor arrange for your orientation to the community?
- ▶ Do you have a place to stay?

Potential Tax Implications

- ▶ Has a tax accountant or lawyer reviewed the locum contract to avoid potential GST/HST liability and minimize income taxes payable?

The Locum Contract

- ▶ Have both parties agreed to and signed a locum contract that addresses all of the above relevant issues?

APPENDIX 3: GETTING STARTED

Once you have educated yourself about all of the relevant issues, you will be more prepared to decide how to establish your practice. Your options include:

- ▶ Starting your own practice: solo or group
- ▶ Assuming a practice: solo or group
- ▶ Buying a practice: solo or group

Starting Your Own Practice

Today, many specialists establish their own practices rather than assume one from a physician who is retiring or leaving. This enables you to determine the philosophy, demographics and style of your own practice. When starting out, copy the best practices that you observed during your residency and locum experiences. More important: Avoid the pitfalls and mistakes that you have seen other physicians make!

It is very important to get started on the right foot. Although it would be most advantageous to introduce yourself to all other specialists and family physicians in the area, such activity generally takes months or even years. It may be very prudent to draft a letter of introduction to all family physicians and specialists who will form the bulk of your referral base. Such a letter can include your training, additional qualifications and fellowships, as well as any special interests. In addition, the document could detail your office hours, on-call and office policies and other pertinent issues. Specialists who have followed this advice say that the letter not only serves as an introduction until they have had the opportunity to meet other physicians, but also establishes and streamlines their referral base. For example, a new specialist with a fellowship in adolescent psychiatry may see significant referrals from family doctors who, upon reading the introduction letter, found an appropriate consultant for many of their patients.

If you are starting a solo practice, you will need to equip and staff the office. See *Module 16. Staffing And Human Resources*. Also refer to *Module 15. Setting Up Your Office*, which, in addition to exploring issues related to practice start-up, offers a case example of setting up a solo practice and details the costs of the first year of operation. Its appendix will also help those who are joining or forming a group practice to conduct an inventory of what is being provided and what is missing.

If you are starting your own practice as a new member of a group, make sure that your new colleagues have the same approach to office policies, practice style, prescribing methods and uninsured service billing. This is particularly important if you will be sharing staff and covering each other's patients. Any divergence in style or attitude can lead to personality conflicts among physicians, staff and patients. You are advised to expand on the criteria for evaluating prospective locums (see *Module 11. Locums: Negotiating A Fair And Mutually Beneficial Locum Contract*).

Whenever you are evaluating the pros and cons of joining a group, make sure that your future colleagues have a vested interest in your success and are prepared to accommodate you. Also make sure that your expectations and requests are realistic.

Have your accountant review the existing group's accounting books, year-end summaries, and capital and equipment liabilities. At the same time, your lawyer should review any leases and the existing group contract in detail, so you can customize it for your requirements.

Assuming A Practice

A lot of work and extra time is required to effectively and efficiently start up your own practice. Then it takes up to two years for everything to settle down—especially if you need to hire new staff and outfit the office. From this perspective, assuming a practice of a physician who is retiring or leaving may be a very sound option.

Assuming An Existing Practice

Advantages	Known Disadvantages	Potential Disadvantages To Watch Out For
▶ Instant full practice, with steady income stream	▶ If the opportunity is well researched, there will be few disadvantages	▶ Inheriting someone else's problems and mistakes
▶ Office and staff in place	▶ May be expected to pay significantly for the "goodwill" of the practice (see Buying a Practice, below)	▶ Potential attrition of staff, which could be very costly
▶ Office policies and procedures are established and accepted by patients and staff		▶ Sufficient difference in practice styles and policies, to the extent that staff and patients must be re-educated
▶ Medical records and cumulative patient profiles are already prepared		▶ Potentially more work and stress in the first few years compared with starting your own practice
▶ New patients can be accepted selectively		▶ Potential attrition of patients
▶ Less need for meet-and-greet visit with all patients		▶ Potential financial liability if your predecessor does not terminate employee(s) before you arrive—interview staff first and treat the meeting as a job interview
▶ Existing patient roster puts you in a good position to consider AFP or another remuneration format		

Before you assume a practice, you should expand on your Locum Evaluation Checklist (see Appendix 2).

- ▶ Do a detailed evaluation of the practice profile and demographics.
- ▶ Do a detailed evaluation of any remaining group members.
- ▶ Does the outgoing doctor practise medicine the way you do?
- ▶ Is he/she practising evidence-based medicine?
- ▶ Has the physician educated his/her patients to have realistic expectations?
- ▶ Will the outgoing doctor actively introduce and endorse you to his/her patients?
- ▶ Interview each staff member to verify that you want to work with them, and that they are willing to stay.
- ▶ Does the office and all the equipment meet your expectations?

- ▶ Are the communication systems up to date?
- ▶ What computer technology does the office use? How easily could you move to an electronic medical records system? Would new equipment be required?

If at all possible, do a locum in the practice to give you a real appreciation of whether or not you can see yourself taking it over. If so, your first two years in practice should be less stressful than if you were to start from scratch.

Buying A Practice

It may appear that assuming and buying a practice are the same, but financially they are quite different.

Assuming the practice primarily requires you to buy existing equipment from the departing doctor—you may incur additional start-up fees if the capital expenditures of the outgoing physician's associates or partners are not fully depreciated. Such costs are generally not significant and can be easily financed. Ensure, however, that the equipment is up to date and meets your requirements and expectations.

Purchasing a practice also involves paying "goodwill" to the outgoing physician—for the patient roster and the opportunity to have an established and assured income stream. It is often difficult, however, for physicians to sell a practice, because a consultant generally becomes flooded with referrals almost anywhere he/she locates.

Who purchases a practice these days? One example might be a senior ophthalmology resident who wishes to return to his/her hometown, where another ophthalmologist who plans to retire in a year or two has an efficient, attractive office with up-to-date equipment and an established referral base. Acceptable capital equipment, an opportunity for an immediate consultant practice and on-site support from a senior ophthalmologist for a defined period of time may well be attractive at a fair and reasonable price. If a practice that meets all of these criteria is available, it may be worthwhile to pay some goodwill to get started on the right foot. The monetary value of this goodwill is best evaluated by your professional advisory team, especially your accountant.

Do not necessarily assume that you, as the purchaser, will be obligated to continue the employment of employees of the previous physician. In light of existing provincial employment legislation, however, the purchaser should consult with qualified legal counsel in order to fully understand the implications of retaining or re-employing staff members who worked for the outgoing physician.

SUMMARY

Planning your future takes a lot of time and effort. But the more time and money you invest in your practice, the more you will benefit, both vocationally and professionally. Take ownership of your future: You have a vested interest in your own success.

There are many things to consider when evaluating medical practice opportunities, including your lifestyle, national issues and trends, location, professional issues and mode of practice. Address your personal long-term aspirations and needs, and those of your family, before you look at the financial and clinical aspects of a long-term practice opportunity. Then, before you make a commitment, evaluate all aspects of your opportunities thoroughly, and seek professional advice about all financial and legal matters.

Key Message

Consider the pros and cons of setting up your own practice, as well as assuming or buying another physician's practice.

ACTION PLAN

- ▶ **Gather as much information as you can. Take advantage of the many clinical, as well as professional, learning opportunities you will be exposed to during the rest of your residency.**
- ▶ **Copy best practices from successful clinicians that you respect.**
- ▶ **Note the policies, procedures and issues that you don't want to copy or adopt when you set up practice.**
- ▶ **Stay up to date with the medico-political issues of today. They may affect decisions you make about your future medical practice.**
- ▶ **Talk to as many physicians as you can to learn what they have done right and—more important—what they did wrong.**
- ▶ **Ask questions until you get all the answers you need.**
- ▶ **Explore the resources that are available to help you make decisions about your future.**