

WHERE DO I GO FROM HERE?

Well, you've done it! You got into the school/residency/grad program of your choice and your goal of graduating and going into practice is within your reach. Hopefully you still have a year or so before you enter the real world and you have time to consider your options for a practice location. If not, there's no time like the present. After choosing your spouse and career, deciding where to practice is the most important decision of your life.

Do you want urban, suburban or rural? Big city or medium-to-small? Cosmopolitan or backwater? What kind of schools do you want your kids to attend? Do you want a nightlife or quiet nights at home? Is cost of living an issue or are you willing to pay for a prime position in a desirable market? Do you want to take on the competition of the well served areas or do you want to "hit 'em where they ain't"? Are you going to open your own shop, associate, or buy a practice? Does your spouse want to be close to their folks or as far away as possible? These are just a few of the tough questions you will have to come to grips with when deciding on a new home town.

As far as I can tell there are two basic, widely accepted options for choosing a practice location: Go where you want to live and figure out a way to make a living (the most popular) or go where you know you can make a living and accept that you are not living where you would choose if all things were equal. Both have merit and no one can fault you for choosing either. The important thing in this process is to make an informed decision and weigh the costs and benefits of each option before jumping in head-first.

Let's look at the most popular option first: Go into practice where you want to live and grind out a living. Let's get the obvious question out of the way up front - yes, if you want to live in an area that is underserved and needs a healthcare professional you have hit the sweet spot. Count your blessings and enjoy your career having the best of both worlds. For the rest of us, finding this nirvana doesn't usually happen, so we must choose which direction we'll take. The big, obvious advantage to this approach is that you get to live in your dream location, be it the hometown you grew up in or the exotic and exciting place you always dreamed you'd be. You can live the dream and buy that house on the hill you've admired since childhood or have that fancy brownstone in the most desirable part of town. Yes, life is good and all of your hard work has paid off and now you'll take your rightful place in the great order of things (toward the top end of course). Things are how they should be, but wait; let's just make sure that we can meet our own expectations.

There are, of course, more questions to be answered. Are you going to start a practice? Where will you build your dream? What kind of demand is there for your services? Are you going to buy, build, or rent? Is suitable space available? Can you get financing for your dream? Generally you will find prices very high for purchase or rent, excellent space is often not available to someone in your financial position, other people want to be in desirable places to live so the area is often saturated with the services you provide, and getting financing for a startup in a saturated market can be difficult.

Are you going to associate? Are there docs with the excellent reputation and large practice that you require who are willing to bring you in? What kind of compensation package are you getting? Will you have the opportunity to buy into the practice? What are the terms? Is the purchase of part or all of the practice a possibility that “we will talk about sometime in the future” or a contractual agreement? How will you be treated in the practice? Will you be a highly paid staff member or a colleague? Where will you live? Will your compensation support the standard of living that you can become accustomed to? If things don’t work out in your new position, will the non-compete clause keep you out of the area where you want to practice? Generally, associateships in desirable areas are also desirable and the pay can be less because of the higher number of doctors coming into the area. They all want jobs and the cost of buying into the practice can be substantially higher. That being said, entry into a large/saturated market can be made much easier by taking this route and/or by buying into the practice. Remember that the cost of living is usually higher in desirable markets so take this into consideration when looking at your compensation package.

Are you going to buy a practice and do a turnkey transition? Is there a practice in the area for sale? Do you have the skills and/or the speed to handle an established practice out of the gate? Is the practice sale a definite thing (where the owner has a letter of intent or a contract in writing) or is the sale something that the owner is talking about “doing in a few years”? Is the practice growing or declining? If the practice is declining, find out why. Are the demographics of the area changing, are competitors taking over the area, is the selling doc just slowing down? How transferable is the doctor’s goodwill and what percentage of the patient pool will you keep? Can you get financing for the purchase? What will you live on until the deal is done? Will the selling doc stay on for any length of time? Do you have a solid contract and understanding of the deal? Do you have advisors that work for you and not the seller that are looking out for your best interest?

Generally, your best bet for buying a practice is found with a declining practice where the owner is phasing out. This can be difficult to find in a popular market due to high demand, but it is possible. Purchase of a large, growing practice is also possible and either option takes special planning. I recommend that you use a company to do a transition – not a practice broker who just gets a commission for the sale. Make sure you have lawyers and accountants who work for you look at all the documents and make sure you hire lawyers and accountants who are familiar with a healthcare practice transition.

As you can see, there are many questions that must be answered before you decide where you would like to practice. I’ve only touched on a few here. In future articles we’ll discuss the various topics touched on here in more detail: financing and dealing with banks, real estate purchase and real estate agents, insurance, taxes, employment agreements, practice transitions, non-compete clauses, equipment and equipment salespeople, contractors, and employees, to name a few. It is an awesome new experience to get out of school and do what you have spent most of your life preparing for. Enjoy the ride and realize that we are well prepared to practice but few of us have any idea about the business of healthcare. Hopefully, we at Youngdoc.com

can give you some information – learned mostly from our failures – that will aid you along the way.