APPENDIX B

Building Your Practice Advisory Team

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You do not need all of these people on day one, and you probably will not need every person on this list.

The advisors you need will depend on your specialty, practice model, state, financing, whether you are leasing or buying real estate, whether you will have employees, and which clinical services you plan to offer.

What you do need is to know when a decision has moved outside your area of expertise.

A good advisor should help you understand the decision, point out problems you may not have considered, and give you enough information to make the final call. You are still the owner.

Below are the professionals you may need as you build and operate the practice.

1. Healthcare Attorney

For most physicians starting a practice, this is one of the first advisors to identify.

Look for an attorney who works with physicians, medical practices, or healthcare businesses. A general business attorney may understand contracts and entity formation but may not routinely deal with the healthcare-specific issues that can affect a medical practice.

When You May Need One

- Before selecting the legal entity
- Before signing a lease
- Before signing a purchase agreement
- Before entering a partnership
- Before buying or selling a practice
- Before using a membership, concierge, or DPC agreement
- Before establishing physician compensation arrangements
- Before hiring physicians or advanced practice clinicians
- Before entering significant vendor agreements
- When reviewing restrictive covenants from your current employer
- When developing policies involving patient fees, refunds, or membership cancellation
- When structuring ancillary services or outside business relationships
- When considering ownership arrangements involving nonphysicians
- When dealing with state-specific telemedicine or practice-ownership rules

What the Attorney May Help With

- Entity formation and ownership structure
- Operating agreements or shareholder agreements
- Partnership agreements
- Buy-sell provisions
- Employment agreements
- Independent-contractor agreements
- Physician employment agreements
- Restrictive covenants
- Patient service agreements
- DPC agreements
- Concierge or membership agreements
- Cash-pay policies
- Lease review
- Real estate purchase documents
- Business purchase agreements
- Business Associate Agreements
- Vendor contracts
- Privacy and compliance issues
- State corporate-practice-of-medicine rules
- Fee-splitting rules
- Medicare opt-out documents
- Stark and Anti-Kickback issues when applicable
- Practice sale or succession planning

Questions to Ask

- How much of your work involves physician practices?
- Do you regularly represent independent physicians?
- Have you worked with practices using my business model?
- Do you understand DPC, concierge, cash-pay, or membership medicine if that applies to my practice?
- Who will actually do the work on my account?
- How do you bill?
- What work can be handled by an associate or paralegal rather than the senior attorney?
- What decisions should I bring to you before I act rather than after?

2. Certified Public Accountant

Your CPA should understand more than your personal tax return.

Look for someone who regularly works with physicians, medical practices, professional entities, or other healthcare businesses.

When You May Need One

- Before choosing the entity structure
- While developing financial projections
- Before establishing payroll
- Before determining owner compensation
- Before purchasing major equipment
- Before deciding whether to lease or purchase real estate
- Before hiring employees
- Before creating a retirement plan
- During tax planning
- Before selling or restructuring the practice

What the CPA May Help With

- Entity tax structure
- S corporation elections when appropriate
- Tax planning
- Owner compensation
- Estimated tax payments
- Payroll tax issues
- Business deductions
- Depreciation
- Equipment purchases
- Retirement-plan decisions
- Financial projections
- Break-even calculations
- Cash-flow planning
- Financial statement review
- Practice acquisition analysis
- Practice-sale tax planning
- Real-estate ownership structure
- Coordination between the practice entity and a separate real-estate entity

Questions to Ask

- How many physician practices do you currently work with?
- Do you work with practices similar in size to the one I am building?
- Will you help me understand the numbers or mainly prepare tax returns?
- How often should we meet during the first year?
- Will you review my financial statements during the year?
- Do you provide bookkeeping, or should I use a separate bookkeeper?
- Who handles payroll questions?
- What reports should I be reviewing every month?

3. Bookkeeper

The CPA and bookkeeper are not always the same person.

The bookkeeper handles the routine financial records that allow you and your CPA to know what is happening in the business.

Typical Responsibilities

- Categorizing income and expenses
- Reconciling bank accounts
- Reconciling credit cards
- Maintaining the general ledger
- Tracking loans and fixed assets
- Preparing monthly financial statements
- Coordinating with payroll
- Maintaining records for the CPA
- Helping identify unusual expenses or discrepancies

Reports You Should Receive Regularly

- Profit and Loss Statement
- Balance Sheet
- Cash-flow information
- Accounts payable when applicable
- Accounts receivable when applicable

A physician owner should not wait until tax season to find out whether the practice made money.

4. Physician-Focused Lender or Banker

A lender who regularly works with physicians may understand that a new medical practice does not look like a typical small business.

Some lenders that work with physicians may be comfortable financing startup costs, equipment, buildout, and working capital based on the physician's earning potential and the strength of the business plan.

Financing May Need to Cover

- Construction
- Tenant improvements
- Equipment
- Furniture
- Technology
- Legal expenses
- Marketing
- Initial payroll
- Security deposits
- Startup supplies
- Working capital
- Owner income during the early startup period

Questions to Ask

- How many medical-practice startups do you finance?
- Do you finance cash-pay practices?
- How much working capital do you normally include?
- What personal guarantee is required?
- When does repayment begin?
- Is there an interest-only period?
- What documentation will I need?
- How much personal cash contribution is required?
- Can unused funds remain available as working capital?
- Is a line of credit available?
- What happens if construction costs increase?
- How long does approval normally take?

5. Healthcare Real Estate Advisor / Tenant Representative

If you are leasing office space, find a commercial real estate professional who has experience with medical tenants.

Medical office space has issues that do not exist in a typical office lease. These may include plumbing, accessibility, power requirements, exam-room design, medical waste, parking, patient flow, signage, laboratory use, and equipment needs.

What the Real Estate Advisor May Help With

- Defining the geographic search area
- Identifying appropriate medical space
- Comparing lease options
- Identifying off-market or upcoming space
- Evaluating comparable rents
- Comparing total occupancy costs
- Negotiating business terms
- Negotiating tenant-improvement allowances
- Negotiating free-rent periods
- Evaluating renewal options
- Evaluating expansion rights
- Evaluating assignment and sublease provisions
- Coordinating with architects and contractors
- Helping estimate buildout implications before you commit

Questions to Ask

- How many physician or healthcare tenants have you represented?
- Do you represent tenants, landlords, or both?
- Who pays your commission?
- Have you worked with medical buildouts?
- Can you help evaluate total occupancy cost instead of just rent?
- Will you help negotiate the letter of intent?
- Can you provide comparable lease information?
- How early should I begin looking?

Your real estate advisor helps negotiate the business terms. Your attorney reviews the legal terms. You generally want both involved before signing a medical-office lease.

6. Architect / Medical Space Planner

If you are building or renovating an office, experience with healthcare space can save considerable time and money.

They May Help With

- Exam-room layout
- Patient flow
- Staff workflow
- Reception design
- ADA accessibility
- Clinical storage
- Laboratory space
- Procedure rooms
- Medication storage
- Staff areas
- Plumbing placement
- Electrical requirements
- Equipment placement
- Local building requirements
- Permit drawings
- Future expansion

A beautiful office that slows down every patient and employee is not a well-designed medical office.

7. General Contractor

Whenever possible, use a contractor who has completed medical-office projects.

Questions to Ask

- Have you built medical offices before?
- Can I visit one?
- Can I speak with the physician owner?
- Who manages the project day to day?
- How are change orders handled?
- What is excluded from the bid?
- What allowances are included?
- What permits are required?
- What is the expected construction schedule?
- How often will I receive updates?
- What happens if the project runs late?

8. Insurance Professional

Business insurance can involve several different policies. An insurance professional who works with physicians or healthcare businesses can help identify the coverage you actually need.

Coverage to Consider

- Professional liability / malpractice
- General liability
- Property insurance
- Cyber liability
- Workers' compensation
- Employment-practices liability
- Business interruption coverage
- Business-overhead disability
- Key-person coverage when appropriate
- Commercial auto when applicable
- Umbrella liability coverage
- Prior-acts or tail coverage

Personal Coverage to Review

- Individual disability insurance
- Life insurance
- Health insurance
- Umbrella coverage

Leaving employment often means leaving behind insurance and benefits your employer had been paying for.

9. Malpractice Insurance Broker

This may be the same insurance advisor or a separate specialist.

Issues to Review

- Claims-made versus occurrence coverage
- Tail coverage
- Prior-acts coverage
- Coverage limits
- Procedures performed
- Telemedicine
- Moonlighting or outside employment
- Advanced practice clinicians
- Additional locations
- Coverage when practicing in more than one state

Make sure the policy reflects the medicine you actually plan to practice.

10. Financial Advisor

This is primarily about your personal financial position rather than the daily operation of the practice.

A financial advisor can be helpful when the startup affects retirement contributions, investments, insurance, debt repayment, or household cash reserves.

Areas to Review

- Household emergency fund
- Personal cash reserve
- Retirement savings
- Investment accounts
- Student loans
- Mortgage and other debt
- Life insurance
- Disability insurance
- College savings
- Tax implications
- How much personal capital can reasonably be placed at risk

If you use a financial advisor, understand how the advisor is compensated and whether products they recommend generate commissions.

11. Payroll Provider

Once you hire employees, payroll is one of the jobs you do not want to improvise.

Services May Include

- Payroll processing
- Payroll tax withholding
- Payroll tax filing
- Direct deposit
- W-2 preparation
- New-hire reporting
- PTO tracking
- Benefits deductions
- Workers' compensation integration
- Timekeeping
- Employee portals

Your CPA or bookkeeper should be able to reconcile payroll with your accounting system.

12. Human Resources Advisor or Employment Attorney

A small practice may not need a full-time HR professional, but the physician still has to follow employment laws.

Areas Where Help May Be Needed

- Job descriptions
- Employee classification
- Independent-contractor classification
- Offer letters
- Employee handbook
- Leave policies
- PTO policies
- Performance reviews
- Discipline
- Termination
- Harassment complaints
- Accommodation requests
- Wage and hour issues
- Background checks
- Personnel files
- Required postings
- State employment laws

You do not want the first time you learn employment law to be during a dispute with an employee.

13. Benefits Broker

If the practice offers employee benefits, a benefits broker can help evaluate:

- Health insurance
- Dental insurance
- Vision insurance
- Group life insurance
- Disability insurance
- Health savings accounts
- Flexible spending accounts
- Retirement-plan options

For a very small practice, benefits can be expensive. Understand the full employer cost before promising a benefits package.

14. Retirement-Plan Advisor / Third-Party Administrator

Once the practice begins producing consistent income, the owner may want to establish a retirement plan.

Options may include:

- SIMPLE IRA
- SEP IRA
- 401(k)
- Safe Harbor 401(k)
- Profit-sharing plan
- Cash-balance plan

The right structure depends on practice profitability, owner age, number of employees, compensation, and long-term goals. Coordinate these decisions with your CPA.

15. IT / Managed Technology Provider

A medical practice needs more than somebody who knows how to fix a computer.

Look for a vendor familiar with healthcare privacy and security requirements.

They May Handle

- Network setup
- Wi-Fi
- Computers
- Firewalls
- User permissions
- Email setup
- Multifactor authentication
- Backups
- Device management
- Malware protection
- Cybersecurity
- Downtime planning
- Vendor coordination
- Business Associate Agreements when applicable

Questions to Ask

- Do you work with medical practices?
- How do you handle HIPAA-related security requirements?
- Who monitors the network?
- How are backups tested?
- What happens if the internet or a critical system goes down?
- Who responds after hours?

16. EHR / Practice Technology Advisor

You may select the EHR yourself, but some physicians benefit from someone who understands how the technology fits together.

Systems May Include

- EHR
- Scheduling
- Patient portal
- Secure messaging
- Telemedicine
- E-prescribing
- Laboratory interfaces
- Payment processing
- Recurring membership billing
- Online forms
- Phone system
- Fax
- Website
- Analytics
- Patient relationship management tools

Avoid buying several systems that solve the same problem and do not communicate with each other.

17. Cybersecurity Consultant

For many small practices, this work may be handled by the IT company. Practices with greater complexity may need a separate cybersecurity specialist.

Areas to Review

- HIPAA security risk assessment
- Access controls
- Multifactor authentication
- Encryption
- Backups
- Phishing protection
- Incident response
- Employee security training
- Vendor access
- Device security
- Cyber-liability requirements

18. Compliance Consultant

Not every practice needs a compliance consultant.

It may be useful when the practice has more complex regulatory requirements.

Possible Areas

- HIPAA
- OSHA
- CLIA
- Infection control
- Medicare
- Coding and billing compliance
- Laboratory compliance
- Occupational health
- Controlled substances
- State-specific healthcare regulations

For a simpler cash-pay practice, much of this work may be handled with the healthcare attorney, appropriate vendors, and well-developed policies.

19. Billing / Revenue Cycle Specialist

This is especially important for practices billing commercial insurance, Medicare, or Medicaid.

Responsibilities May Include

- Payer enrollment
- Credentialing
- Claims submission
- Coding review
- Denial management
- Accounts receivable
- Payment posting
- Patient balances
- Collections
- Financial reporting

A cash-pay practice may need very little traditional revenue-cycle infrastructure, although it still needs good payment systems and financial controls.

20. Credentialing Specialist

Physicians participating with insurance or hospital systems may use a credentialing specialist.

They May Help With

- Commercial payer enrollment
- Medicare enrollment
- Medicaid enrollment
- CAQH
- Hospital privileges
- Provider directories
- Recredentialing
- Adding locations
- Adding clinicians

Credentialing can take a long time, so begin early when it applies.

21. Medical Billing and Coding Consultant

Even a cash-pay practice may occasionally need coding advice, particularly when patients submit superbills or the practice offers services involving Medicare rules.

They May Help With

- CPT coding
- ICD-10 coding
- Documentation
- Coding compliance
- Modifier use
- Fee schedules
- Superbills
- Audit preparation

22. Laboratory Representative or Consultant

If the practice will perform or order laboratory testing, establish these relationships before opening.

Areas to Address

- Reference laboratory account
- Client billing
- Patient billing
- Cash pricing
- Lab supplies
- Specimen pickup
- Result interfaces
- CLIA requirements
- Point-of-care testing
- Provider-performed microscopy when applicable

23. Medical Supply Distributor / Group Purchasing Organization

A GPO may allow a smaller practice to obtain better pricing on supplies.

Possible Purchases

- General medical supplies
- Vaccines
- Medications
- Office testing supplies
- Needles and syringes
- Exam-room supplies
- PPE
- Emergency supplies
- Equipment

Compare prices rather than assuming membership in a purchasing group automatically produces the lowest cost.

24. Vaccine Partner

Practices that administer vaccines should work through this early because vaccine purchasing and inventory can tie up a significant amount of cash.

Depending on the practice, options may include:

- Direct manufacturer purchasing
- Distributor purchasing
- Group purchasing
- Vaccines for Children participation
- Vaccine-management programs
- Other third-party vaccine arrangements

Understand storage, monitoring, inventory, spoilage, reimbursement, and cash-flow requirements.

25. Medical Waste Company

Before opening, determine how the practice will handle:

- Sharps
- Biohazardous waste
- Pharmaceutical waste when applicable
- Pickup schedule
- Storage requirements
- Documentation

26. Marketing / Brand Professional

A physician does not need a large marketing agency simply because they are starting a practice.

You may need help with specific pieces.

Possible Services

- Practice name
- Brand development
- Logo
- Website
- Photography
- Written content
- Search-engine optimization
- Google Business Profile
- Social media
- Patient education materials
- Launch campaign
- Community outreach strategy

Find someone who understands the patients you are trying to reach.

27. Website Developer

Your website should make it easy for a prospective patient to understand:

- Who you are
- Who the practice is for
- What services you provide
- How the practice works
- What it costs
- Where you are located
- How to contact you
- How to become a patient

28. Photographer / Videographer

Professional photography is optional, but good original photography can make a physician-owned practice feel more personal than generic stock images.

Possible uses include:

- Physician headshots
- Staff photos
- Office photos
- Website images
- Community marketing
- Introductory videos
- Social media

29. Signage Company

If you have a physical location, address signage early enough to account for:

- Landlord approval
- City approval
- Building signage
- Monument signage
- Door signage
- Interior directional signage
- ADA signage

30. Security / Access-Control Vendor

Depending on the office and services, this may include:

- Alarm system
- Cameras
- Door access
- Panic buttons
- Medication-room access
- Server or network-room access

31. Cleaning Service

Medical-office cleaning may require more than ordinary office cleaning.

Discuss:
- Clinical areas
- Infection-control expectations
- Waste handling
- Sharps
- Cleaning products
- After-hours access
- Security
- Business Associate Agreement if applicable

32. Merchant Services / Payment Processor

Cash-pay and membership practices depend heavily on reliable payment processing.

Review
- Processing fees
- Recurring payments
- Stored cards
- ACH
- Refunds
- Failed payments
- Chargebacks
- PCI compliance
- EHR integration
- Accounting integration

33. Phone / Communications Vendor

Review:

- Main practice number
- Call routing
- Voicemail
- After-hours routing
- Text messaging
- Secure communication
- Call recording when legally appropriate
- Remote access
- Number portability
- Fax needs

34. Practice Consultant or Physician Advisor

Some physicians will build the practice without outside strategic help. Others may benefit from someone who has worked through practice startup and ownership before.

This role is different from the attorney, CPA, lender, or real estate professional. Those advisors usually focus on one specific part of the practice. A physician advisor can help the owner look across the entire project.

Areas Where an Advisor May Help

- Decide whether ownership fits your goals
- Develop the practice concept
- Evaluate the business model
- Review financial assumptions
- Evaluate the market
- Build the startup timeline
- Prioritize decisions
- Identify gaps in the plan
- Coordinate the order of startup work
- Review progress
- Work through problems as they occur
- Help the physician build a practice that supports the life and career they intended to create

35. Other Specialists You May Need

Depending on the practice, specialty, location, and services, you may also need:

- Commercial insurance broker
- Business valuation expert
- Practice acquisition consultant
- Mergers and acquisitions attorney
- Environmental consultant
- Structural engineer
- Mechanical, electrical, or plumbing engineer
- Medical equipment specialist
- Imaging equipment specialist
- Pharmacy consultant
- Controlled-substance compliance specialist
- Laboratory consultant
- Infection-control consultant
- Occupational-health specialist
- Clinical research consultant
- Accreditation consultant
- OSHA specialist
- HIPAA privacy or security specialist
- Medical director when required
- Collaborating or supervising physician when required by state law
- Retirement-plan administrator
- Estate-planning attorney
- Succession-planning advisor

Choosing Your Advisors

You do not need to hire the person with the biggest firm or the nicest website.

Look for someone who:

- Regularly works with physicians or medical practices
- Understands independent practice
- Understands your business model
- Has experience with businesses approximately your size
- Explains things in a way you understand
- Responds within a reasonable amount of time
- Tells you when something is outside their expertise
- Gives you options instead of simply telling you what cannot be done
- Is willing to work with the other members of your advisory team
- Is clear about fees before the work begins
- Has references you can check when appropriate

Talk with more than one person before choosing an important advisor.

A technically excellent professional who takes three weeks to return every email can become a serious problem during a startup.

Know Who Is Responsible for What

There will be overlap.

Your CPA and attorney may both have opinions about entity structure. Your real estate advisor, contractor, architect, and attorney may all have opinions about the lease and buildout. Your EHR company, IT provider, and compliance advisor may all discuss security.

That does not mean you need four people making the same decision.

Know who has the appropriate expertise and who has final responsibility for each issue.

The attorney answers the legal question.
The CPA answers the tax and accounting question.
The lender answers the financing question.
The real estate advisor helps with the real estate transaction.
The contractor answers the construction question.
The IT professional answers the technology question.
You make the business decision.

Build the Team Before You Need It

The worst time to begin looking for an attorney is the afternoon a landlord sends you a lease and wants it signed tomorrow.

The worst time to find a CPA is after you have already created the entity, started payroll, and mixed business and personal expenses for six months.

You do not need every advisor actively working on the practice at the same time. Identify the important ones early, understand what they will be responsible for, and bring them in when their part of the startup begins.

That gives you people you can call when decisions come up instead of trying to find the right professional while the decision is already waiting.

Your Core Startup Team

Use this section to identify the people you need to have in place for your own startup.

- ☐ Healthcare attorney
- ☐ CPA with physician-practice experience
- ☐ Bookkeeper
- ☐ Physician-focused lender or banker, if financing is needed
- ☐ Healthcare real estate advisor / tenant representative, if office space is needed
- ☐ Insurance professional
- ☐ Malpractice insurance broker, if separate from your other insurance advisor
- ☐ IT / managed technology provider
- ☐ Payroll provider, if employees will be hired
- ☐ HR or employment-law support, if employees will be hired
- ☐ Practice consultant or physician advisor, if you want help coordinating the overall startup

Additional Advisors or Vendors I Need

- ☐ ____
- ☐ ____
- ☐ ____
- ☐ ____

You do not need a large collection of advisors simply to say you have one. You need the right people available when their expertise can keep you from making an expensive mistake.

Practice Freedom Advisor

Helping Physicians Build Practices That Support the Life They Want.