

Developing Your Own NP Practice:

Are You Crazy, or What?

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Objectives

As a result of attending this session, the participant will be able to:

1. Outline the basic steps required to open a practice.
2. Identify at least 2 techniques that can be used to market a practice.

Class Notes

This is an overview of what it takes to start a practice as a nurse practitioner. Think of it as a jumping off point.

Location, Location, Location

Like in real estate location can make or break a practice. Is it easy to find? Can you turn in and out easily? Adequate parking? Safe location? Should you rent or buy?

What Does it Take?

Time, more than you'd expect. Money, more than you budget. Help, lots of help.

Team approach: Have some close associates that you can bounce ideas off. Consider consultations with an attorney, accountant and banker.

Legal Entity: Will your practice be a corporation, partnership or sole proprietorship?

Financing

Best to get your money up front. Determine what you think you will need and increase that amount by 25 to 50 percent. Capitalization can come from you, family, a bank or some combination of these. Develop a working budget for the first year.

Lists

Make a list of items and services you will need then track them down.

- Equipment
- Furniture
- Telecommunications
 - Phone system
 - Long distance carrier
 - Cell phone
 - Pager
 - Answering service
- Computer system
 - Internet service
- Credit card vendor(s)
- Medical supply vendors

Staffing

Consider the need for office staff. Initially one person will have to do multiple jobs and that one person may very well be the clinician. Some positions combine well and can be staffed by a single person in a small practice.

- Nurse Practitioner
- Medical Assistant
- Receptionist
- Coder/Biller
- Office Manager

Practical Marketing of a Practice

Send a letter to 20 friends, colleagues and patients letting them know you are opening a practice. Ask them to refer in family, friends and coworkers that might benefit from your care.

Phone box listing and yellow pages ad are a must. Put your web site address in the ad. Consider the headings "Clinics" and "Nurses, Practitioner".

Web site, can be a small one. Use it to enhance your other marketing and provide details about the practice. Additional information on this can be found at www.nurse.net/talks.

Practice brochure. Answer the question "What's a nurse practitioner?" and tell about your practice. Have a biography and photo of you in the brochure.

Photo helps with your marketing. It will help enhance the effectiveness of any marketing approach.

Track your marketing. Ask patients how they found out about the practice. When they say it was the phone book, ask further to determine if they saw other advertising that made them look for you in the phone book. If you don't explore farther then you will overstate the effectiveness of the phone book.

Word of mouth. Consistently the most effective approach. Takes time to build. Ask your patients to refer in friends and family. Ask them each time they visit. If you ask them for the referrals they will make them. If you don't they may think your practice is filled, or just not think of it.

Newspaper ads. Need to be recurrent, run for 6 weeks then stop for 6 weeks then run again.

Disease or condition specific advertising seems to draw better than general advertising. Don't forget to include a picture.

Get involved with your community and carry your business cards everywhere. PTA meetings, Chamber of Commerce, service clubs and any local groups. Consider health related lectures at the library.

Marketing: Is it Worth the Cost?

Calculate your advertising cost per patient you get in. This is your Return on Investment (ROI) for your advertising dollar. As an example if you use a practice brochure that costs \$1000 over a three-month period and it brings in 100 patients the cost per patient is \$1000/100 or \$10/patient. If you run a \$50 ad in the community newsletter and bring in 1 patient over the 3 month run of the ad the cost is \$50/1 or \$50/patient. Which is the better buy?

Consider the average number of visits a patient makes in a year and what the charges are. How long do you keep a patient in your practice. Consider these when you calculate what is reasonable to spend on marketing. For example: An average patient visits 2.5 times per year with an average per visit billing of \$110. Once a patient has joined your practice they are there for an average of 3 years. So gross billing on this patient, in this practice, would be $2.5 \times \$110 \times 3$ yrs or \$825/patient. An average practice write-off rate is 20%-30%. Using 25% the net collection per patient would be \$618.75.

Laboratory Issues

- CLIA
- Waived tests.
- Proficiency testing
- Point of care testing. Should you?

Forms and Record Keeping

Paper or electronic? What type of filing system should you use? Collect all the forms you can get your hands on to help you get started.

Equipment

Look for used. Buy the best you can afford. You're not likely to replace it in the near future so get equipment you can be happy with.

Buy or lease it? Buy the basic equipment that is not likely to change over time. Examples are exam tables and blood pressure cuffs. Lease the high tech equipment that is likely to change rapidly. This way you can upgrade at the end of your lease.

Insurance

General Business Liability:

Malpractice: Have it.

Insurance Networks

Determine which insurance plans you want to be on and apply.

Start this early in the process of setting up your practice. It is common for this to take 3 months to be completed.

- ☐ Medicare:
- ☐ Medicaid:
- ☐ Commercial:
- ☐ PPO/HMO:
- ☐ Insurance Trusts and Union Plans:
- ☐ Workman's Compensation Programs:

Billing

Medical Billing Tool: Doorstep Medical Consultants has a series of hand-held pull-tab tools that simplify the determination of proper evaluation and management (E&M) service codes. HCFA and most insurance companies now require these E&M codes when submitting medical billing. These vastly simplify figuring out the correct code to bill.

In house or Out house? Decide if you want to do your billing in-house or contract with an agency to do your billing for you.

Regulatory Issues

- ☐ OSHA
- ☐ Local Business License

References

Abood, Sheila & Keepnews, David. *Understanding Payment for Advanced Practice Nursing Services: Volume 1 Medicare Reimbursement*. ANA, 2000.

Buppert, Carolyn. *Nurse Practitioner's Business Practice and Legal Guide*. Aspen Publishers, 1999.

Buppert, Carolyn. *The Primary Care Provider's Guide to Compensation and Quality*. Aspen Publishers, 2000.

Zaumeyer, Carolyn. *Nurse Practitioner as Entrepreneur: How to Establish and Operate an Independent Practice*. Self-published, 1995.

Additional Information

Please ask any questions you may have during the session. If unable to attend the session or if questions come up later you can contact the speaker at his office, which is listed below. You can also talk with him through out the conference.

Self-Assessment Questions

1. List at least three basic steps required to open a practice.
2. What are 2 techniques that can be used to market a practice?