



Practice Management

What medical school didn't prepare you for (But your future depends upon)

Guy Robert Blais, MD, CCFP

As I was getting ready to attend my 20-year University of Alberta medical class reunion, I pondered what medical school had not prepared me for and what I wish I had learned. I dedicate this article to the medical classes of the new millennium.

Where to start

- Choose a good family physician to look after you.
- Choose a good lawyer, preferably a general lawyer with whom you can talk and who can refer you to others for more specific legal concerns.
- Choose a good accountant; interview candidates and make sure they understand tax issues for physicians and are readily accessible (ask for references from other physician clients).
- Choose a financial advisor (sometimes serves as insurance broker as well) with appropriate training. The Canadian Medical Association has MD Management.
- Do not forget your friends.
- More importantly, do not forget your family.

Developing a life plan

Life plans are optional; some find them too structured. Various physicians have written about the life-plan concept.¹ Important considerations are:

- career (personal goals),
- family (Will you marry? Will you have children?),
- spirituality,²
- financial goals (for a comfortable lifestyle, for retirement, etc),

- hobbies (outside interests keep the internal fires burning), and
- health (without good health, most other goals are meaningless).

Insurance

Get as much of each type as you can and start early.

Life insurance

- When you are young and have few medical problems, it is easier to get coverage.
- Get riders to increase amounts without penalty for illness.
- Learn about term, whole life, and universal coverage.
- Consult your financial advisor for amount of coverage you need. Rather than deciding on a lump sum, consider what after-tax income a surviving spouse would require for the next 30 years.

Disability insurance

Individual or personal disability: marital status and having children will affect the amount needed; premiums are affected by age at application and other factors. Insurance needs are also determined by earned income (after business expenses but before taxes) (Table 1).

Table 1. How earned income affects insurance needs

EARNED INCOME (\$/MO)	MINIMUM ALLOWABLE BENEFIT (\$/MO)
2000	1420
4000	2610
6000	3660

Waiting time for payment: know when policy takes effect and when payments begin (times vary). Remember there is always another 30-day wait for funds (ie, waiting time 30 days, first cheque at 60 days). Disability coverage should be occupation specific. That is, you are considered disabled and will be covered unless you can go back to your previous field of medicine as a doctor (not back to another occupation).

Critical illness insurance: This new type of insurance provides lump sum payments for serious illnesses, such as heart attacks or strokes.

Office overhead coverage: Amount depends on staff and overhead expenses (review with changes in office). Policies state whether you must wait for a 30-, 60-, or 90-day period before coverage starts, again with a 30-day waiting period until first payment. Awards are usually paid out over 18 to 24 months.

- The amount you choose might depend upon income available in your business.
- Insurers require you to show receipts.

Other (car, house, medical office insurance). Medical office insurance covers office interruption, liability for injuries on-site, fire insurance, flood insurance, theft, and so on. If you insure your car and house as well, some insurance companies give discounts (check with your local medical association).

Review. All insurance policies should be reviewed regularly to keep coverage up-to-date. Discuss with your broker when this should be done (I suggest yearly).

Setting up office practice

Consider doing electives or locum tenens in potential locations.

Rural vs urban. Consider:

- isolation vs support,
- type of lifestyle,
- available activities,

- privacy, and
- on-call coverage.

Solo vs group. Solo practice is less common now because of costs and isolation. Consider:

- your personality type,
- others' personalities and quirks,
- costs,
- on-call practice coverage,
- contracts, and
- locum trials (to check for compatibility with personalities and type of practice).

Area demographics

Office only vs office and hospital privileges

On-call arrangements. To cover your practice obligations.

Choosing an office. You can:

- build a new office to your specifications,
- choose existing office space and make improvements, or
- lease or buy property.

Other matters. If you need a bank loan to set up practice, having a business plan helps in obtaining it and shows you are prepared. The plan should outline your cash needs for:

- equipment,
- staffing,
- start-up funds,
- projected income, and
- other unexpected expenses.

Office management

Staffing

- When hiring, arrange interviews so that you can give applicants your undivided attention. Make sure you know the terms of contracts with staff.
- Firing employees is unpleasant. Employees can be fired, but it is best to consult a lawyer beforehand. This is why it is important to interview properly,

to have a probationary period, and to have contracts outlining your expectations of employees.

Salaries

Be prepared to conduct negotiations with prospective employees. Examples of usual salaries (MD Management and your local medical associations can give you up-to-date ranges) are:

- Office Manager \$20/h,
- Nurse \$20/h,
- Medical Receptionist \$10-\$15/h, and
- Filing Clerk \$10/h.

Benefits

- Sick days: Employees are entitled to 1 d/mo.
- Health care and dental coverage are recommended but not required.
- Workers' Compensation Board enrolment is not required for medical offices but should be considered.

Holidays and maternity leave

Labour laws. Know the labour laws for your province (consult a lawyer about what is important in hiring and firing).

Billing

Insured services

- Provincial health care billing organizations
- Workers' Compensation Board

Uninsured services

- Third-party insurers require certain paperwork.
- Post standard fees in the office.
- Guidelines for uninsured fees are available from provincial medical associations.
- Remember to discuss your policy with patients.

Where to get help

Financial and practice oriented

- College of Family Physicians of Canada
- Canadian Medical Association
- MD Management for financial and practice management

- Provincial medical associations
- Financial institution

Ethics and spirituality. Several publications²⁻⁴ suggest ways to address values in practice.


Health (medical/mental)

- Family physician (you should all have one)
- Physician Assistance Program (medical association operated)

Medical protection liability. The Canadian Medical Protective Association or equivalent can offer medicolegal advice.

College of Physicians and Surgeons. Provincial Colleges of Physicians and Surgeons and state licensing boards function for patient protection but can be used as references.

Conclusion

These are some considerations for practice and financial management. I hope they will serve as a resource for my future colleagues-to-be so their transition into the "real world of medical practice" can be smoother. 

Acknowledgment

I thank Dave Greenlaw, of Financial Focus in Edmonton, Alta, and my many mentors at Edmonton General Hospital/Grey Nuns Hospital, Misericordia Hospital, Royal Alexandra Family Clinic, and the Faculty of Medicine and Dentistry at the University of Alberta. I offer special thanks to Dr Gordon Chaytors, and Dr Joseph O'Brien for guiding me to this point. Finally, I thank my sister, Denise Blais, and my wife, Elaine Warren-Blais, who both encouraged me to write about my experiences during my medical career.

References

1. Nedd K. What they didn't teach us in medical school [Residents' Page]. *Can Fam Physician* 2001;47:801.
2. Sulmasy DP. *The healer's calling—a spirituality for physicians and other health care professionals*. 1st ed. Mahwah, NJ: Paulist Press; 1997.
3. Catholic Health Association of Canada. *Health ethics guide*. Ottawa, Ont: Catholic Health Association of Canada; 2000.
4. Beauchamp TL, Childress JE. *Principles of biomedical ethics*. 3rd ed. New York, NY: Oxford University Press; 1989.