

WHAT I LEARNT ON

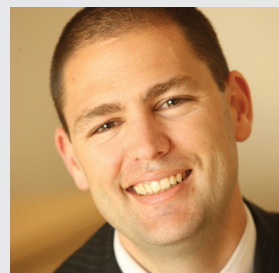
# managing risks in setting up a specialist practice

Dr David Chettle is one of the rare medicos we see that take the time to get their risk management 'ducks in a row' before they even commence practice. David is an obstetrician and recently moved to Toowoomba to set up Evolve Women's Health [www.evolvewomenshealth.com.au](http://www.evolvewomenshealth.com.au)

I first met David a few years ago at a medico conference on how to set up a successful private practice. We stayed in contact over the next few years with David contacting me for advice on risk management, compliance and insurance as he developed his business plan to enter private practice.

One of the things that stood out was David understood the business side of running a medical practice – much of this due to him owning other businesses before deciding to study medicine. This business experience gave him an advantage in having an understanding of business risks (not just clinical risks). David also has a natural curiosity and eagerness to learn about the things that go wrong in other practices, and he was also able to recognise what areas he was good at, and what areas he needed to outsource/bring in expert help.

Just before he opened the doors in March 2018, I sat with David to ask him what he had learnt, that would be relevant to other medicos in terms of challenges and learnings. Here's what he said;



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## WHAT ADVICE WOULD YOU GIVE TO OTHER DOCTORS CONTEMPLATING THEIR OWN MOVE INTO PRIVATE PRACTICE?

First, do what I did - give yourself lots of lead time - I opted for 18-months from the moment I began investigating setting up private practice to opening the doors. You need time to learn about private billing, MBS, PHFs, medical staffing, referral pathways, medical practice software, leasing/purchasing rooms and fitting them out, creating business plans, budgets, marketing, site certificates/accreditation needs (and lots more).

Second, I identified what I was good at, and what I needed help with. I sourced experts from the outset. I am an O&G and expect patients with specific O&G needs to seek out my expert advice. It's no different for business. You need to put in place an expert panel to take care of all of those things that you don't excel at. You need people in the know, and they need to be working for you, on your side. You cannot rely on hospital administrators, insurers, financial institutions etc to have your best interests at heart. It is your responsibility to protect yourself and give your business the best chance of success.

## CAN YOU LIST SOME OF THE THINGS YOU DID DURING YOUR 18 MONTH PLANNING PHASE?

I read everything I could get my hands on relating to any topic on setting up/running a medical practice. There are lots of great resources out there if you just look.

I attended numerous "private practice conferences". Many of the experts/specialists I engaged I met at these conferences (that's where I met Chris who gave a talk on risk management and insurances for a private practice). AMA Queensland also has an annual private practice conference. I went to numerous conferences, workshops and events, even before I had made firm plans to start my own practice. I picked up something new each time and it was good to hear from different speakers.

As mentioned I enlisted the help of medical specialist business advisors/consultants, accountants, solicitors, marketers, etc. On legal I chose a firm that could handle property law for leases and commercial law for business structure, privacy, HR/employment and IT contracts. I met with 3 firms in each area and chose the best fit for me - in terms of my perception of their expertise and also how much I felt they were in it to help me succeed, not just to take my money! You also need alignment with their style. Remember they work for you, not the other way around.

I actively sought out and hounded Chris Mariani - hassled him for a solid 15 months for endless advice and direction! Doctors need to have specialist risk management and insurance advice - for business, professional and also personal.

I also talked with lots of IT providers - hosted vs own managed server, cloud vs computer based medical record software. Which medical practice software fits you best? This really is a major decision, so you need to spend the time on it.

There are not a lot of specialist medical marketers and web developers out there. You need to have help in these areas and STICK to the AHPRA advertising guidelines - expensive fines!!

## ALL THE ABOVE SOUNDS EXPENSIVE BOTH IN TERMS OF TIME AND COST. WHY DO IT?

Firstly, it's about providing the best patient care and experience. Having a well run practice will lessen the risk of things going wrong in the first place, and if they do, then you are far better prepared. I believe you have to be prepared to invest in your business if you want it to be successful. I had run 3 businesses in the 12 years prior to becoming a doctor - all successful, so I had the unique benefit of wearing the "business owner hat" before. Yet the business of medicine is so different - so I made the decision to bring experts to me rather than trying to be the expert in everything (and we all know how those people finish up!)



# FREE things I did:

- ▶ Talk with as many new and established private specialists in my field – taking their advice and learning from their mistakes!
- ▶ Seek out mentors in my field - not just a paper expert, but someone who has built a successful private practice as well. I talked with them regularly (I had two in particular - Dr Gino Pecoraro and Dr Brad Armstrong – many thanks to them!)
- ▶ Join the Business for Doctors closed Facebook page. I often learn things from my peers posting comments.

There are lots of “free” things I did, some of which included:

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- ▶ Join the Business for Doctors closed Facebook page. I often learn things from my peers posting comments.
- ▶ Read stuff! Educate yourself!

## TELL US ABOUT THE ACCOUNTING AND LEGAL ADVICE YOU RECEIVED ON SETTING UP YOUR BUSINESS STRUCTURE?

I had a fair idea of business structures having owned businesses outside of medical. I interviewed a few accounting firms that claimed expertise in medical and did the same for all the advisors I engaged. There are some specific tax/accounting rules for doctors so important to get someone who understands medical inside and out.

I already had in place comprehensive income protection, TPD, life and trauma insurances. I had already set up a SMSF with the future in mind. I was already asset protected in terms of how my family assets were owned, I had my estate planning locked down. ALL of this with experts in their field.

## HOW DID MGR ASSIST YOU IN PLANNING TO SET UP YOUR PRACTICE?

Chris helped with two major areas (1) advice on risk management and compliance issues and (2) advice and set up of the right insurances for my practice.

Chris provided lots of advice and also his experiences setting up other practices. On the insurance side – he provided insurance costs relative to structure options. Chris did not try to advise how to structure my practice, but rather recommended I seek out expert help with accountants and legal advice to marry up with accounting advice to holistically minimise tax and accounting costs, whilst maintaining maximum asset protection.

Chris also helped identify and explain the risks involved with private practice, giving initial insurance estimates of potential costs based on my speciality and business structures. We spent lots of time talking about my medical indemnity needs and reviewing the various options and insurers. Chris provided a list of pros and cons for each relative to my specialty and structure.

On the business side Chris explained the range of insurances available, costs of each, what they do and do not cover, individualised advice as to what I need in my situation so as to not over/under insure against the risk. We had lots of discussions of “new” risks in the field of cyber/privacy – especially given new legislation in February 2018 on the Notifiable Data Breaches scheme. We talked about the risks associated with having my systems and data hosted professionally in data centres vs that of having an in-house server.

Chris took me through privacy legislation and what to do to get compliant, AHPRA advertising guidelines, the risks of fraud in medical practices and other common risks.



Compared to most new doctors heading into private practice, I felt very well informed of the risks involved - at least at a superficial level. But Chris' expertise allowed me to better understand what is really covered, and to what extent. He was able to draw on his own unique case study experience which allowed me to justify what insurances I should take relative to my circumstance.

Chris even helped with providing me his privacy policy templates and other documents to help me get privacy compliant. I've realised many of my colleagues have no idea when it comes to privacy legislation - as they haven't engaged the right people to assist and advise them.

## **WAS THERE "THINGS YOU DIDN'T KNOW THAT YOU DIDN'T KNOW"?**

Probably my biggest unknown was the danger of signing bad contracts. I didn't realise that pretty much every IT provider (at least all the ones I interviewed) contractually does not accept responsibility for any negligence. I learned if I signed these sorts of contracts, I would likely void my insurance covers. As doctors, we are responsible to patients if we make a mistake, so why shouldn't our IT consultants (who are claiming expertise) be held to the same legal standard? I have always been cautious about getting legal advice before signing contracts, but now I am a lot more aware about bad contracts.

Chris gave me lots of "real-life" examples of things that can go wrong in medical practices and the importance of having a plan B. Some of this is insurance, but a great deal is really about risk management.

## **YOU'VE MENTIONED A LITTLE ON CHOOSING IT PROVIDERS, WITH IT COMES ISSUES SUCH AS IT SECURITY, DATA RECOVERY AND**

## **PRIVACY LAWS. WHAT HAVE YOU LEARNT IN SETTING UP YOUR OWN PRACTICE?**

About a million things! I have learned it is extremely complicated, that there are steps you absolutely have to have in place along with an understanding of why, and that there are MASSIVE fines if you don't.

I also discovered IT firms want you to sign contracts that indemnify them and deny you the right to seek compensation from them where they are negligent.... So, if you sign, you are likely waiving your insurers rights to recovery which may render your policy void! Thankfully with my legal team and Chris' help along with an amazingly keen IT firm (Greenlight ITC), we made significant headway to producing an agreement that is actually fair and reads as it should "you stuff up - your fault, you fix it, I stuff up, my fault". A number of IT firms I spoke to commented "no doctor has every raised an issue with our contract and all signed without question". I find it amazing that this is the case, because if you take the time to read the contract, no sane person would agree to it.

## **YOU ALSO TALKED ABOUT ENGAGING EXPERTS IN LEGAL, IT, MARKETING, ACCOUNTING, FINANCIAL PLANNERS, ETC. ANY TIPS FOR SELECTING THE RIGHT CONSULTANTS?**

Do your own research first, then get recommendations from your trusted peers. Make a short-list of 3 in each area and get them to give you a complementary hour of their time. In the meeting tell them your story and "dream or vision" and let them tell you not only what they can do for you, but

and WIIFM (what's in it for me) - not just them. Ask about their costs - not hourly rates, cost for getting the job done. Ask them how they are remunerated. If they won't give you any of the above, walk away - they are in it for themselves, not for you. Remember - they may be the experts, but you are paying them, so you're the boss... Seek out people who specialise in medical practitioners as their core business. Don't pick an accountant or insurance specialist that does not fully understand medical. Ask them to give you a few names of their other doctor clients (after they have sought consent) and ask if you could speak to those doctors.

## **YOU'VE JUST COMPLETED YOUR MARKETING PLAN AND WEBSITE, WHAT HAVE YOU LEARNT RE COMPLIANCE WITH THE AHPRA ADVERTISING RULES - AND WHAT TIPS DO YOU HAVE?**

You just have to know the rules. If you employ the services of marketing, web or social media experts - they need to be fully across the legislation. Before engaging a marketing company or web designer, get up to speed yourself and quiz them on their knowledge. If they have no idea, walk away.

## **DID YOU USE THE RESOURCES OF YOUR MDO AND THE AMA AND IF SO WERE THEY HELPFUL?**

AMA Queensland offers some great resources that have recently been updated. As a member you get these at a discount, plus you can access workforce advice as a part of your membership. Avant as my MDO have many free resources on their website (many are in the member only area). I also regularly call for medico-legal advice on specific issues. I also signed up to many free blogs and short articles a number of the other MDOs also make available. AAPM is another great site with useful information.

## **MOST DOCTORS TELL US THE INSURANCES FOR PRIVATE PRACTICE ARE REALLY CONFUSING. DID MGR HELP AND WHAT DO YOU SEE AS THE DIFFERENCE BETWEEN USING A BROKER VERSUS A DIY APPROACH WHERE YOU DEAL DIRECT WITH VARIOUS INSURERS?**

It is all far too complicated to wade through yourself. You might be able to do it yourself, but you need to access the covers, know how to read and interpret them - but that is all useless if you don't actually know which covers you

need!! It is highly unlikely one insurer will be the best for everything. I have cover with a number of different companies as no single insurer is best for everything for my circumstances - and some don't have a full range of products needed, others only distribute their products through brokers. Who has the time to do it themselves! A real expert has this stuff locked down - saves you time to do everything else you need to do. The cost is minimal compared to the headaches saved along the way. A specialist broker will SAVE you money in two ways - firstly they will find the best value and appropriate policies for you and secondly and more importantly - saves you WAY more if you ever actually have the misfortune of making a claim. The peace of mind of having someone on my side, representing me is also important.

## **SO OVER THE LAST FEW YEARS MGR ASSISTED ON A RANGE OF RISK MANAGEMENT. WHAT WAS THE MOST HELPFUL?**

Chris has an abundance of knowledge that he imparts in a very understandable way. He makes foreign concepts easy to understand. He is very thorough! Plus, he is a good bloke who always takes my calls and endless questions at odd hours!

I see all of my advisors as an extension to my team and all are important to the smooth running of my practice. I hope that with their help on the business side, I can focus more of my energy and time on patients.

## **ON THE FLIPSIDE, WHAT DID YOU FIND FRUSTRATING?**

He surfs a lot in the mornings, so I can't get hold of him when a swell hits!

## **DO YOU FEEL BETTER PREPARED AND PROTECTED SHOULD SOMETHING GO WRONG? FRUSTRATING?**

Nobody is ever really prepared for an adverse event. But I sleep better at night knowing Chris has helped me set up the right insurances and also guided me on many of the risks and compliance issues that are specific to me and my practice needs. I know that I am covered for the risks that I need/want to be covered for. Plus, if I ever have an issue, as my broker, he deals with it and is in my corner - so I can stay focused on my business and my patients.

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