



PHYSICIAN PRACTICE
Resource Center

Adding value. Creating change.

Opening a Medical Practice

Your How-To Guide

David Paul Wasserman, MBA, CPC



MASSACHUSETTS
MEDICAL SOCIETY

David Paul Wasserman, MBA, CPC
Advisor, Practice Solutions and Medical Economics,
Massachusetts Medical Society



David Wasserman is the advisor to the Physician Practice Resource Center. With over 30 years of experience in the health care industry (i.e., hospital, physician practice, insurance carrier, home health, community health), he has been assisting provider organizations with issues related to HIPAA compliance, operational efficiency, payer reimbursement and revenue realization, ICD-10, as well as evaluating and executing strategies to project and improve their financial and operational performances. David has conducted dozens of consulting engagements for clients focusing on HIPAA compliance and risk assessment, innovative and conventional reimbursement strategies, business operations, and strategic planning. Prior to joining MMS in 2015, David served as an independent consultant with clients including Children's Hospital Boston, UMass Memorial Medical Group, Boston University Affiliated Physicians, Lahey Health Primary Care — Affiliated Physician Practices, and others. David is a certified professional coder and holds a master of business administration degree from Bryant University and a bachelor of science degree from University of Rhode Island.

Preface

This booklet is meant to supplement and not intended as a substitute for the business advice of health care business specialists (i.e., attorneys, accountants, health insurance companies, as well as fellow physicians). The reader should regularly consult a health care business specialist in matters relating to his or her risks beyond their level of experience, aptitude, training, and comfort level.

© 2018 Massachusetts Medical Society. All rights reserved.

This information is intended for use as a general resource. It is necessarily selective and is not meant to be an exhaustive guide. This information does not constitute legal or business advice of the Massachusetts Medical Society (MMS). A private attorney should be consulted about all legal matters. MMS accepts no responsibility for any of the information once it has been downloaded or copied off of the MMS website. To the extent that any information herein comes from a source other than MMS, MMS accepts no responsibility for the accuracy and scope of such information.

Contents

- Introduction 1
- Opening a Practice..... 1
- Considerations for Success 2
- Physician Licensing Fees and General Information..... 2
- National Provider Identification Number..... 6
- Business Plan 7
- Picking Practice Legal Structure 8
- Partners Structure 18
- Financial Management..... 20
- Marketing 23
- Hospital Privileges..... 25
- Insurer Carrier Participation..... 25
- Public Insurer Contracts 27
- Commercial Insurer Contracts 28
- Notification to Patients and Medical Records 29
- Business Plan Checklist..... 30
- Conclusion..... 34
- Appendix A 35
- Appendix B 36
- Citations 38
- Resources 40

Introduction

Opening a medical practice can be the most rewarding undertaking you ever experience, but it can also be exceedingly challenging. It requires many decisions, each holding risks that can erode your success. Those physicians who plan well, secure proper funding, and remain flexible in the ever-changing climate of health care face a better overall chance of achieving private practice success and sustainability.

Making such a commitment to envision, create, design, and develop your own medical practice can be fulfilling, refreshing, and intimidating at the same time. There are many questions to answer, processes to think out, and tasks to complete during your journey to opening a medical practice. So where do you start?

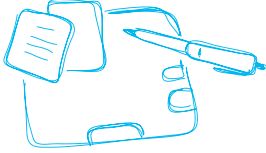
There is no universal formula or one-size-fits-all approach for starting a medical practice. After all, the details of starting up will vary from specialty to specialty, and some laws and regulations may differ by state, city, and town. This document serves as a guide that will help you navigate through the various considerations to have when building your medical practice from the ground up.



Opening a Practice

According to **industry benchmarks**, devoting a minimum of **six months** to the start of a health care practice is essential to avoid falling into a “position of urgency.” It can take up to six months alone for an insurance carrier to verify the legitimacy and experience of a physician in the credentialing and/or enrollment process.

Overall, a private practice does not blossom overnight, and the process involves diligence, taking financial risks, and making cost-effective decisions from the beginning. **It often takes at least two years before an established medical practice starts to see increasing profits.** It is not uncommon for some physicians to lose money until a client base and steady referral network are established.



Considerations for Success¹

1. **Go through a planning process.** The complexities of opening a medical practice are far beyond the days when you could simply put out a shingle. You will need to ask yourself difficult questions, put enthusiasm aside, and test and refine your assumptions before risking real money.
2. **Understand the marketplace.** Do your research and make sure you understand your prospective market. Evaluate the number of similar specialties in the area to understand if there's a need for your specialty in the marketplace you are considering.
3. **Be prepared to work hard.** Your practice never sleeps. Figure out what's truly important and abandon what isn't. Never forget why you decided to become a physician in the first place. Often, those convictions will serve as ongoing inspiration.
4. **Study the spending.** Keep the business expenses in line with the budget you have developed in the business planning process, and keep your fixed overhead structure simple and in-check.

Under Massachusetts law, you may not practice medicine independently until you have been granted a license in the state. As you move forward you will find information pertaining to license fee, type, and requirements.

Physician Licensing Fees and General Information²

There are several physician license categories in Massachusetts based on the stage of your education and career, as well as the role to be fulfilled while working in the Commonwealth of Massachusetts.

License Fees³

- Initial Full License: \$600
- Temporary License: \$250
- Full License Renewal: \$600
- Lapsed License Renewal: \$700



- Reactivation from Retirement: \$700
- Limited License: \$100

Full License Requirements⁴

1. Requirements for a full license for graduates of US or Canadian medical schools:
 - **Pre-Medical Education.** Completion of a minimum of two or more academic years at a legally chartered college or university, which must include courses in biology, inorganic chemistry, organic chemistry, and physics, or their equivalent as determined by the Board.
 - **Medical Education.** Completion of four academic years of instruction, of not less than 32 weeks in each academic year, in a legally chartered medical school, and receipt of the degree of Doctor of Medicine or its equivalents. A waiver for substantial equivalency of medical school education must be completed if any required or elective medical school clinical study was completed offsite of the medical school and without supervision by the medical school faculty.
 - **Post-Graduate Medical Education.** Completion of two years of ACGME-approved or -accredited Canadian post-graduate medical training.
2. Requirements for a full license for graduates of international medical schools:
 - **Pre-Medical Education.** Completion of a minimum of two or more academic years, of not less than 32 weeks in each academic year, of a pre-medical education at a legally chartered college or university, which must include courses in biology, inorganic chemistry, organic chemistry, and physics, or their equivalents as determined by the Board.

- **Medical Education.** Completion of four academic years of instruction, of not less than 32 weeks in each academic year, at a legally chartered medical school where education is substantially equivalent to that of graduates of US medical schools, and receipt of the degree of medical doctor or its equivalent.
- **ECFMG Certificate.** Possession of an ECFMG certificate which is valid on its face and valid as of the date of licensure.
- **Post-Graduate Medical Education.** Completion of at least three years of ACGME-approved post-graduate medical training in the US or at least three years of accredited Canadian post-graduate medical training.

Examination requirements for license applicants who have graduated from US, Canadian, or international medical schools:

- USMLE Steps 1, 2, and 3; or
- FLEX Components 1 and 2; or
- NBME Parts I, II, and III; or
- All parts of the MCCQE; or
- All parts of the examination of the National Board of Osteopathic Medical Examiners or a state examination given prior to June 19, 1970.

Contents of an application form for full licensure:

- A color photograph of the applicant which must be a likeness adequate for positive identification.

- A written statement attesting to the applicant's moral character. The statement should be executed by someone other than a relative who knows the applicant well and for a substantial period. The Board especially seeks statements from physicians licensed to practice in Massachusetts.
- A written statement explaining the applicant's involvement in civil litigation related to the practice of medicine and any criminal litigation.
- A description of the applicant's clinical training and experience, particularly hospital internship and residency.
- A written statement of the other jurisdictions in which the applicant is or has been licensed to practice medicine.
- A written statement of any specialty board of which the applicant is a diplomate.
- A written statement of any professional disciplinary action to which the applicant has been subjected. This statement must include action taken by government agencies, professional societies, health care providers, and third-party carriers against the applicant.
- A written statement of the results of any medical licensure examination the applicant has taken.
- A written statement concerning the applicant's qualifications to possess or dispense controlled substances.
- A written statement concerning the applicant's present physical or mental health, including an explanation of any chronic condition.
- A statement that the applicant will not charge to or collect from a Medicare beneficiary more than the Medicare reasonable charge for the physician's services, in compliance with M.G.L. c. 112, § 2.



National Provider Identification Number

The National Provider Identifier (NPI) final rule states that all health care providers who are covered entities under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) are required to obtain and use an NPI as of May 23, 2007.⁵

The NPI replaces all previously existing provider identifiers used to identify health care providers as health care providers in HIPAA standard transactions.

The way a physician wishes to establish the number is their decision. Therefore, a provider who is an individual and a group practice has several options: You may obtain an individual NPI and a group NPI, or just one or the other, depending on how the practice is structured. Either the group NPI or individual NPI may be used on health care claims. However, there are situations where an individual NPI is specifically needed by some health plans to process claims.⁶ For example, some health plans require that pharmacy and laboratory claims include an individual NPI for the prescriber and will reject the group NPI in the prescriber ID field. This means that individual prescribing providers should submit their individual NPI to the pharmacy at the time the prescription is submitted, or the laboratory when a test is ordered.

To help prevent claim rejections for other covered entities, providers are encouraged to apply for and use an individual NPI as a prescriber identifier on prescriptions or laboratory test orders, so that those covered entities that bill for the prescriptions, such as pharmacies and laboratories, will not have their claims rejected.⁷

You, the health care provider, may apply for an NPI in one of three ways:

1. Apply through a **web-based application process**. The website for the National Plan and Provider Enumeration System (NPPES) is www.nppes.cms.hhs.gov.
2. If requested, give permission to have an **Electronic File Interchange Organization (EFIO)** submit the application data on behalf of you or another health care provider (i.e., through a bulk enumeration process). If a health care provider agrees to permit an EFIO to apply for the NPI, the EFIO will provide instructions regarding the information that is required to complete the process.

3. Fill out and mail a **paper application form** to the NPI Enumerator. A copy of the application form (CMS-10114), which includes the NPI Enumerator's mailing address, is available only upon request through the NPI Enumerator. The NPI Enumerator's phone number is (800) 465-3203 or TTY (800) 692-2326.

If applicable, the legacy identifier information is critical for health plans in the development of crosswalks to aid in the transition to the NPI. Once the NPI application information has been submitted and the NPI assigned, NPPES (or an EFIO, if the health care provider was enumerated by way of an EFIO) will send the health care provider a notification that includes their NPI. This notification is proof of NPI enumeration and provides the information that will enable trading partners to verify a health care provider's NPI.⁸

Business Plan

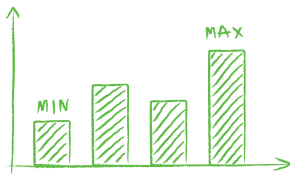
When a doctor decides to open a new practice, there are various models and questions to consider. Please see **Appendix B** on page 36 for examples of innovative models. It is best to consider all the logistics, based on your individual practice situation and consider questions such as, Do you wish to rent, lease, or own your practice building or office space? If you decide to lease, you need to notify your "potential" landlord about your business intentions. If you plan to own, the first step is to find a realtor that specializes in commercial real estate sales. Whether you plan to own or lease, you will also need to contact a bank for commercial mortgage or financing options. They most likely will require a **Business Plan** that would include your business startup costs.

A business plan is a road map to your practice success. Its purpose is to initially **Start** a business, obtain **Funding**, and direct **Operations**. As the macro health care environment changes, the business plan must be focused on changes in the environment (i.e., reimbursement, regulatory agencies, patients) to both reflect the current shifts and anticipate future shifts in the internal and external environment.

Key components of a business plan include:

- **Mission statement.** It should encompass, at a high level, what you are trying to do.



































- **Description of products and services.** Identify how service line is different or better than other offerings that a patient may consider. Provide patients with a greater number of options for accessing care.
- **Market analysis.** Target market must be well defined, without one your plan will demonstrate little value. Understand your competitor's market advantage(s).
- **Financial viability.** Ability to generate sufficient income to meet operating payments, debt commitments and, where applicable, to generate growth while maintaining service levels.
- **Team description.** Match physician(s) to a team of health professionals (i.e., physician[s], nurse practitioner[s], medical assistant[s]) who work closely together to meet the needs of the patient as well as the team of Support Staff (i.e., general administration, receptionist[s], business office) to keep the practice running and support the personnel involved with patient care.
- **Marketing.** Build practice awareness, enhance image and visibility, and influence consumer decision making.
- **Regulatory compliance and changes in the law.** Have an effective approach to the regulatory change management process, involve a high level of engagement and coordination among designated staff — leading to an identifiable path to ensuring compliance and creating opportunity.
- **SWOT analysis.** Internal strengths and weaknesses and external opportunities, and threats.
- **Conclusion.** Medical expertise is key, but the patient experience is vital: having what they want, when they want it.



Picking Practice Legal Structure

Under the Massachusetts Corporate Practice of Medicine Regulations, physicians may practice medicine through professional corporations, nonprofit organizations (including hospital services corporations and medical services corporations), limited liability companies or partnerships, or any similar organization organized outside of Massachusetts.

Business Comparison Chart⁹

	C Corp	S Corp	LLC	General Partnership	Sole Proprietor
Owners have limited liability for debts and obligations					
Created by a state-level registration that usually protects the company name					
Business duration can be perpetual					
May have unlimited number of owners					
Owners not required to be US citizens or residents					
May be owned by another business, rather than individuals					
May issue share(s) of stock to attract investors					
Owners can report business profit and loss on personal tax returns					
Owners can split profit and loss with the business for a lower overall tax rate					
Distribute special allocations under certain guidelines					
Not required to hold annual meetings or record meeting minutes					

How to Form a Corporation

1. *Select a Business Name*¹⁰

The first step to registering a business in Massachusetts is to select an original name not already in use by another business in the state. Here are some things to keep in mind when choosing your name:

- Massachusetts prohibits the use of a name if another corporation is already using it or one that is very similar. It also prohibits the use of a registered trademark or service mark.
 - An exemption may be made if you are able to obtain a letter of consent from the other corporation giving you permission to use a similar name.
- The words “Incorporated,” “Corporation,” “Limited,” or their abbreviations must appear in a corporate name, depending on the structure you’ve chosen.
- The name may not be deceptive or contain language stating or implying that the corporation is organized for a purpose other than that indicated in its Articles of Organization.
- You can reserve a corporate name for 60 days for a fee of \$30, and you can extend the reservation for another 60 days with an additional \$30, while you make final decisions on the corporate name.

2. *File Articles of Organization in Massachusetts*¹¹

Once you have verified your company name, incorporate.com will file your Articles of Organization with the Massachusetts Secretary of the Commonwealth. The filing includes the following information:

- **Corporate information:** The name and purpose of the corporation. The purpose can simply be “engaging in any lawful business.”
- **Stock:** All corporations must authorize stock. The filing will list the total number of shares and par value, if any, of each class of stock that the corporation is authorized to issue. If only one class or series is authorized, you do not need to specify a designation. For example, a class or series is identified via alphabetic markers such as “Class A” shares or “Class B” shares.

- You will also be required to state the preferences, limitations, and relative rights of any class or series of shares, as well as any restrictions on the transfer of shares.
- **Date:** The default date of the organization of the corporation is the date and time that the articles are received by the state (provided the articles are not rejected). You can specify a later date on the articles, but it can be no later than 90 days from when they are filed.

When registering a business in Massachusetts, the state requires supplemental information be filed with the Articles of Organization:

- **Registered agent:** The name and street address of a registered agent in Massachusetts. The registered agent is the person to whom the state will send all official correspondence. Is practice's designee, customarily an attorney to receive service of process (SOP) documents when a business entity is a party in a legal action.
- **Directors and officers:** Names and addresses (if different from the business address) of the initial directors, president, treasurer, and secretary of the corporation. Massachusetts requires at least one director, and at least three directors if there are three or more shareholders.
- **Fiscal year:** The fiscal year-end of the corporation.
- **Description:** A brief description of the type of business in which your corporation intends to engage.
- **Address:** The corporation's street address.
- **Records address:** The street address where corporate records will be kept, and an indication of whether the address is the principal office, a transfer agent, office of the secretary, or the office of the registered agent.
- **Incorporators:** The name, address, and signature of each incorporator.
- **Contact information:** The name and address of a primary contact for the corporation, including a phone number and an email address.

Once the articles documents have been filed, Massachusetts will issue a certificate of incorporation. In addition, if you intend to hire employees or open a bank account, you will need a Federal Employer Identification Number (EIN).

3. *Register with the Massachusetts Department of Revenue*¹²

Most businesses are required to register electronically with the Massachusetts Department of Revenue by completing the WebFile for Business online application. WebFile for Business allows business taxpayers to register, file, and/or pay certain tax obligations online.

4. *Costs and Fees to Incorporate in Massachusetts*¹³

The state filing fee to incorporate in Massachusetts is \$275 for up to 275,000 shares plus \$100 for each additional 100,000 shares or any fraction of that. It typically takes about five to seven days to incorporate in Massachusetts.

5. *Annual Reports*¹⁴

Every Massachusetts corporation must file an annual report with the Corporations Division within two and a half months after the close of the corporation's fiscal year end. The filing fee is \$125, or \$100 if you file electronically. Massachusetts will assess a fee of \$50 for late filings. (Pricing is based on 2017 data.)

C Corp versus S Corp¹⁵

1. *Deciding between a Massachusetts C Corp or S Corp Tax Designation*

There are similarities between Massachusetts S Corps and C Corps regarding personal liability, management, structure, and compliance. The differences come down to the following:

- **Ownership Rules.** A **C Corp** is taxed as a separate entity from its shareholders, then shareholders report and pay taxes on what the corporation pays them. An **S Corp** is taxed like a partnership with a "pass-through" tax structure. It's not doubly taxed because the corporation passes corporate income, losses, deductions, and credits to its shareholders. Corporate owners pay taxes on their share of the corporation's profits, and they're taxed at their individual tax rates. To qualify as an S Corp, your business must be a domestic corporation, provide only one class of shares, and have no more than 100 shareholders, and your shareholders can include only individuals, certain trusts, and estates.
- **Documents:** If you want to form an S Corp, you must file IRS Form 2553 to elect this status.

2. *Personnel Requirements*

Every state has its own personnel requirements for incorporating. In Massachusetts, they include the following:

- **Age requirement.** There are no age requirements.
- **Number of directors.** Corporations must have three or more directors if there are three or more shareholders. Otherwise, the number of directors is the same as the number of shareholders. A **director** is an elected or appointed member who manages activities of the company.
- **Residency.** There is no requirement that directors must live in Massachusetts.
- **Officer positions.** Massachusetts requires that the names and addresses of officers and directors be listed in the Articles of Organization.

3. *Other Requirements for Your Articles of Organization*

In addition to personnel requirements, your Massachusetts Articles of Incorporation must also include the following:

- Your corporation must appoint a registered agent. Said Agent is a person or business who receives important tax, government, and legal documents, including service of process of lawsuits, for your corporation. Your agent must be available during normal business hours. The agent's name and address must be included in your Articles of Organization. Your agent must have a physical address in the state, not a post office box.
- The number of shares authorized to be issued.
- The par value of each share or class of shares and series, along with their designation, or a statement that there is no par value.
- The street address of the corporation's principal place of business.
- The street address where corporate records are kept.
- A brief description of the nature of your business.

4. *Other Required Paperwork*

Massachusetts requires that corporations file additional paperwork with their Articles of Organization including an annual report with the Massachusetts Secretary of State two and a half months after the close of your fiscal year. Failure to provide this report could result in your company losing its ability to operate in Massachusetts.

5. *Massachusetts Corporate Taxes and Reports*

You do have to pay taxes for your new corporation. Before beginning business, apply to the IRS for an employer identification number (EIN). All corporations with employees require an EIN. An EIN is like your Social Security number, but it's for businesses. You'll also need an EIN to open a corporate bank account. Many physician practices choose an S-Corp because it is generally exempt from federal corporate income taxes. The company can pass profits or losses directly to its shareholders. With a C-Corp, you can have different classes of shareholders with different voting rights and tax implications.¹⁶

6. *Keeping Corporate Records and Ongoing Filing Requirements*

Different states have varying requirements for corporate records such as bylaws and recording and keeping corporate meeting minutes. Massachusetts requires that your corporation implement and maintain bylaws. Bylaws establish your company's operating rules, the responsibilities of its directors, the rights and powers of shareholders, and other corporate matters. Although you don't have to file your bylaws with the state, you'll need them to demonstrate to banks, lending institutions, creditors, the IRS, and the courts that your corporation is valid and legitimate. Bylaws also help to establish rules that keep your corporate assets and debts separate from your personal ones.

Keeping minutes of your director and shareholder meetings is also mandated by Massachusetts. Your minutes should be maintained at your "corporate" office, along with your other company records, or with your designated agent. Your "corporate" minutes are a historical record of your corporation's discussion and decisions. They keep track of all votes on important business matters and they help secure your limited liability status.

How to Form a Limited Liability Company (LLC)¹⁷

A **limited liability company** or “**LLC**”, like a corporation, is a separate and distinct legal entity. This means that an LLC can get a tax identification number, open a bank account and do business, all under its own name. Because an LLC’s profits and losses are run through the owners’ tax returns, the Internal Revenue Service (IRS) calls LLCs **pass-through entities**.

1. *Select a Name for Your Massachusetts LLC*

The first step to forming your LLC in Massachusetts is to select an original name using the guideline previously stated. It is important to remember that the words “limited liability company,” “limited company,” or the abbreviation “L.L.C.,” “L.C.,” “LLC,” or “LC” must appear in the name.

2. *File Certificate of Organization*

Once you have verified your company name file a Certificate of Organization. The filing process includes the following information:

- **FEIN.** If you have a Federal Employer Identification Number (FEIN), you must include it.*
- **LLC information.** The certificate must include the exact name of the LLC and the Massachusetts address where the LLC’s records will be kept.
- **Description.** Provide a general description of the business.
- **Dissolution date.** If you have determined when the LLC is to be dissolved, include the date.
- **Registered agent.** The name and address of a registered agent with a physical address in Massachusetts. You must include the registered agent’s consent to act as your agent, either in the certificate or as an attachment.
- **Managers.** If your LLC has managers, you need to list the names and business addresses (if different from your LLC’s address) of each.

*If your LLC has more than one member, you will need a federal Employer Identification Number (EIN).

- **Authorized persons.** If anyone who is not a manager is authorized to execute documents for the LLC, you must list the name and business address. If no managers are listed, there must be at least one authorized person listed.
 - **Effective date.** The date on which the Certificate of Organization becomes effective. This can be either the filing date or a later date specified on the certificate.
 - **Other provisions.** You have the option of including additional provisions for regulating the internal affairs of the LLC.
3. ***Business Registration with the Massachusetts Department of Revenue***
Most businesses are required to register electronically with the Massachusetts Department of Revenue by completing the WebFile for Business online application. WebFile for Business allows business taxpayers to register, file, and/or pay certain tax obligations online. Incorporate.com will work with you to make sure you complete this form correctly.
 4. ***Costs and Fees for Forming an LLC in Massachusetts***
The state filing fee for an LLC in Massachusetts is \$500. It typically takes about five to seven days to form an LLC in Massachusetts.
 5. ***Annual Reports***
Your LLC must file an annual report with the Massachusetts Secretary of the Commonwealth on or before the first day of the anniversary of your initial filing. The Massachusetts annual report filing fee is \$500.

How to Get a Massachusetts Business License¹⁸

You will need a business license to operate in Massachusetts. Business licenses are issued by the clerks in the state's 351 cities and towns. In addition to the business license, in Massachusetts you may need additional licenses depending on your business or industry model.

1. ***Professional and Trade Licenses***
The Massachusetts Division of Professional Licensure oversees 31 licensing boards that regulate trades and professions, each of which issues one or more types of licenses. Boards include Allied Health Professionals; Allied Mental Health and Human Services Professionals; Certified Health Officers; Chiropractors; Cosmetologists; Dietitians and Nutritionists; Dispensing Opticians; Podiatry; Psychologists; Social Workers; Speech-Language Pathologists and Audiologists; and Veterinary Medicine, among others.

2. *Health and Safety Regulation and Licensing*

The Massachusetts Department of Labor Standards administers several workplace safety and health programs, and issues licenses to individuals and businesses that provide temporary employment services or that perform lead or asbestos abatement work.

The Department of Public Health regulates and licenses hospitals; long-term care facilities; home health care agencies; controlled substances; EMT/EMS; X-ray technicians and mammography; lead inspectors; meat, poultry, and shellfish processors; and nurse assistants. Occupational Safety and Health Administration (OSHA) is the federal agency responsible for regulating workplace and worker safety. In reference to every DPH clinic licensure the term **physician** as used in 105 CMR 140.000 shall be interpreted as follows, unless the context or subject matter clearly requires a different interpretation: physician is an individual registered by the Board of Registration in Medicine under M.G.L. c. 112, § 2 as a qualified physician.

3. *Employee Requirements*

If you have at least one employee, you are required to address the issue of employer insurance. Employees also trigger numerous tax requirements.

4. *Health Insurance*

Based on the national health care reform law, the Patient Protection and Affordable Care Act (ACA) requires employers to issue a Marketplace Notification to current employees by October 1, 2013, and to new hires within 14 days of the employee's start date. The notification is to help employees to better understand health insurance marketplaces, compare health insurance plans and enroll in coverage. In Massachusetts, the state marketplace is known as the Massachusetts Health Connector.

5. *Unemployment Insurance*

The Massachusetts Unemployment Insurance Law requires you to pay contributions into the Commonwealth's unemployment compensation fund, which funds temporary unemployment insurance benefits to eligible workers. If you are a private, for-profit employer, and you have people working one or more days per week for 13 weeks during a calendar year, or if you pay wages of \$1,500 or more in any calendar quarter, you are liable for contributions under the law.

6. *Workers' Compensation Insurance*

Under Massachusetts General Laws c. 152, § 25A, **you are required to provide workers' compensation insurance coverage to all your employees.** Workers' Compensation insurance pays for medical treatment related to the injury or illness and pays partial compensation for lost wages after the first five calendar days of total or partial disability. This requirement applies to all employees, regardless of the number of hours worked in any given week (except for domestic service employees, who must work a minimum of 16 hours per week to require coverage). Employers are required to notify their employees of the name of the Workers' Compensation insurance carrier. The Department of Industrial Accidents (DIA) is the agency responsible for administering the workers' compensation law in Massachusetts.

Partners Structure

Negotiate

You must negotiate the practice structure with your partners. Discuss everything upfront and put everything on the table. If you don't resolve these issues now, they can become a problem for your practice over time.

Start negotiations with a term sheet that fully discusses each of the four items below. Once you've agreed, you can draft final documents. A Shareholders (Buy-Sell) Agreement most likely will be the document that covers the issues in your term sheet.

Word to the Wise: *Don't commit yourself or your resources to the practice until the contracts are signed. There is no deal until the documents are done. Each commitment of resources weakens your position in the negotiations. This is especially true if you give up your current position for the new venture because you have nothing to go back to (hence no bargaining leverage).¹⁹*

Four Things to Negotiate²⁰

1. *Contributions and Shares*

All contributions made by the partners should correlate directly into ownership. That is, ownership of the practice should correlate 1:1 with the partners' contributions of cash, assumed liabilities, equipment, real estate, intellectual property, etc. To the extent possible, match the value of the services with the value of the shares to maintain the 1:1 correlation between contributions and ownership.

2. *Compensation*

A business is only worth the money it puts in the owners' pockets. For most practices, this means the business is only worth the salary and benefits it pays to the doctors. A practice first pays salary and other compensation, then pays the remainder of net profits to the shareholders as distributions based on their share ownership. A practice must maintain a balance between the two forms of compensation (salary and benefits) so that both active and passive shareholders receive a fair return. A practice should pay salary based on work performed. It's fair for partners who work more to get paid more. In fact, it's healthy for a business to reward those who do the work.



3. *Control*

Determine who has the number of shares needed to elect leadership and how this power is distributed among the owners. This tells you who can control the leadership. Then be careful to understand the nuances of your governance and the natural coalitions that exist among them.

4. *Exit*

All businesses need an exit plan. When disputes among the owners put the business in danger, they need a structure that ensures a fair resolution without having to go to court. If the business cannot survive a shareholder or partner, the buy-sell agreement allows separation on terms that are fair to everyone. Usually you have buy-back provisions that cover the 4 Ds — a shareholder's death, disqualification, disability, and disputes. The result of a buy-back is that one or more shareholders keep the business, and the exiting shareholder gets a payoff.

The buy-out price is crucial. A high buy-out price gives the exiting owner a windfall. A low buy-out price is unfair and leads to litigation. The trick is finding a procedure that ensures a fair price — for example, using a neutral appraisal process to fix a price. A practice also can use an accounting formula to fix the buy-out price.

Financial Management

Two of the cornerstones for planning a new practice are to develop an operational budget and a capital investment budget. The operational budget is a forecast of your revenues and expenses based on a variety of assumptions about your services. The capital investment budget will be an estimate of the amount you may need to borrow for furniture and equipment, office improvements, and initial operating costs. Together, the benefit of operational and capital budgets is enormous.²¹

Operational Budget

Planning across multiple periods is important because of the evolving reformation of care delivery. There are many ways to create your practice budget, a simple direction is use of a budgeting format which clearly distinguishes those revenues and expenses that are fixed (relatively consistent from month to month) from those that are variable in nature (change from month to month). The rules for breaking medical practice expenses into fixed and variable categories are dependent upon the operations of the medical practice and the reporting that is required of those that will be responsible for the practice budget.

The budget should be at a level of detail required for appropriate data collection, analysis, and decision making. It is important to have information from across the practice in order to provide end-to-end visibility. For example, on the budgeting and reporting revenue side — the number of office visits and procedures that are required to meet your practice's earnings goals. This will, in turn, affect the expense side — things like staffing levels, the facility (overhead as well as the amount of space you need to accommodate your volume), and supply expenses. If you are planning long-term changes in the level of patient visits or procedures, plan likewise for changes in staffing and other related and miscellaneous expenses.

Informational notes are based on key elements of an operational budget, not having the benefit of all the details specific to your practice:

Revenue

- Volume of clinical services
- Reimbursement/Net (cash collections) patient revenue by type of service (i.e., in-office visits, in-office testing/procedures, hospital activities, long-term facility)
- Payers (private insurers, public insurers, self-insured)
- Special relationship (i.e., accountable care organization, independent physician association)

Reimbursement/Net patient revenue is based on each payer's fee (reimbursement) schedule; a complete table of fees used to pay doctors. This comprehensive listing of fee maximums is used to reimburse you and/or other providers on a fee-for-service basis.



Expenses

- Salaries and wages (productive and non-productive time)
- Employee benefits (i.e., Medicare, social security, health, dental, retirement plan(s), education)
- Occupancy (i.e., lease, rent, mortgage)
- Utilities
- Medical and office supplies
- Laboratory supplies (if applicable)
- Equipment lease/rental
- Repair and maintenance
- Travel
- Insurances (i.e., malpractice, professional, property liability, workers' compensation)
- Licenses (i.e., medical, Clinical Laboratory Improvement Amendments (CLIA), federal, state, city/town)
- Miscellaneous

Capital Investment Budget

No matter the discipline or area of practice, experts say the process for evaluating any large capital investment is largely the same. When it comes to Electronic Health Records (EHR) or medical equipment, much of the focus should be on usability and the product's anticipated impact on the bottom line.²²

Selecting, purchasing, and implementing an EMR system is one of the most complex and resource-intensive activities any medical practice can undertake. Despite advances in technology, even with the best planning and preparation, problems will undoubtedly arise. Experience has demonstrated that firm determination and commitment is necessary to withstand pressures. Key to maintaining this determination is appreciation of the task on-hand and ROI for adopting an EHR system.

Listed are potential reasons for implementing an EHR in the current environment and into the future with emerging best practices:

- Providing access to medical records anywhere and anytime
- Reducing filing time by automatically loading laboratory and other diagnostic tests
- Reducing filing time spent filling out forms and tracking and managing prescriptions, laboratory results, or diagnostic test orders
- Implementing evidence-based practices using clinical guidelines and other data
- Improving patient safety and quality improvement
- Improving the ability to analyze patient populations and participate in clinical trials
- Improve continuity of patient care

Medical equipment that offers patients a wider array of services and allows you to deliver care in a better way can be a differentiator in a tight market. Market forces outside health care may also sometimes prompt a practice to evaluate new equipment options. Favorable economic conditions make capital more readily available, not to mention more attractive.

When it comes to medical equipment, much of your focus should be on its usability and projected impact on the bottom line. How much income will be generated from the estimated number of events (i.e., laboratory tests, specialty services, office procedures) and how much will it cost?

- Run the numbers
- Determine Return on Investment (ROI) — does it have clinical value?
- Lease or buy — projections/monitor use (frequency)

Marketing

Understand Your Market and Competitors



- **Community Demographics.** Pay attention to population growth rates and age and sex distribution.
- **Local Health Care Services.** Quantity and quality of providers, hospitals, and other care facilities in your area, including:
 - Doctors and other care providers
(www.medicare.gov/physiciancompare)
 - Hospitals (www.medicare.gov/hospitalcompare/search.html)
 - Nursing homes
(www.medicare.gov/nursinghomecompare/search.html)
 - Home health agencies
(www.medicare.gov/homehealthcompare/search.html)
 - Long-term care hospitals
(www.medicare.gov/longtermcarehospitalcompare)
 - Inpatient rehabilitation facilities
(www.medicare.gov/inpatientrehabilitationfacilitycompare)
 - Hospice agencies (www.medicare.gov/hospicecompare)

- **Referrals.** The process of building referrals is all about forming and building relationships. Look at the potential of new patients that are anticipated from participation in health plans. Identify local businesses' ability to generate referrals by providing services to one or more organizations (i.e., employee physician, on-site lectures). **To cultivate new referrals,** create an ongoing communications program to ensure it is working on a continuous basis. The objective of any communications program is to educate professional referral sources about how you can help them.

Your marketing plan should have the ability to interact with your patients and potential customers on different platforms:



- **Website Design.** A responsive website design means the site should respond to a user's behavior and the device environment that includes platform, screen size, and orientation (e.g., laptop, smartphone, and iPad). In other words, the website design should have the ability to adjust to the user's preferences. The website should be easy to navigate even on a small screen.
- **Social Media.** Facebook, Twitter, and LinkedIn are all examples of social media outlets practices can use to market themselves. Check out *A Guide to Social Media for Physician Practices* to learn more about social media and considerations to have when engaging in it.
- **Email.** Enhance your brand by offering content rich email marketing program on a regular basis. It helps to inform and make people aware of the services you offer and stay visible until they need it.
- **Paid Advertising.** There are several paid advertising tools such as Google AdWords, Facebook Local Awareness Ads, and LinkedIn Ads that bring more recognition, referrals, and patients.
- **Postcard.** Today's consumer is bombarded with too much digital marketing content. Utilizing postcards can come across as a unique marketing tool. They are direct in their message delivery as there is no envelope masking the contents. You can easily gain the attention of the targeted consumer base by designing attention-grabbing, friendly postcards.

Hospital Privileges

Privileging is the process of authorizing a specific scope of practice for patient care based on credentials and performance for a clinician. If you are onboarding at a new hospital, you'll want to contact the hospital medical staff at least **90 DAYS** before new privileges are expected to start to learn the process and requirements. Additionally, if you are switching your privileges from one hospital to another, you'll want to request to terminate privileges from your current hospital to the hospital medical staff office 90 days, if not more, before the termination date.

Insurance Carrier Participation

Credentialing Process

The **credentialing** process is used by health care facilities as part of their hiring process and by insurance companies to allow the **provider** to participate in their network. This **process** includes a review of a doctor's completed education, training, residency, and licenses. It also includes any certifications issued by a board in the doctor's area of specialty. **Credentialing** is also the validation of a **provider** in a private health plan and the approval to join the network.²³

If you are a new physician in Massachusetts; you will want to apply for Massachusetts licensure first and foremost. This can take up to 12 weeks for the completion of the process with the Board of Registration of Medicine.²⁴

If you are already credentialed with Massachusetts health plans, you will need to provide the change of site update with sufficient notice, usually 90 days.

If you need to be newly credentialed with the health plans you should utilize the HCAS/CAQH, which is the process for submitting credentialing data electronically to one source for eight Massachusetts health plans, if possible. Providers seeking to affiliate with an HCAS participating health plan network must first contract with the individual health plan(s). All inquiries regarding provider contracting requirements should be directed to specific health plans.

Credentialing Tips

- **Start early.** Though most credentialing can be done within 90 days in many markets, give yourself at least 150 days. As payers have merged and supersized, a practice's ability to "pull strings" and expedite an application has dwindled. You are working on the timeline of someone else — the payer — and each payer has its own internal timeline for application processing. Give yourself some leeway.
- **Pay attention.** Missing, outdated, or incomplete information can result in delays. Ensure all of your information is current and accurate, especially in the following four areas:
 1. Work history and current work status (include the physician's effective date with your practice)
 2. Malpractice insurance
 3. Hospital privileges and covering colleagues
 4. Attestations
- **Stay current with CAQH.** The Coalition for Affordable Quality Health-care (CAQH) started its uniform credentialing program about 15 years ago. Physicians and incoming physicians who regularly update and attest with CAQH find credentialing and re-credentialing much easier and more streamlined. Contact the CAQH helpdesk at (888) 599-1771 or log into CAQH ProView (<https://proview.caqh.org>) and click the chat icon.
- **Link each provider's start date.** Link the physician's start date to the paperwork submission. For instance, the effective date might be no sooner than 120 days of receipt of such information. It's better for the practice in the short run: you are scheduling around payers with which a new physician is not credentialed. And it's better for the new physician, whose schedule can be filled quicker.

- **Know your state's regulations.** Several states have their own laws for timely credentialing, including reciprocity regulations (if you are credentialed in another state by Anthem, for instance, credentialing in your state can be streamlined) and in-state credentialing (a physician moving from one practice to another within the same state does not go through the full credentialing process again). **Contact Massachusetts Medical Society or state Medical Group Management Association (MGMA) to ensure you are using your state's standards to your advantage.**

Credentialing is tedious, particularly if you lack the background information to start the credentialing process successfully. Make a strong effort to identify the key considerations that are required during the data collection process, and you will find credentialing to be much less painful than it might otherwise be. Getting it right the first time means you'll get a new provider credentialed within 90 days, for most payers.

Public Insurer Contracts

MassHealth — Massachusetts

MassHealth is implementing a new requirement that all licensed physicians in Massachusetts must enroll in MassHealth — either as billing or non-billing providers — to maintain their licensure. The requirement goes into effect November 2017.

This does *not* mean that physicians must accept MassHealth patients. If you don't, you are required to fill out a brief form enrolling as a non-billing provider, so that your National Provider Identifier (NPI) can be included as relevant on claims submitted by billing providers.

Medicare Provider-Supplier Enrollment

CMS has established an Internet-based Provider Enrollment, Chain and Ownership System (PECOS) as an alternative to the paper (CMS-855) enrollment process. Internet-based PECOS will allow physicians, non-physician practitioners and provider and supplier organizations to enroll, make a change in their Medicare enrollment, view their Medicare enrollment information on file with Medicare, or check on the status of a Medicare enrollment application via the Internet.

Contacting Your Medicare Administrative Contractor (MAC)

If you have enrollment questions, have questions about completing a Medicare provider enrollment application, or need to know where to send your completed Medicare application, please select the MAC Provider Enrollment Contact Information link below in the Downloads section. You will find each state's MAC, with its contact telephone numbers, mailing addresses, and websites.

Medicare — Downloads Available

- MAC Provider Enrollment Contact Information
(www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/Downloads/contact_list.pdf)
(Updated 02/06/2017) [PDF, 122KB]
- Tips to Facilitate the Medicare Enrollment Process
(www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/Downloads/contact_list.pdf) [PDF, 57KB]
- Medicare Provider-Supplier Enrollment National Education Products
(www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/Downloads/Medicare_Provider-Supplier_Enrollment_National_Education_Products.pdf) [PDF, 131KB]

Commercial Insurer Contracts

Commercial insurance is any health insurance policy purchased by an employer or by an individual from a private insurance company. A list of Massachusetts private insurers and associated telephone numbers, can be found in **Appendix A** on page 35.

To sustain viable revenue, it is prudent that the negotiation agent (i.e., IPA, ACO) analyze and effectively negotiate health care payer contracts. Cost analysis should be performed in an organized way to establish dollar value on tangible and intangible items. You need to have a clear understanding of business principles, current market trends, and the cost of delivering quality health care.

Health care contracts are legal documents and need to be reviewed carefully. Do not sign payer contracts without negotiating.

Often the payer will say, “This is what we are paying in your market. Take it or leave it.” Your agent must understand that the terms in the contract are not immutable. You must create and demonstrate value in terms of data, quality of care, and cost-effective, long-term goals that benefit the practice.

To help reveal the rates and overcome payment inequities, you can create a Utilization Report to capture and review data. Prepare a spreadsheet, estimate the frequency of procedures, office visits, etc., and the number of times it will be billed to that payer. Multiply frequency by the current payment amount based on negotiated reimbursement rate(s).

Determine the break-even point. This is accomplished by adding overhead and physician compensation and dividing by total frequency of all codes for that payer. The results are weighted average cost. Compare the weighted average cost to the weighted average reimbursement.

$$\text{Weighted Average Cost} = \frac{\text{Overhead and Physician Compensation}}{\text{Total Frequency of All Codes for Specific Payer}}$$

Notification to Patients and Medical Records

Physicians have an ethical obligation to notify patients of any move of their medical practice so that patients have an opportunity to obtain copies of their medical records or have the records transferred to another medical practice if they choose.

It’s important to note that patients have the right to a *copy* of their medical record and a physician in Massachusetts is required to maintain medical records for seven years after the last date of service or until the patient turns 18 years old, whichever is longer.

If possible, a physician should notify each patient by letter to the last known address informing him or her of your transition. It’s advisable to publish your notice online, on social media, and in the local newspaper on multiple occasions.



Business Plan Checklist²⁵

There is a lot to think about when you choose to start your own medical practice. Consider using this partial checklist to give attention to aspects of starting a medical practice:

Business Development

- Consider hiring a practice management consultant, accountant, and health care lawyer
- Incorporate practice
- Obtain a federal tax ID number
- Obtain an employer ID number
- Obtain state medical license(s)
- Create a business plan for the first three years
- Introduce yourself to referring physicians
- Arrange for hospital privileges

Facility

- Find a location
- Sign a lease or mortgage
- Design an office layout
- Identify/order telephone system/high-speed Internet access lines
- Identify/order medical equipment, office equipment, and furniture

Financial

- Arrange for a working capital loan, if needed
- Structure a banking relationship; business checking account
- Open a lock box, if desired
- Arrange liability insurance, disability insurance, worker's compensation insurance, retirement plans, and health insurance
- Set up a practice fee schedule (i.e., reimbursement amounts)
- Request fee schedules from payers
- Obtain Medicare, MassHealth, and Worker's Compensation fee schedules from public records

Supplies

- Order medical and office supplies
- Order supplies for ancillary services (i.e., laboratory, therapy, nutrition)

Billing

- Become a participating provider with public, private, and managed care payers
- Obtain provider numbers from Medicare and Medicaid
- Obtain DEA number
- Obtain state and federal narcotic license, if needed
- Order CPT, HCPCS, ICD-10, and National Correct Coding Initiative books or software
- Create practice superbill/charge ticket
- Develop Accounts Receivable systems and policies
- Contract with a collections agency; third-party clearinghouse, if needed

Process

- Decide which scheduling method to use and program the practice management system (PMS)
- Establish charge capture system (outpatient and inpatient)
- Obtain licensure for ancillary services (e.g., CLIA for laboratory)
- Create/Gather forms, including:
 - HIPAA Notice of Privacy Practices
 - HIPAA Business Associate Agreement (BAA)
 - Consent to Treat (as required by state law)
 - Assignment of Benefits
 - Patient Registration form(s)
 - Medical history form(s)
 - Advance Beneficiary Notice (ABN for Medicare)
 - Financial policy (for patients)
- Arrange for call coverage



Staff

- Arrange for payroll services, if needed
- Write Employee Handbook — policies and procedures
- Decide upon and obtain employee benefits (health, life, leave, etc.)
- Administrative and Medical staff hiring (practice manager; billing, scheduling, check-in/out; and clinical and ancillary support)

- On-board staff per Full Time Equivalent (FTE) physician based on Medical Group Management Association (MGMA) benchmarks

Technology

- Select PMS (billing, scheduling, registration, etc.)
- Select electronic medical record system (EMR)
- Order servers, terminals, and printers as needed
- Adequate copy machines for optimum efficiency
- Set up Internet service/Patient Portals
- Create a functioning email account



Marketing

- Create a marketing plan
- Plan for an open house
- Send press release to local media (i.e., radio, newspaper) about new practice
- Create web and social media pages

Other

- Write partnership and/or employment agreement for physicians, including policies for compensation, overhead allocation, call, part-time work, retirement, buy-in requirements, and leave (maternity, military, etc.)
- Decide on ancillary services (if applicable)

Conclusion

Opening a medical practice is a significant investment that a physician makes for their future. The opportunity is ideal for a medical professional wishing to reap the benefits of owning a business and treating patients as they best see fit. In addition to the high level of financial risk and responsibility, the process of launching a private practice also involves a substantial commitment of time, money, and effort. Those who succeed in their respective fields enjoy a high level of autonomy and a lucrative career.

Following are shared strategies²⁶ for overcoming the challenges that independent practices face while continuing to provide excellent patient care:

- Accept that electronic health records (EHRs) are necessary to function in today's health care environment and use them to improve patient care by, for example, tracking whether patients have gotten screenings or tests you have recommended previously
- Look for ways to differentiate your practice in the eyes of payers in terms of the services you provide, or your efficiency and outcomes
- Make population health management part of your care (and business) strategy by developing patient registries and tracking quality data
- Embrace government reporting mandates and use them as opportunities to see where you can improve patient care



Accordingly, studies note, staying independent will likely require you teaming up with other independent practices through vehicles, such as accountable care organizations (ACOs) and independent practice associations (IPAs), for contracting with health plan government payers.

"You will need to wear multiple hats — one being a physician (what you were trained to do in medical school) and the second being a business manager (which is not often taught in medical school). Embracing both roles is critical to succeeding in private practice."²⁷

For additional information on starting your practice, please contact the PPRC by phone at (800) 322-2303, ext. 7702, or by email at pprc@mms.org.

Appendix A

Health Plans Department Names and Telephone Numbers (2018)

- Aetna (888) 632-3862
- Anthem (800) 832-6011
- Blue Cross Blue Shield of Massachusetts Provider Relations (800) 316-2583
- Boston Medical Center HealthNet Plan (BMCHP) (888) 566-0008
- Cigna (800) 997-1654
- Fallon Community Health Plan Provider Relations 1-866-ASK-FCHP
- Harvard Pilgrim Health Care — www.harvardpilgrim.org/providers; Provider Service Center (800) 708-4414
- Health New England Contracting Department (800) 842-4464
- MassHealth — www.mass.gov
- Medicare Fee-for-Service (Parts A and B) (800) 633-4227
- Neighborhood Health Plan Customer Care Center (800) 462-5449
- Network Health — www.tuftshealthplan.org (888) 257-1985
- Tufts Health Plan Contracting Department (800) 442-0422
- United Healthcare (877) 842-3210

Appendix B

Medical Practice Model (*Alternatives to Traditional Practice*)

Cash Practice (a la Carte)

As a cash-only practice, it is possible to charge what you believe your service is worth. You no longer must battle with insurance companies to get paid, nor does the payment model change arbitrarily at the companies' desires. The challenge of a cash model is defining and marketing to your target demographic. Most estimates are that no more than 30 percent of existing insured patients follow you to a cash practice.

Concierge

There are many varieties of concierge medicine, but the traditional form is where the patient pays a monthly or annual fee that gives them direct access to the physician. The practice profits not only from this fee, which ensures 24/7 care, coordination with specialists, and other services, but also bills insurance companies for visits.

Direct Primary Care

With the direct primary care model, many providers do not take insurance at all, but rather rely solely on the monthly/annual fee from patients. All visits and labs are paid by the patient.

Hybrid

The hybrid of a traditional practice and the concierge model. Essentially, providers with a hybrid model have several patients in the practice in the traditional sense and a smaller set of patients that are under the concierge model.

House Call Practice

The house call practice does not require an office. Depending on the physician's concern about billing overhead, this type of practice may or may not participate with insurance plans.

Integrative and Functional Medicine Practice

These practices are more related to specialties than models, alike to insurance/cash hybrid or cash practice models.

Micropractice

The micropractice is a “low overhead” practice with just one doctor and one computer. Most micropractices are cash-based, maximizing the physician’s profit after expenses and minimizing the hassle. Customarily micropractices focus on a very specific niche that patients are looking for.

Membership Practice

This model provides services only to patients who pay an annual membership fee. The membership fee is income to the practice in addition to insurance reimbursement.

Nursing Home Practice

This practice model is an excellent way to jumpstart a new practice due to the typically limited time needed to credential with Medicare and MassHealth and hit the ground running. This type of practice needs only a solid billing system (biller), no clinic and no staff.

Traveling Practice

The traveling physician goes from practice to practice to see patients. Typically, a specialist traveling from one pc office to another, the physician offers on-site care to referred patients. The physician needs to be sure to pay fair market value for use of the space and have all locations registered with payers.

Traditional Insurance Practice

This practice is the single most expensive model going. Not only are insurance plans decreasing the rates they’ll pay physicians, they are continually requiring more of the practice (i.e., pre-authorizations, EMR requirements). The traditional insurance practice is still viable with VERY careful management.

Telemedicine Practice

In Massachusetts, Telemedicine as it pertains to the delivery of health care services shall mean the use of interactive audio, video, or other electronic media for diagnosis, consultation, or treatment. Telemedicine shall not include the use of audio-only telephone, facsimile machine, or email.

Private Payers may provide coverage of telemedicine services, subject to contract terms and conditions, and must be consistent with coverage for health care services provided through in-person consultations.

There is no parity law in the state of Massachusetts. ... Massachusetts does not yet have a policy for reimbursing telemedicine or telehealth services in its Medicaid program, although there is a tradition in Massachusetts, mostly among managed care plans, to cover some of the innovation telemedicine provides.

Virtual Group

A virtual group is defined as a combination of two or more tax identification numbers (TIN) composed of solo practitioners and/or groups of 10 or fewer eligible clinicians who choose to ally themselves for participating and reporting under the MIPS program.²⁸

A review of Stark Law is critical as it pertains to physician participants in a virtual group.

Citations

¹Starting Your Own Medical Practice. www.hekmangroup.com/articles/Article_StartingYourOwnBusiness.pdf.

²Licensing Fees and General Information. www.mass.gov/eohhs/gov/departments/borim/physicians/licensing/licensing-fees-and-general-information.html.

³Ibid.

⁴Ibid.

⁵NPI — For Healthcare Providers Who Are Individuals. www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/NationalProvidentStand/Downloads/NPIFactSheet012606.pdf.

⁶NPI — What You Need to Know. www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/NPI-What-You-Need-To-Know.pdf.

⁷Ibid.

⁸Ibid.

⁹Business Comparison Chart. www.incorporate.com/business_structure_comparison_chart.html.

¹⁰Starting a New Business. www.mass.gov/service-details/starting-a-new-business.

¹¹Domestic Profit Forms. www.sec.state.ma.us/cor/corpweb/cordom/dominf.htm.

¹²*Ibid.*

¹³*Ibid.*

¹⁴*Ibid.*

¹⁵LLC vs S-Corp: Choosing the Best Entity for Your Business. www.rocketlawyer.com/blog/llc-vs-s-corp-choosing-best-entity-business-925036.

¹⁶Corporate taxation: How a C-Corp is Taxed. www.rocketlawyer.com/article/c-corp-taxation.r1.

¹⁷Limited Liability Company Information. www.sec.state.ma.us/cor/corpweb/corllc/llcinf.htm.

¹⁸Business Licenses and Permits. www.mass.gov/topics/business-licenses-permits

¹⁹Dickstein M, Esq. How to Structure a New Group Medical Practice. www.matt dickstein.com/lawyer-professional-practices/medical-corporations-group-medical-practices/structure-new-group-medical-practice.

²⁰*Ibid.*

²¹Starting Your Own Medical Practice. www.hekmangroup.com/articles/Article_StartingYourOwnBusiness.pdf.

²²Knudson J. What to Consider when Making Capital Investments. *Physician's Practice* 2018.

²³FAQs for Provider Enrollment and Credentialing. www.mass.gov/service-details/faqs-for-provider-enrollment-and-credentialing.

²⁴Apply for My Physician License. www.mass.gov/service-details/apply-for-my-physician-license.

²⁵New Practice Start-Up Checklist. www.physicianspractice.com/operations/new-practice-start-checklist.

²⁶Bendix J. Overcome the Challenges of Independent Practice. www.modernmedicine.com/sites/default/files/images/digital/ME/me081015_ezine.pdf.

²⁷Cost vs Reward of Medical Private Practice. <http://doctorly.org/cost-vs-reward-of-opening-a-medical-private-practice>.

²⁸Hall, Render, Killian, Health & Lyman. www.hallrender.com/2017/07/18/macra-quality-payment-program-to-year-2-and-beyond.

Resources

Commonwealth of Massachusetts, Corporations Division. www.sec.state.ma.us/cor.

Centers for Medicare and Medicaid Services. CMS.gov.

The information provided in this guide is intended to serve as a general resource. No recommendation or endorsement by the MMS for the individual(s) or service(s) listed is expressed or implied. This information does not constitute legal advice. The MMS is not responsible for the recommendations of or the quality of the work provided by any of the parties listed.



MASSACHUSETTS MEDICAL SOCIETY

PPRC

PHYSICIAN PRACTICE Resource Center

Adding value. Creating change.

A key resource of the Massachusetts Medical Society, the PHYSICIAN PRACTICE RESOURCE CENTER (PPRC) serves individual physicians and group practices of all sizes by providing expert knowledge and resources, advocacy, timely and critical information, and ongoing practice support. Our goal is to ensure that you have the information and resources you need to maintain a thriving practice of any size. In today's challenging environment, practicing medicine is complicated. We are here to help.

We provide physician practices a powerful support and resource network so that you can operate successfully and focus on what matters most:

- Taking Care of Patients
- Maintaining a Thriving Practice
- Focusing on the Practice of Medicine



learn

*What you
need to know.*



help

Get answers.



consult

*Improve
performance.*



info

*Keep
informed.*

Call

781.434.7702

Email

pprc@mms.org

Click

www.massmed.org/pprc



PHYSICIAN PRACTICE Resource Center

Adding value. Creating change.

INFORMATION. RESOURCES. SUPPORT.

The *Physician Practice Resource Center* is a key benefit of the Massachusetts Medical Society membership that focuses on providing practical solutions for complex problems. Our goal is to ensure that physician practices have the **information**, **resources**, and **support** needed to maintain a thriving practice in an evolving health care environment.

Information

The continuously changing environment makes it difficult to balance managing the external forces with daily practice operations. We strive to keep informed on the various health care trends and analyze how they will influence practice management.

Resources

Increasing regulatory, legislative, and operational burden has made practicing medicine complicated. By examining the health care landscape, we are able to translate the implications of current trends into informative guides that equip physician practices with pragmatic management considerations and best practices.

Support

Looking for guidance on handling an issue or answers to pressing questions? We bring an added level of support for practices of all sizes by providing expert knowledge, timely information, and critical resources that help improve practice performance.



Call

781.434.7702



Email

pprc@mms.org



Click

www.massmed.org/pprc

Physician Practice Resource Center (PPRC) is a resource of the Massachusetts Medical Society.



MASSACHUSETTS MEDICAL SOCIETY

Every physician matters, each patient counts.