

Succeeding from medical school to practice

Joining, purchasing or starting a practice

[Read an excerpt](#) from “Medical practice valuation for purchase or buy-in”

[Read an excerpt](#) from “Medical billing, claims management and patient collections”

Buy-in, purchase or startup— which is the best value?

The principle of substitution also applies to buy-ins. A practice buy-in may require initially working for an income less than the existing owners, plus purchasing a percentage of the furnishings and equipment. The value of this type of buy-in can be compared to the value of an outright purchase of an existing practice or the expense of starting a practice from scratch.

When considering a buy-in to a minority share, the issue of a discount for lack of control can be very important. The bigger and more democratic the group, the less important it becomes. It is critically important if the solo seller is offering a 49 percent ownership share for buy-in, because that share may be worth as little as zero due to what is referred to as “senior doctor rights.”

Consider this case: The senior doctor won’t give up any income and gets all the new patients that walk in the door, respond to the Yellow Pages or come from existing referrers. The senior doctor also has 100 percent of the decision-making authority, including changing the new doctor’s hours, staff, income and expense formulas. The new doctor gets no salary and has to find his own patients somehow, plus pay 49 percent of all the expenses which could include the senior doctor’s car, health insurance or home computer. In this setting, 51 percent ownership is equal to 100 percent control. Is 49 percent of this practice worth anything at all?

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Receiving the correct payment

The following resources will help ensure that a practice is receiving the correct payments.

- **Losing revenue through inappropriate health plan adjustments**

The AMA developed the educational resource [Is your practice losing revenue through inappropriate health plan adjustments?](#) (PDF, 176KB) to alert physician practices of the need to carefully review health plan explanations of benefits in order to pinpoint and address underpayments based on inappropriate adjustments by the health plan.

- **Health plan payer's claim edits can effect a physician's bottom line**

The AMA developed the flier [The effect a payer's claim edits can have on the repricing and payment of your claim](#) (PDF, 262KB) to raise physician awareness of how a claim edit applied by a payer could affect the physician's bottom line. This flier highlights how a negotiated fee with a payer for a specific service performed does not necessarily translate into payment of that fee for that service on a claim.

- **Getting paid what you deserve for out-of-network treatment**

The AMA has developed the educational resource [Out-of-network payment challenges for the physician practice](#) (PDF, 151KB) to help physicians and their office staff understand the health plan payer's obligation for payment to out-of-network providers. The resource explains some of the payment challenges that arise when a physician who is considered out of network requests payment from a patient and/or health plan.

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