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Be Sure That New Associate is Ready for Partnership

by Robert J. Landau, Esq.

Before you offer a share of ownership, you'll need to gauge whether the doctor will fit in. A management consultant tells how.

Ten years ago, the typical partnership track in group practice went like this: A salaried associate was hired for one year. On Day 364, the group's partners got together to be sure no one vehemently objected to making the associate a partner. If no one did, the group made an offer.

Groups can no longer afford to operate like that. With expenses rising and reimbursements tightening, net profits are becoming ever more precious. Groups recognize that it doesn't make sense to add another owner until the practice has grown enough to support him. That growth usually takes more than a year.

Fortunately, an abundant supply of doctors allows groups to take more time to decide on partnership. It from usually takes two to four years for an associate to become a partner.

Some associates balk at a multi-year trial period, arguing that the partners will know everything they need to know within the first few months. I counter with the story of the solo orthopedic surgeon who decided to bring his younger brother into the practice. You'd think that brothers would have a good idea whether they'd get along as business partners.

After an 18-month trial period, the younger brother became a partner. The practice has had nothing but problems since, and the brothers may have to split up. The younger brother has become obsessed with tracking every last dollar coming in and going out to make sure he's getting a proper cut. He's also had run-ins with the staff, and the office manager quit because of his antics.

Most problems between partners and associates stem from a lack of communication. With my clients, I include a clause in the associate's initial employment contract that outlines the practice's intent to conduct informal and formal reviews. Among the specific items I list as essential to the associate's success: acceptance by patients, doctors, office staff, and hospital personnel; time commitment to the practice; adequate productivity and efficiency; willingness and ability to promote the practice; and acceptance of practice responsibilities.

Unfortunately, the senior doctors too often fail to undertake the promised reviews. That's not only bad for the practice, but unfair to the associate. For example, in a three-doctor internal medicine practice in the Midwest, the two senior doctors were workaholics and assumed their associate would be also. But the associate had a new baby and, eager to spend time with his family, left promptly at 6 every evening. The partners didn't say anything until he was up for partnership, whereupon they told him he was out. For the first time, they let him know they'd long been furious because he hadn't been working harder.

To keep communication lines open, develop a standard form to use to regularly evaluate the associate's performance. The form is a basis for discussion and a tool to focus on areas that need improvement. We

recommend that the senior doctor conduct the review and fill out the form. But he shouldn't simply rely on his own impressions of and experience with the associate. Rather, he should ask staff, other doctors in the practice, referring doctors, hospital personnel, and patients, if possible, about the associate. We encourage partners to discuss the associate's progress with him every three months and to conduct a formal review, using the form, twice a year. And keep things businesslike: Hold the talks in the office, not in a restaurant or on a golf course. If the associate is deficient in certain areas, give him a specific time frame three months, say-to improve.

Here are areas we suggest reviewing partners look at:

Day-to-day practice. The most important category here is rapport with patients. Feedback from staff, nurses, and patients is crucial. Some partners make rounds or see patients with the associate. However, this may not paint a true picture because the young doctor is likely to be on his best behavior when he's being watched.

In one neurology group in the Midwest, an associate was a top-notch clinician with an impressive academic background. Whenever he treated patients in the presence of other doctors, he was charming and caring. But not when he was on his own. During one test, an elderly patient complained that he was hurting her, and that the pain would make her fall. He ignored her pleas, and she eventually fell. Fortunately, she wasn't hurt, but she did inform a nurse. When the senior physicians looked further into their associate's conduct, they declined to offer him a partnership.

Other categories under day-today practice are timeliness in completing charts, referral letters, dictation, billing information, and appropriate handling of phone and beeper calls.

Practice development. Doctors have to work hard to attract new patients. Giving talks in the community, doing radio programs, and dining with referral sources are often essential. This is especially true for new associates, who must create enough new business to support their salaries.

A solo pulmonologist in the South brought a new doctor on board and gave him an incentive clause based on billings. The associate made his bonus, but the senior doctor wound up taking a pay cut because the new man wasn't bringing in many new patients. He was cannibalizing the senior doctor's practice. The pulmonologist is now looking for a new associate.

Tracking referrals should give you an idea of whether the new associate has successfully cultivated new sources. It's a good sign if the associate is serving on hospital committees, publishing articles, or getting favorable publicity in the community.

In one ophthalmology practice, a new associate made friends with a local television health reporter. Now whenever a story crops up involving eye care, the associate winds up on TV as an expert source, creating publicity both for himself and for the practice.

Another important trait is entrepreneurial spirit. Does the new doctor simply do what he's told, or does he suggest ways to improve practice routines and office systems? The more an associate is willing to apply himself to the business side, the more likely he is to become a valuable partner.

If the practice is pursuing short-term goals-perhaps building a new subspecialty or getting more patients from a certain part of town -make sure the associate has supported these efforts. This could mean giving speeches or hosting seminars, developing certain referral sources, or taking appropriate CME courses.

Practice style. This is one area where numbers count. Check the associate's productivity, and don't forget to look at how efficiently he utilizes resources. You can also easily see how many hours the associate is dedicating to the practice.

But look beyond the numbers, too. Is the associate enthusiastic at work? Is he flexible, willing to alter his schedule or take call duty in an emergency?

Clinical performance. Reviewing charts should give you a good idea of the associate's medical knowledge and diagnostic skill. Also check his patient records to see whether patients comply with his instructions and whether his charting is up to snuff.

One young ophthalmologist's illegible handwriting was enough not only to do him out of a potential partnership, but to get him sacked. The senior physicians felt his messy charts could eventually weaken a malpractice defense or trigger a full-scale Medicare audit. This was another case where the older doctors hadn't given the associate an early warning.

Interpersonal skills. Talk to all the people with whom the new doctor regularly interacts. In addition to staff and other doctors in the practice, include referral sources, hospital personnel, lab technicians -even vendors. To be fair to the associate, thoroughly investigate any problems that surface, and discuss them with him. Vigilant checking saved one internal medicine group from offering a partnership to the wrong man. The new associate was a fine diagnostician and was perfectly genial with other doctors in the practice.

But when the senior doctor queried the clerical and nursing staff, he learned that several were on the verge of quitting because of the associate's tyrannical behavior. The practice declined to offer him a partnership.

Practice management. Many associates have no interest in this area and no idea that they're expected to be involved in anything other than practicing good medicine. Remember, this is often their first foray into a business environment.

Tell the associate he's expected to contribute to management. Then delegate specific jobs to him, such as one aspect of investigating the feasibility of a satellite office. Follow up on his performance in this, as in everything else he does, and let him know frequently that you're interested in how he's doing.

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Mr. Landau's practice concentrates on the representation of physicians and medical practices in employment contracting, income division and shareholder matters. He also assists clients in managed care contracting and general corporate and business law matters.

Mr. Landau has been involved in representing numerous physicians and group practices in the structuring of mergers and practice formations, and in negotiating sales of medical practices and related ancillary businesses to hospitals, management companies and other entities.

His numerous articles on practice management, legal and financial issues have been published in regional and national health care publications including *Medical Economics*, *Physician's Practice Digest*, *Ophthalmology Times*, *Medical Economics*, *Physicians News Digest*, *Argus*, *Focus Magazine*, *Pennsylvania Medicine*, *Review of Ophthalmology*, *Orthopedic Resident*, *The Internal Medicine Resident*, *California Physician*, *Dental Management*, *Radiology Resident*, *Maryland Med/Chi Society*, and *Physician's Management*.

Mr. Landau also lectures frequently to physician groups nationwide on the legal and management issues affecting the growth and stability of today's health care providers. Among the prestigious institutions where Mr. Landau has lectured are the American Academy of Ophthalmology, Erie County Medical Society, Riverview Medical Center, South Dakota Medical Group Management Association, Abington Family Practice Residency Program, Philadelphia Renal Dialysis Administrators, North Carolina Medical Society, The Health Care Pennsylvania Medical Society, Philadelphia County Medical Society, Bucks County Medical Society, Delaware County Medical Society, Temple University Ophthalmology Department, and University of Pennsylvania Department of Orthopaedics.

Mr. Landau is a graduate of the Washington College of Law of American University and holds a Bachelor of Arts degree from Connecticut College.

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