Fundamentals of scaling medical practices and retiring gracefully

Dr. Cheng Ruan interviewing
Dr. Sandra Weitz, M.D.

Dr. Cheng Ruan, M.D.
Everybody, I have Dr. Sandy Weitz today, and I am so excited for this episode, because I've been following her on her podcast for a while now. But Dr. Weitz is a fellowship-trained, board-certified pain medicine physician who started her own practice, grew to 11 providers, and built a massive 25,000-square-foot medical office building to house her clinic and multi-specialty ambulatory surgical center. So that's a tall order. I know that firsthand. And she also owned an anesthesia company, an imaging center, and a bunch of other different integrative medical businesses. She's got a lot of experience doing that, and now, she teaches other physicians like myself the business of medicine so that it can start and run and just grow with it and leverage their practice into seven- or eight-figure businesses and then scale on further from that. So super excited to have you here and have you take some time out of your day. So thanks for being on.

Dr. Sandra Weitz, M.D.
Thank you so much for having me. I'm very excited.

Dr. Cheng Ruan, M.D.
Yeah, so, you know, I've been following you for a while, so I feel like I know you, 'cause I kinda listen to your podcast quite a bit and even re-listen to it quite a bit. But I brought you on specifically to address some of the things that was huge question marks for me when I started private practice, and even right now. But here's some bullet points of what we're gonna talk about. We're gonna talk about really the foundations of a private practice, what it really needs and what processes and workflow does it really need? We're gonna talk about profit and revenue cycle management. We're gonna talk about building a team, and what does that look like, and human resources. We're gonna talk about growth. We're gonna talk about scaling, adding providers. It's a short talk, but I feel like we're gonna conquer quite a bit. But the nature of this is gonna be very much into an operating system, into what really should our mentalities be as physician owners and

physician practice managers as well to start, scale, execute, keep on growing, and not to be at stasis. So thanks for coming on. So let's just kind of jump into that first point, is let's talk about the foundation. When I start with foundation, and I talked to Dr. Brent Lacey on another episode about this, and we went so deep into processes and workflows and stuff like that, which are seemingly boring at first, and I realized, it's kinda the foundation. So what does process and workflow really mean for you?

Dr. Sandra Weitz, M.D.
It means that basically, every single step of everything that happens in your practice has to have a step-by-step process. And one of the things I think is very interesting is that most people, before they actually come to own their own practice, when they're simply employed physicians, they show up, they go into an exam room, they don't really have any sense of what happens. And you really need to have a process, everything from, how does that patient actually schedule that new patient appointment? Does it come by a referral from another office? If it comes from a referral from another office, do they send it to you as a fax? Do they send it to you through a portal? Do they send it to via by snail mail? Who in your office is going to call that patient, or how does that patient actually get scheduled? If you want medical records, how do the medical records get obtained before the visit? Every single step of every task in your office needs to have a written down process.

And you need to understand, before you start thinking about, and we'll talk about team and human resources, but before you even think about hiring people, you need to really understand every single task that is going to need to be done in your office. For example, front desk. Who greets the patient? Is that the same person who's going to answer the phones? What happens when the phone's ringing and the patient is at the front desk? Which takes priority? You need to have a script for all of those things. And then workflow, are you gonna have block time? Do you see a certain number of new patients a day? Do you see a certain number of followups a day? How are they scheduled? Are they scheduled at 15-minute intervals, 30-minute intervals? Are they interchangeable? Who makes those decisions? Do you double-book? Every single step in your office needs to have a process.

Dr. Cheng Ruan, M.D.
What happens if we don't?

Dr. Sandra Weitz, M.D.
Oh my God, then you have absolute chaos.

Dr. Cheng Ruan, M.D.
I've totally experienced that, yeah.

Dr. Sandra Weitz, M.D.
You have absolute chaos. First of all, if you don't have a process, let's say, I'll give you an example. Patient shows up, and they're late. They had a nine o'clock appointment, and they're now here at 9:30. If you don't have a written process for how that patient is handled, the person shows up at the front desk, the front desk employee has a deer in the headlights look on their face, because they're unsure, should they reschedule the person? Should they fit them in? They're calling to the back to talk to the medical assistant. "Hey, can Dr. Weitz still see this patient?" "Well, if we do, "then she's gonna run that much further behind." It creates absolute chaos, right? And one of the ways that you make your practice run smoothly is to have everything be automated. If there is a process, if there's an algorithm, then people are not wandering around going, "Gee, I wonder what I do now."

Dr. Cheng Ruan, M.D.
I'm gonna say that I've 100% experienced that before when I first started out, and even now, because what we find is that there's nothing that's too detailed to put down into the process. It's because first, we were very general, had an outline, and then we were much more structured, just before we suffered so much through these pain points. And you give a fabulous example of when the processes could be correct, and all of a sudden, pandemonium occurs. And it affects patient care. So I think that there's already very few minutes that physician already spends with a patient, and you're gonna take away from that if you don't have that process. It takes away from the patient experience, which is extremely important. Then the other thing is, just sort of a follow-up question to the first one, now that we've talked about processes, is that when I talk to a lot of my buddies who are private practice owners and managers, turnover is a big deal, especially since the pandemic really started. And when you have high turnover, which means you have to interview for new staff and train, if you don't have those processes documented down, it is excruciatingly difficult to train that person. Can you comment a little bit about that?

Dr. Sandra Weitz, M.D.
Yeah, well, absolutely. So first of all, you need to have a policies and procedure manual, that you share with every single employee. One of the reasons for high turnover is when you don't have consistency. If you give people a process to follow, it actually decreases their anxiety, and it improves the worker satisfaction, 'cause they know what they're supposed to be doing. And the other thing that I would tell you is, and this is not necessarily when you very first start, 'cause you may not have enough staff, but you need to be thinking about the ability to train the trainers. So for example, if you have a front desk person, that person, sooner or later, you have that person be

the lead, who then is capable of teaching other people the same process. For example, if you have a phone script for, how do you answer the phone? "Hi, this is Sandy from Comprehensive Pain Management." If you have a script, then you can give that script to the new employee. You don't have to then basically recreate the wheel and hope that they're gonna kinda catch on on how to do this. Then the other thing I'm gonna talk about, and we'll talk about it I guess more under human resources, is you want to cross-train people, because for example, let's say that when you're first starting, you may have one front desk person and one MA. Well, if your medical assistant only knows how to do the medical assistant tasks, doesn't know how to check people in at the front desk, if the front desk person calls in sick, or God forbid, takes a vacation, then you're up a creek without a paddle. If you have a process for everything, then you actually have the ability to have staff take on more than one role, because there's a clear-cut what they're supposed to be doing.

Dr. Cheng Ruan, M.D.
Right, so as what we're talking about, let's kinda jump into the human resources side of the topic, because I think that with what you're talking about, your example is that if everything is documented, processes is down, and you're able to train the trainer, which is a very undervalued concept, and once you're able to train the trainer, you have multiple safety nets that could be created, and that can only happen if the processes are well-documented. We use this platform in our office called Trainual, which is basically, it's a digital online training platform. There's videos, there are things written down, PDFs, but there's also training certifications through it.

And it wasn't until we really started that that the culture of our practice actually became a lot better and people became very cohesive. But let's talk about something which I think is very counterintuitive, and this is probably dealing with human nature, is that, and especially myself, when I first started, I was pretty meticulous about each of the process, micromanaging a bit, to a fault. Not a bit, a lot to a fault. And a lot of times when I feel like, hey, I'm documenting my processes and procedures, I don't want to make my employees feel like they're dumb, and why is this so detailed and documented? And I realized that by not doing that, it was taking away their sense of safety. Do you see that pretty often with some of the people that you talk to?

Dr. Sandra Weitz, M.D.
Yeah, absolutely. I think that human nature is to assume that something is obvious or intuitive, when it's not.

Dr. Cheng Ruan, M.D.
Yeah, yeah.

Dr. Sandra Weitz, M.D.
The other thing that I'm gonna tell you, and this is probably politically incorrect and not nice, is that most of the people that you're going to hire for your front office, for your medical assistants, have a high school education. Maybe they have some technical school if they're a certified medical assistant. But they are slightly more than minimum wage employees. We are not talking about people who have PhDs in running an office. So you want to take the decision making away from them, because it actually gives them a comfort level if you tell them the answers to the questions. When they have to basically freelance because you're not clear, it actually creates more anxiety for them. So yes, absolutely. The fear is I'm gonna make you feel like you're dumb if I tell you this, but the reality is is that it's all about communication with your staff.

If you frame it in such a way that this is our practices policy, this is how we do things here at Bob's Rheumatology Clinic or Dr. Weitz's Clinic, right, if you frame it as, "I'm telling you the way I want you to manage this," it doesn't come across as, "I think you're stupid, "and that's why I'm spoonfeeding you," it comes across as, "This is our process." Look, if you go to work at McDonald's, why is it that whether I have a Big Mac in Baton Rouge or I have a Big Mac in Los Angeles, it's exactly the same Big Mac? Because somebody wrote down, "This is exactly how you do every single step," and that's the way in which ultimately, you are going to grow, because you know what, the goal here is not only that you start, but when you bring on that next provider who needs another medical assistant because you now have grown, that medical assistant needs to know, what's the policy? What happens when the patient is late? What happens with phone refills? So if you have that standardization, then your growth becomes that much easier. Let's say you get a satellite, and you wanna start up the satellite. You need to hire more staff. Well, somehow or another, if you don't have that process already written down and for them, how are you gonna get that satellite up and running? And it just goes on. I mean, I can go on and on from there.

Dr. Cheng Ruan, M.D.
I feel like you've had experience in this area.

Dr. Sandra Weitz, M.D.
Just a little.

Dr. Cheng Ruan, M.D.
You know, we've all sort of tasted the pain, and we've had satellites as well, and you're right. When it goes from one to multiple locations, I mean, the process has to be documented. It's gotta be very tight-knit. Otherwise, pandemonium will occur, especially when you're trying to develop a satellite and then a pandemic hits, which is exactly what happened to me. Then you feel the taste

of the blade of just unpreparedness if a lot of things aren't jot down, and that's absolutely true. So, I think, a little more on the topic of us trying to sort of manage everything in the very beginning is that, we can't grow, we can't scale our practices, if we're the one that is doing everything. If we end up being the one doing everything, a lot of the processes are assumed, and they're not written down. So from a scaling standpoint, from multiple satellites and other providers and stuff like that, I think that going from an ultimate sort of micromanager into someone who's able to delegate and who's able to delegate comfortably, how do you make that switch in your mindset? What does that take?

Dr. Sandra Weitz, M.D.
It really takes, well, it takes two things. It takes comfort in the fact that you actually know every single step, and I wanna come back to this. For everybody who is just starting a practice, or even if you're already up and running, I would challenge you to take, it doesn't even have to be a day, half a day, and actually follow each member of your staff around and make a list of what they do. As I said, how does that new patient get scheduled? How does that patient get checked in, so that you get to be comfortable with each part of this. Once you're comfortable with that, and then you start to hire people who can help you, like that office manager, like that front desk lead, then it becomes easier to say, "Okay, I'm comfortable "with you doing this piece, and you report back to me." I'll tell you that you basically never stop being the micromanager on some level, but you learn how to be at the 30,000-foot view, dive down, be in the weeds for a little bit, and then come back up to the 30,000-foot view, because if you're always in the weeds, you can't grow.

Dr. Cheng Ruan, M.D.
Reminds me of that show Undercover Boss.

Dr. Sandra Weitz, M.D.
Very much.

Dr. Cheng Ruan, M.D.
Where you kinda go all the way down to see exactly what's going on. You learn a lot about your business. I always thought it was sort of a funny show. But it's funny, 'cause I took a lot away from that show. I did go into the weeds. I sat at the front desk, actually, picked up a few phone calls myself, and just kind of observed and see a lot. Just doing that for a good two days, I was able to observe so much, and we created processes and procedures that's really able to over-deliver for our patients. So I kind of became the "undercover boss" for a little bit, and it was actually a lot of fun.

Dr. Sandra Weitz, M.D.
Well, don't laugh, because I think that you really need to be what I would describe as a secret shopper. Call your own practice from a number that's not yours and see how they answer the phone. Test out the systems to figure out kind of where you are. Then one of the things that I would tell you is very important for anybody who's trying to do this is not to abdicate your role. A lot of times, what happens is people say, "Oh, I'm gonna hire that front office person," or "I'm gonna hire the office manager," "I'm gonna hire a CPA "who's gonna put together my profit and loss statement." Yes, you will ultimately have a team of people who provide different roles, but ultimately, it's your business, and you actually have to understand all the pieces of the business and manage that business, because if you abdicate, let's say contract negotiations, yes, somebody else can do it for you, but you still have to be involved. Every month, you need to look at your own reports, not just have somebody give you the reports and you go, "Oh, okay, I got money in my checking account." No, no, no, you need to look at the reports.

As a matter of fact, talking about micromanaging, I will be very honest with you. I'm the person who looked at our numbers. I can run my own reports. I looked at our numbers pretty much every single day. How much did we put in charges today? How much did we collect today? That way, when Blue Cross had a hiccup and didn't pay us because they had a computer glitch, we knew long before we got to the end of the month that Blue Cross was not on track to be where they were supposed to be. Similarly, everybody talks about, "Oh my God, I have so many denials." Look, you should know whether you're getting denials. You should know what you're getting denied for. The rules change, okay? Whether it's the local carrier determination for Medicare changes or, one of the commercials says it's no longer medically necessary, if you are constantly looking at your own reports, you will know and be able to modify your practice long before it gets to be a problem.

Dr. Cheng Ruan, M.D.
So that was a really good example, these quote-unquote "glitches" in the computer where all of a sudden, your 99214s are shortchanged by about seven cents and sometimes two dollars. They actually happen pretty often. I would say that, out of a lot of the people that I talk to, probably less than one percent of people even pick that up in a revenue cycle before six months is up.

Dr. Sandra Weitz, M.D.
Well, there's a really good reason that that is a problem, and I wanna point that out, because I talk to so many physicians who do not have their contracted fee schedules loaded into their practice management software. You cannot just look at the EOB, like, for example, you are supposed to be paid $95 by Blue Cross. You can't look at the EOB and see that they paid you X amount and have your biller or whoever go, "Oh, that's fine." If in your practice management software you have the

Blue Cross fee schedule loaded, and it say $95, then it automatically picks it out and tells you that you are that seven cents short, in your example. And seven cents may not seem like a lot, but if you have hundreds of people that are seven cents off over the course of months or years, that turns into a lot of money. And there's no reason to lose that. You know, I think one of the things is, two things, and this is probably switching gears on you to growth and scale, in a way. I think that there is a tendency for people to think, "You know what, I just need to grow. "I need to add docs. "I need to add mid-levels. "I need to add satellites. "I need to add other services." You cannot do that efficiently or effectively until you have all the foundation, all those processes in place, and until your revenue cycle management is as tight as it can be. You want to make sure that you get paid every penny that you're entitled to be paid. Don't think, "I'm going to make more money "by doing more work." That's not the right way to think about this. It really is, I need to get paid the most for the work that I'm actually doing, and then I can figure out, how do I grow from there?

Dr. Cheng Ruan, M.D.
Yeah, but how do you know your revenue cycle management is tight? What should the gauge actually be?

Dr. Sandra Weitz, M.D.
Well, there are multiple components. So number one, how long does it take you to actually drop the charge? So from the time that you finish the note to when that charge actually gets to the insurance company is often a problem, because we think to ourselves, "Oh, I saw this patient today, "and I should get my money in X amount of time." Well, first of all, if you don't finish your notes today and the charge doesn't get dropped today, it doesn't get dropped for a week, the clock doesn't start until the insurance company actually gets the money. And this becomes a real problem when you have multiple providers, because if you are the only one and you're not finishing your notes, then shame on you. But when you have other docs or other people who are dropping charges, you have to babysit them to make sure that they're dropping their charges. You wanna look at your accounts receivable.

Basically, Medicare, if you submit your charges electronically, is supposed to pay you in 15 days. Most states in the country, the commercial insurers are, according to the insurance commissioner, supposed to pay you within 30 days. So basically, 90% of your accounts receivable should be collected in the first 90 days, and the vast majority of it in the first 30 days. So people who have money that's out there at, you know, 120, 150 days or more, A, your chance of actually collecting it is pretty small, and then the big question is, why? So how long does it take for you to drop your charges? What are your accounts receivable? What are your present clean claims? That'll tell you how well your billing people are actually getting your claims out, because if you are constantly having to go back, well, not you; whoever's doing the billing; has to go back and

resubmit a claim, either because it's not a clean claim or it's denied or they're asking for more medical records, that only delays how long it's gonna take you to actually collect your money. So those are some of the metrics, just to start.

Dr. Cheng Ruan, M.D.
You know, that's a lot, and I think that some people listening to this is kinda going, "Oh my gosh, I haven't done this yet." But rest assured, for those listening to this, that you're not the only one. Probably most people listening to this are kinda thinking along that line as well. But that's why we have this summit. There's always this room that we always want to grow on. Even the most button-up practice still has areas of improvement, in these specific areas, the ones we talked about.

Dr. Sandra Weitz, M.D.
Yeah, so lemme tell you that this is an ongoing, everyday struggle. And when I tell you this is something that I worked on pretty much every day in my own practice, because as I said, you wanna get paid for the work you do. You want to know, if you're getting denials, why am I getting denials? If I'm getting a denial, then it's not, "Oh, I got a denial." It's, do I change what my note says? Do I need to rethink what's medically necessary according to this insurance company? How do I modify this? I think one of the things that is a mistake is this idea that I'm gonna set it and go. Managing your practice is completely dynamic. Every day is a new day, and you have to work on it every day.

Dr. Cheng Ruan, M.D.
Right, absolutely. So I'm gonna shift the gears a little bit to practice startup, probably 'cause as you're talking, one of my friends who's actually starting a pediatric practice just texted me about what printers and ink we actually use. So, instead of addressing that, let's address from a startup perspective. There's a lot of people who are listening who either just started off, has been in practice in the earlier years, or are thinking about doing practice startup, like my friend here. Besides printer ink, what do you think is really the most important thing to think about when you're first starting out?

Dr. Sandra Weitz, M.D.
Well, it's certainly not printer ink. It really is space and personnel. I think that there are two parts to that. Number one, you need to think about, how much space do I need now, and how much space do I need in the next three years? I would strongly encourage people not to rush out and buy a building or buy a space, because A, that takes on a whole bunch of cost and risk that you don't need in the beginning, but B, you have really no sense of what your ramp-up and what your needs are going to be. So you could end up with too much space and too much expense, or if

you're like me, you could end up with too little space and then run out of space and need to move. So if you buy something, you're stuck. I would tell you that most practitioners need three rooms to start: one to check the patient in, one to see the patient, and one for the patient who's leaving.

Dr. Cheng Ruan, M.D.
We're talking about three room per practitioner, right?

Dr. Sandra Weitz, M.D.
Per practitioner, right. And so, if you are first starting out and you think that, you know, I'm signing a five-year lease, I would tell you to get probably closer to five exam rooms so that if you decide that you want to hire either a mid-level or another doc, you have a little bit of wiggle room. I'm a big fan of subletting initially if you can, because it gives you more flexibility and less risk. I think the other thing that people kind of don't think about is personnel. I have talked to so many docs who want to do this on the cheap. They're like, "Oh, I'm gonna do this myself, "and I'm gonna do that myself." Okay, let me tell you that a Medicare followup, nationwide, like a 99213, 99214, is probably in the $90 range. And most of us can see four of those in an hour, right? If you hire a medical assistant for $15, and that medical assistant can help you see one extra patient an hour, it should not take you long to figure out that it is cost effective for you to actually have enough staff so that you are not the chief cook and bottle washer doing everything. I think that's something that, when people are first starting out, they're so afraid of the personnel costs, because in most practices, personnel really makes up the largest part of your overhead. That's where people ready to get away with less, but if you think about it, it's actually the one thing that makes you more productive.

Dr. Cheng Ruan, M.D.
Yeah, personnel and square footage are really high up there, absolutely. But yeah, the printer ink, I think, is also relatively important, unless you're like me and wanna go digital for everything, 'cause we spent way too much on ink that first year. But you bring up a good point, is the personnel cost. It's really understanding, what is your fixed and variable costs and how you can drive some of those down. The personnel is probably the most expensive thing, if not the second most expensive thing, that's really on your list. So how do you think, and you know, I talk to people who are just starting out, and one of the first questions that I have for them always throws them off a little bit. I'm asking, "Well, what is your exit strategy "in the next few years?" And they're like, "What do you mean?"

Dr. Sandra Weitz, M.D.
It's funny that you said that, because that was actually what I was thinking when you said to me, what's the most important thing when you start? That is the most important thing when you start. As a matter of fact, I made myself notes of what I wanted to make sure not to forget, and exit strategy is on my list. But yeah, I mean, look.

Dr. Cheng Ruan, M.D.
Definitely.

Dr. Sandra Weitz, M.D.
You cannot decide that hey, I'm tired, and I wanna retire, and so I'm closing up shop without an, "Okay, so now what?" Are you selling your practice? Are you selling it to your associates? What are you doing? You have this book of business. You have this group of patients. You have to have a plan, absolutely. And it takes time.

Dr. Cheng Ruan, M.D.
I think that pretty are just like, "Hey, I'm just gonna start the practice "and just figure it out later." I really encourage a lot of my colleagues that, and when you're doing practice startup, design with the exit strategy in mind in the first place. And you may wanna practice that 50 years. Go ahead and do it, power to you. But there's always things that come up, and we have to really make enough safety nets for ourselves.

Dr. Sandra Weitz, M.D.
Well, I think the other reason to think about the exit strategy is this: because exist strategy and growth and leverage are all part and parcel of the same thing. When you are starting the practice, it's all you. But at some point, you're gonna wanna take a vacation, and you're gonna wanna take a vacation that lasts more than a week. At some point, you want to be able to leave early so that you can go to your kid's soccer practice. At some point, God forbid, somebody in your family is going to get sick, and you may need to take some time off. If you are the only person who's generating revenue, then you will have enormous anxiety any time there's any kind of a glitch. And what happens if you become disabled? What happens if you die? What happens to this practice? And so, you basically have to be thinking to yourself, even from the beginning, what are other ways for me to leverage this? Can I bring on other revenue streams that make money when I'm not physically seeing that patient? Can I bring on other docs? Can I bring on mid-levels that will generate income? Can I bring on psychologists, massage therapists; in your case, the health coach? Who else other than me can generate revenue so it's not always about me?

Dr. Cheng Ruan, M.D.
Right, and so another common thing that I get, especially in the startup world of medical practices, is this concept of, when am I gonna hit a profit? Like, how long does it take for me to start and then be profitable, and then when do I actually bring in another provider? So these are probably the two most common things that I get. I kinda wanna have you touch on those two points.

Dr. Sandra Weitz, M.D.
Yeah, so I would tell you it's going to take you six months to a year to be profitable. No matter how you slice it, there is some amount of startup cost, and you will have some amount of operating cost every month. And as I alluded to in terms of accounts receivable, you see patients today, and you may or may not get paid for some amount of time. I mean, unless you're an entirely cash pay practice, which has its own set of issues, realistically, there's gonna be probably a 30-day delay. And on day one, no matter how magnificent a physician you are, you are not going to have a full practice. There is a ramp-up period. And even if you have a back load of referrals, every patient that first week, that first month, is a new patient. So you're not seeing them at follow-up pace. You're seeing them at new patient pace, because they have to be entered into the system, they have to be entered into your EMR, et cetera. So realistically, it's going to take you probably about six months to turn a profit, meaning that you've paid off what you had in your startup and initial operating expenses and are now bringing in more than it's costing you every month. And six months I think is an optimistic number.

Dr. Cheng Ruan, M.D.
So let's kinda define profit for a second, because there's two sort of people that I've seen. The one group is they start their practice, and they consider the salary to themselves part of the overhead, and the other group is that they just don't pay themselves, until they foresee themselves to be profitable. Should your own salary be part of the overhead calculation?

Dr. Sandra Weitz, M.D.
Yes, and the reason for that is, unless you're independently wealthy, you need to make some amount of money while you're working for those six months, right, unless you have stored up that much of a nest egg. And actually, anybody who's ever gone to the bank for a startup loan for a medical practice, the bank assumes that you're going, if you come to them with a business plan and your business plan does not include a salary for yourself, they're going to laugh at you, because they know that you have to have some amount of money. You're not gonna starve for those six months. So yes, the salary absolutely has to be part of that calculation. And then to come back to answer when do you need another physician or when do you need another provider, so, this again may not be politically correct. I'm personally a big fan of mid-levels as an

extender. Two things about that: I think mid-levels should always see followups and not new patients. I think patients wanna see physicians. That's better patient care. But I think if you have a stable patient who has a routine followup and you have spent the time and energy to really educate that mid-level in your policies and it is really an extension of you, there's no issue with that. The other thing is I think the mid-level needs to be in clinic with you. There are two reasons for that. Number one, it's better patient care. You can answer any questions that they have in realtime. But the other reason is because you can bill incident-to, and the mid-level gets paid at 100%. If the mid-level sees the patients alone and you're not in clinic, then they get paid 85%. So why in the world would you take a 15% haircut when you don't need to? So, most mid-levels basically generate two to three times the revenue that they cost you, just as a kind of ballpark, and they're easier to come by than physicians.

If you're going to hire a physician, unless you happen to know somebody, it's really go to take you six months to a year to find that physician and bring them on. And the reason for that is because they need a license in your state, they need to go through the credentialing process, and that can take months. And so, when do you start to think, "Oh, I better look for somebody?" Well, if you're looking for another provider, we'll come back to a generic provider for a second, when you are seeing more followups and don't have room for your new patients, when you have a waiting list, your next available appointment is more than two weeks, I would tell you you need to be looking for that next provider. And if you're at that point, I would encourage you to look for that mid-level, because that's gonna solve your problem within a month to two months, whereas if you're at that point and you're looking for a physician, you still have probably 10 months to a year of treading water until that person arrives. Now, I'll tell you two things.

Number one, in order for a practice to grow, so if you think about it like a funnel, basically, you have new patients coming in, but depending on your specialty, for most specialties, people keep following up. So if you're a good doc, you have relatively few people who are coming out the bottom of the funnel. So once you fill up this bowl, you don't have the ability to keep seeing new patients, 'cause your schedule's so full of these followups. Then you end up saying, "I'm sorry, "we don't have any availability for a new patient. "Oh, it'll be two weeks, it'll be four weeks." You know what, that's a great opportunity for me. As soon as that happens, I'm hiring that new doc and saying, "Hey, I can get a patient in tomorrow," right, because nobody wants to hear that it's six months for the next appointment to see a neurologist, a rheumatologist, that a routine, I wanna establish care with a family practice or an internist, it's gonna be three months for me to be able to see them. That's an opportunity for your competition to swoop those patients up.

Dr. Cheng Ruan, M.D.
Speaking of competition, some people who are listening to this are in relative competitive fields. I personally am not, so I have that luxury of being one of the more unique practitioners. So let's talk about, especially in the beginning, how should they be finding their niche? How would some of these practitioners be growing through marketing or marketing their niche? What does that look like?

Dr. Sandra Weitz, M.D.
So, I think a couple of things. First of all, I'm a big fan of actually doc to doc referrals. I think that that is a much more effective manner of getting patients than trying to get them through social media.

Dr. Cheng Ruan, M.D.
I agree.

Dr. Sandra Weitz, M.D.
Or trying to get a patient at a time. Depending on your specialty, I mean, as a pain specialist, if you happen to hit it off with an orthopedist who sends you 20 patients a month, that's a whole lot easier than if I have to go find 20 individual patients. In terms of your niche, so, if you speak a language, like for example, I worked with a pulmonologist in Houston who is one of the few Spanish-speaking physicians, and Houston has a whole lot of Spanish-speaking people. I know a urologist who is a woman in Texas who speaks Chinese. And so, if you have something that's unique, certainly go into the community and tell people, "I have that strength." But at the end of the day, it is really about that personal interaction. Your best marketing tool, your best way of creating an opportunity for yourself is make an appointment and go talk to the doctors.

Give them your cell phone number, tell them that you have ready availability, and just be a real person. That will get you further than anything else, because at the end of the day, if I refer a patient to you, I wanna know that you're gonna send me a copy of the note, that you're gonna treat my patient with respect, that you're gonna communicate with me that you saw the patient. Send me a text. Send me some kind of acknowledgement that you and I are part of the team together. I think that's really a lost art. I mean, we can talk about ads and Google ads and Facebook ads and TV and radio, and all of those have a role, but none of them have as much impact as that personal relationship that you can establish with your referral sources.

Dr. Cheng Ruan, M.D.
100% agree with you. So I see people trying to run Facebook ads and all this stuff like that. In this day and age, especially in 2021, I think the general public can sort of sniff through bullshit, if you

will, when it comes to ads and stuff like that. So what's converting? Converting means basically having someone see your ad and them handing you money or them being your patient. The insurance gives you money. So they call it conversion. So the conversion is significantly less when it comes to medical this year, ever since the pandemic hit, than ever before. But you're right. I think the referral side is massive. And what people don't understand is that when 2020 hit, there's actually reimbursable codes for if you're a consultant. You write up this report to send to the person who referred to you. That's called an interprofessional consult CPT code that you can actually bill at. Then if you pick up the phone or text the other providers for five minutes or more, that's another code that can be generated.

So I think that the CPT committee federally has an incentive for docs to talk to each other. And you don't have to be like, a primary care doc referring 'em to a specialist. You can be a specialist referring to another specialist and use the same codes from the referring provider and the specialist provider as well, which is fabulous. It's not really talked about enough, but it's something that we sort of engineered into our practice. For example, Monday, I have a Zoom call with a neurologist in Philadelphia for one of my patients. I'm here in Houston. The patient's not on, but it's actually a case discussion. But that's actually a reimbursable event, and people don't really understand that. So I do feel very passionately about this topic of communicating with the other practitioners that you work with, and then knowing what their niche is and referring patients there, and then they'll refer back to you as well. I was so happy you said that instead of just, you know, spend money on Google AdWords and stuff like that.

And I think the other thing is that it helps you develop longevity in that there's nothing like a referred patient. 'Cause whenever we get referred patients, about 40% of our patients were referred from other practitioners, the majority of it's actually referred from other patient family members within the practice. That referred patient is more likely to give you a five-star review. They're more likely to really work with you and be really involved in their health and the process, which is a really rewarding thing. It definitely leads to a whole lot less burnout if I'm just kinda getting people who have a specific condition from Google AdWords and then they come in with a bit of a distrust already. We're starting to see a lot of that, especially in 2021. So I'm super glad you kinda pointed that out.

Dr. Sandra Weitz, M.D.
But can I come back and say one thing about referrals?

Dr. Cheng Ruan, M.D.
Absolutely.

Dr. Sandra Weitz, M.D.
You must keep a referral log. And now, in most of the EMR practice management software, there are two cells. There's the cell for the PCP, and then there's the cell for the referring doctor. You wanna make sure that your staff is meticulous in putting in who the referring physician is if there's a referring physician. If it's referral from a friend, it should say "referral: friend." If it's a referral from Facebook, it should say referral from Facebook, so that you can actually track where your efforts are basically being rewarded. So let's say you go see Dr. Smith with donuts to tell him about what an amazing physician you are. If all of a sudden, the next month, Dr. Smith starts sending you patients, you know, hey, wait, it really paid to go see Dr. Smith.

Now, the other part of that is, you should be able to run a report in your practice management software of Dr. Smith, or actually all of your referrals, and how much they generated in charges and how much they generated in payments, because for example, you may discover that going to see Dr. Smith, yes, he sent you a bunch of patients, but he's only sending you low-paying patients. But if you go see Dr. Jones, Dr. Jones is sending you fewer patients, but that he has better commercial insurers, and therefore, maybe you should go talk to Dr. Jones again and see if you could get some more referrals from him. And that's where actually using your data to make decisions can get you a whole lot further down the line.

Dr. Cheng Ruan, M.D.
Yeah, that's a really good point. We call that a KPI, key performance indicator, within our practice when we're able to look at these things. And it's not just on the referral side. It's also about who are the patients that you wanna see, because I feel like a lot of practitioners first starting out just say, "I just wanna see everyone under the sun and help everyone," which is great, but don't feel guilty when you're sitting there and it's like, "Hey, I'd really rather see these type of patients" and you kinda develop your niche there. Then you realize that these patients are being referred by two or three people tops, and then working with that population feels really good. That's kind of like what happened to me.

I dedicated most of my focus right now to neurodegenerative diseases, which I didn't know I was even interested in until I started working with combat veterans. And it's something that I started to look at, where are these people coming from? Oh my gosh, Wounded Warriors, let's talk to these people. Then all of a sudden, I'm getting referrals from a military base in Aberdeen. And so I'm like, "Well, this is interesting. "I like seeing these patients." It really helped me create a profit center on its own, and that's something that's one of the most rewarding things I've ever done. And so, but I agree with you. Keeping a referral list, where are people coming from, is just absolutely crucial. It helps you maintain and curate your niche and helps you develop a fantastic relationship with your patients and the other professionals, and then you do really good service.

And that's the thing; you're passionate about these people. You do really good service. And that's the things that you really wanna scale. You really wanna be juiced up on scaling the things that you're truly passionate about. So I'm so glad you really mentioned that. So I wanna kinda close this up a little bit, and I ask a lot of the people this question, is what are some things that you wish you knew when you first started private practice?

Dr. Sandra Weitz, M.D.
I think probably, how to scale faster. I think, in terms of things that I knew, well, lemme restate that. I think I would have done a better job with the initial doc or actually the initial two doctors that I hired because I was so desperate for help that I probably did not pay as much attention to making sure that they were a phenomenal fit as I did later on. So one of them came actually from the East Coast and joined my practice and then left because he wanted to go surfing. Had I realized that he went surfing every single weekend, I would have told him, there's no surfing in Louisiana. So after about a year and a half, that was the end of that. So I think really understanding the model, understanding how to scale, understanding how to figure out the people who will help you do that and make sure that they are actually really a fit for your model, rather than just filling spaces.

Dr. Cheng Ruan, M.D.
Yeah, but you learn so much from those experience, huh?

Dr. Sandra Weitz, M.D.
Oh, yeah. You do learn so much from it, both about other people, but really, about yourself and about trusting your judgment. I have to tell you that by the end of hiring all these docs, I have spent hours and hours interviewing people, talking to people. Before we would ever bring somebody down to interview, I would talk to them two or three times on the phone for an hour, this was before Zoom, right, and then would have each of the other physicians talk to that person so that if I got done with those conversations and my gut told me you're not a fit, you never came for the interview.

Dr. Cheng Ruan, M.D.
It almost sounds like you're adopting a child into the family, huh?

Dr. Sandra Weitz, M.D.
It is! I mean, I think that's the thing, is that when you decide to bring on another provider, especially a physician, well, lemme say this. If you bring on another physician, most of them want to be a partner in your practice. I have never found that employed physicians make for long-term relationships, because at some point, you want everybody to be rowing in the same direction.

And when you're an employee physician, you never have that sense of ownership. Even if we give you a great salary and a bonus structure, you still don't have that same sense of accountability. So basically, all physicians that I have hired were on a partnership track with the idea that they would become a partner at the end of two years, assuming that they met a set of predetermined criteria. It is really like dating and marriage. Before you decide that you even wanna go on that first date, you talk to somebody a whole bunch of times, right? That's that whole interview process. But then once you hire them, it's still like dating. You're still trying to figure out, is this really gonna be a long-term fit before you make them a partner.

Dr. Cheng Ruan, M.D.
Yeah, absolutely. So I actually heard that part in your podcast. So if you haven't yet, click on the link that's with the description of the video. There's a podcast link in there as well, and you have a couple of gifts for our audience as well, right?

Dr. Sandra Weitz, M.D.
Absolutely. There's a handout on how to start your own practice. It is literally a blueprint of every step you need to take, there is a handout on how to leverage your practice into multiple revenue streams, and then there's a third, which is how to negotiate your best contract, regardless of what contract you wanna negotiate.

Dr. Cheng Ruan, M.D.
Great, I wish I had this earlier on. And also, you have a brand new, is it a coaching webinar? What is it?

Dr. Sandra Weitz, M.D.
It's a membership. So it's the Private Medical Practice Academy membership, and basically, it takes you on this journey where we really cover all the things that you and I have talked about on a monthly basis, everything from foundation, how do you come up with those processes, to profit, how do you figure out the revenue cycle, the team, human resources, training, et cetera, how to grow, and then ultimately, how to scale, and indeed, that exit strategy.

Dr. Cheng Ruan, M.D.
That's amazing, yeah. The link is with this video as well. Go ahead and click on that. I mean, that is a priceless amount of information, things I really wish I had in the beginning. I've made probably over seven figures in mistakes just in the categories that you just talked about. But we gotta learn from each other, right? That's what this whole thing is all about. So I would call that the million-dollar package right there. If I had all that information, it would have been wonderful. So thanks for coming on. Really appreciate having you on, really enjoyed it. These are such golden

nuggets, especially for people who are starting out, and for the people who've already started and made the mistakes, just like myself, and I'm nodding along of everything that you just said, 'cause I've tasted that pain point. For those of you who are in that boat, make sure you hop onto this membership, because it is so crucial for us to not just learn from each other, but not to make, I call it "dumb taxes," if you will. You're kinda taxing yourself unnecessarily of doing different things where it could be made a whole lot easier. Really gotta learn from each other. That's the way that we keep practitioners in private practice. That's the way that we know how to scale and design and to do medicine the way that we feel like it should be for us and for advocate for practitioners. Thanks, everyone, for coming back on, and thank you, Sandra. This has been absolutely wonderful, so thank you very much.

Dr. Sandra Weitz, M.D.
Thank you.