



# Starting your private practice: An entrepreneurial guide to the basics

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# AMA THRIVING IN PRIVATE PRACTICE



## AMA Thriving in Private Practice

### Starting your private practice: an entrepreneurial guide to the basics with Daniel Choi, MD

Jun 23, 2022

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### Featured topic and speakers

Forty-four percent of doctors work in private practice but how did they get there? This episode is an introduction to business ownership and the foundational tools physicians need to get started. In this episode of AMA Thriving in Private Practice, guest Daniel E. Choi, MD, walks through some essential skills and tools needed as an entrepreneur launching your own private practice.

### Speaker

- **Daniel E. Choi, MD**, orthopedic spinal surgeon, Spine Medicine & Surgery of Long Island

### Host

- **Carol Vargo**, director, physician practice sustainability, American Medical Association

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### Transcript

**Vargo:** Hello, and welcome back to AMA Thriving in Private Practice, a 10-episode series exploring the unique needs of physicians in private practice settings.

In this series, we talk about how to transition into the world of private practice, efficiency solutions and other tips to free up time so you focus on your patients. I'm your host, Carol Vargo, director of physician practice sustainability at the American Medical Association. Today I'm joined by surgeon, Dr. Daniel E. Choi, who is also a member of the AMA's new Private Practice Physician Section governing council. Dr. Choi and I will discuss the essential skills you need as an entrepreneur to launch your own private practice. Welcome, Dr. Choi. How are you today?

**Dr. Choi:** I'm doing great. Thank you for the opportunity to share my story.

**Vargo:** Great. We're so thrilled to have you. So why don't we start off with our listeners and dive right in? Tell us a little bit about the work of your practice and how you entered medicine.

**Dr. Choi:** So, I am a board-certified orthopedic spinal surgeon and my specialty within spinal surgery is minimally invasive spine surgery. I did a five-year orthopedic surgery residency and then moved on to a combined neurosurgical and orthopedic spine surgery fellowship at Harvard Med School. And that was focused on minimally invasive techniques for spinal surgery.

And I'm in solo practice in Long Island, New York. I cover two counties, Suffolk County and Nassau County. We have two offices. I started my practice actually during the COVID pandemic in February of 2021. Prior to that, I was part of a large orthopedic spine specialty group that was also private practice for three and a half years prior to opening my own doors.

**Vargo:** So, what prompted you to go from a larger orthopedic group into solo practice?

**Dr. Choi:** So, the previous group that I was with, it was a great group. They had a great setup and the practice was running very well. There were definitely some differences of opinions in terms of how marketing should be run or how practice operations should be run. I kind of saw some inefficiencies and thought that perhaps I would want to implement my own ideas. I really didn't want to run my ideas by anyone who had to approve it. I kind of wanted to run the show. I think that was really the big driving force at the end of the day, I had a vision for what type of practice I would want my patients to experience from the initial phone call when they talked to the receptionist all the way to when they entered the waiting room and checked in to the medical assistants. I had kind of a vision that I felt may not be completely able to be accomplished at my old group. And so, I decided to take things into my own hands and just start my own practice at that point.

**Vargo:** So that's fascinating, because I think that vision is something that we know truly resonates with most independent private practices, but we know that there are a lot of challenges that come with forming a practice. So, when you decided you wanted to go this route and execute on your vision, did you have any fears or hesitations when you first thought about doing that? And if so, dive into those a little bit more for us.

**Dr. Choi:** Yeah, absolutely. I was definitely nervous about starting something all on my own. We don't learn anything about running a private practice, which is essentially running a small business. We don't learn any of that in med school or residency, or even being a young attending in a group or anything like that. That's really not what you focus your energies and efforts on. You're learning about physiology. You're learning about organic chemistry. You're learning all these science, which is what you need to learn as a physician but we really get no formal business training. We don't learn anything about human resources, about compliance, about reading profit and loss statements, even writing a business plan to get a loan. None of that, all of it was very foreign to me. I didn't know what I didn't know. But I knew that I didn't know a lot.

I think that's the principles of learning something new, that's very familiar to me, right? For physicians, we go through our entire training process conquering the next concept that we have to learn and the next surgery that we have to learn or the next textbook chapter we have to learn. And I treated this big unknown similar to that. There's no textbook out there on how to start a private practice and probably there should be. There are some books out there. So, there are a couple of physicians who have written something and one of them was actually a neurologist friend of mine here in Suffolk County. His name is Dr. Rich Schoor and he actually has a book, it's on Amazon, it's called *Suddenly Solo*. So I picked that up. I read it cover to cover. I started asking questions, I called as many solo and independent doctors I could and started asking them about when they were thinking about going off on their own or when they started their own practice, what kind of questions were they asking and how did they get the answers to those questions? So, I tackled this almost like any other type of unknown subject I learned as a physician to get that information.

**Vargo:** I think one of your colleagues, Dr. Francavilla, said something that resonated with me and that actually you articulated, she said, "We're physicians, we're some of the smartest people on the planet. And yet, for some reason, people don't think that they can learn how to run a business." And I think you've echoed that, where you've approached it like you would have as a new student being faced with a challenge and seeking out that information. And it sounds like that level of peer-to-peer discussion was really foundational for you. Would you agree?

**Dr. Choi:** I agree. But I also think that there were definitely some early influences in my life that injected some entrepreneurship in me and also perked an interest in ownership and also starting my own business. One of them I can remember very clearly. One of these influences I can remember very clearly is a couple of my friends' parents. They were business owners. I remember when I was growing up, I would go to their houses and their houses were really big and their parents drove really nice cars and they had swimming pools and they had all these really nice things that I remember looking around and just asking the parents, "What do you do?" And typically, they were entrepreneurs, they were business owners. I remember that type of influence kind of rubbed off on me because I would hang out at their house and the parents would also ... I think my friends also were kind of entrepreneurial because their parents were, right? And those principles rubbed off on me indirectly.

I think that I also was entrepreneurial growing up. I remember that there was a time in high school where I was selling CDs out of my backpack of mix tapes that I was making with a CD burner that I had at home, or I was tutoring my classmates' SATs or other ways to kind of generate extra income. I think that type of influence was foundational to me too. I think it's unfortunate that physicians, they go this straight route from pre-med college, med schools and residency. And there really is absolutely no exposure to entrepreneurship and business ownership and what that means and what the potentials are for that during that entire time. I think that even if there was a small amount of it or even a book that they read about that or was part of the curriculum, I think it could make a big difference in a physician being interested in being a small business owner.

**Vargo:** I agree. I think part of what we're trying to achieve by talking to you today is really spurring that entrepreneurial spark, if you will in many physicians, I think many feel as if they would like to try it but because of some of the challenges that we'll get into, they're afraid to. So, let's talk to you about what were the challenges you faced when you started your practice and how did you overcome them?

**Dr. Choi:** Yeah, absolutely. I think that, just to go back on what you mentioned about sparking that interest, I think that everyone, if they knew how great it could be, everyone would go there, right? Everyone wants the best for themselves and their family. I think there's so much fear of the unknown. I don't blame physicians for being scared of the unknown. You have no clue whether you're going to start that practice and you're going to be a failure or it's really not going to work out for you. I think that it's really hard to get this information. It's really hard to be like if I do this, if I start my own practice, will I have a better life? Will it be better for my family? Will it be better for myself in terms of decision-making or financially or happiness level? It's really hard to get that information. I got to tell you.

And so, I think the advice I would give is to talk to the independent practice doctors or solo practice doctors that you can maybe befriend in your community or even network with maybe on social media and try to have a personal conversation with them about what is their happiness level, what is so good about them staying in private practice? Me personally, I could tell you that this was the best decision I made in my life up to this point. I think that 14 months in, I'm in a better place in terms of independent decision-making, patient care, financial stability, my ability to pay off my student loans. And if I knew 14 months ago what I knew now, obviously it would've made the decision so much easier. And so, I think that the whole principle of entrepreneurship and business ownership is that there's one principle I kind of live by now, there's no risk, there's no reward. And so, there is an element of risk with starting your own practice but the rewards could be so much greater potentially. I think that if young physicians had more understanding of that, they may take more of an interest in entrepreneurship.

**Vargo:** So here you are, 14 months in, it sounds like into this new vision, this executing on your vision. What are some of the most important things that you found that you needed to implement to ensure that you would be successful, recognizing you're just 14 months in, and what were some of the biggest obstacles? What continues to be some of the biggest obstacles?

**Dr. Choi:** So, to get my private practice off the ground, the first thing I really needed was a business plan. And this is we're talking about three to four months or even more prior to opening my doors. There is a ton of planning that needs to happen. And so, this is I would say pretty challenging to do for someone in training. We can talk a little bit more later about whether starting your own practice is possible or appropriate for someone right out of training. But there's a lot of planning that should be done to make sure that your private practice is successful.

To be financially viable, you need capital. And what does that mean? Capital is just, you need financial reserves. You need money to start a business and you need that money to rent an office space. You need that money to hire employees. You need that money to buy an EHR system and many other expenses that go into running a practice. And so, to secure capital, typically the way to do that is to go to a bank and secure a loan. That's how I did it. I didn't really have a significant amount of savings. Another way to do it is to borrow from friends and family or use your own savings. Usually at our stage in the game, when you're a young physician, you're paying off loans, you have a mortgage to pay and usually don't have a big amount of money set aside. The amount of money that someone needs really varies from specialty to specialty in my opinion.

Some specialties like ophthalmology, I understand you have to purchase lasers that are expensive or if you're in pain management, maybe you need a fluoroscopy suite. So, you need to purchase a fluoro machine. And those are big capital purchases that you need to make to have in your office. I, as an orthopedic spinal surgeon, my office costs were actually pretty minimal because most of my work for surgery is done in a hospital setting. So, the office space itself is pretty minimal costs. So, these are things you have to think about, figure out what is my initial startup cost, and most of the time when you're a startup practice or any startup company, you want to be as lean as possible and minimize all your costs and really go down to bare bones. And you definitely need probably someone to answer your phones while you're taking care of patients. There's ways to hire an answering service for that. You may want some type of manager type of person who can take care of everything for you. You're going to need to think about billing. Who's going to be doing your billing. You're going to need to think about utilizing a type of EHR to store your medical records.

So these are all some of the components that I incorporated into my business plan and to write up a business plan, that is a whole other process. I recommend a web-based service that actually helps you write a business plan. You actually just punch in all your information about all your expenses and it actually generates a nice business plan with graphs that you can submit to banks. And approaching banks is a whole other part of the process too, to obtain the capital. You will get rejections. I was rejected by probably seven or eight banks before the last bank had me meet with the vice president of the entire bank and read through my business plan. They wanted to look me in the eye. And at that point, they offered me my term loan. And once that was secured, I was in business and ready to go to open my practice.

**Vargo:** What was some of the feedback that you got from these banks? This notion that you were denied by seven banks, I think is really worth digging into a little bit. Did you get any feedback from those rejections as to why?

**Dr. Choi:** I think that there was not great feedback, it was mainly, "Sorry, it's COVID and we're not lending to anyone during COVID, and we're especially not lending to startups." I think it was more that, they said, "It's COVID right now and we really aren't lending to startup businesses." Regardless of my strong financial projections or anything like that or that I could show that there was high demand for my services. It didn't really matter at the time. I think that was circumstantial, maybe because of COVID and I don't know if it was just an excuse too but I didn't really get great feedback about why they were saying no. It was strange to me because I was showing them also that I was doing well in my previous group and I had a referral network in the same geographical area. And the banks that said no, it didn't seem like that mattered to them.

**Vargo:** So perhaps it was circumstantial. And of course, we all know that COVID was a challenge for so many small businesses in general but you touched on another point in your answer just there that I really also was interested in digging more about, which is creating a referral network.

And also, to your point about interacting with the hospital, having privileges at multiple hospitals, obviously you're a surgeon, lining that up and also dig in a little bit about how you handle insurance.

**Dr. Choi:** Absolutely. So, for certain specialties, hospital privileges are critical. You really can't practice in any community, let alone private practice, if you don't have those privileges. They're almost like capital themselves, right? They have like a financial worth to it. The fact that you can work at a certain hospital. Every geographical area is different in terms of how easy it is to get those hospital privileges. Sometimes hospital privileges can take two months to get, sometimes they can take up to a year to get. I've had one hospital here that took a year for me to get privileges. So, if you think about it, if every hospital in the area is taking a year to get your privileges, that's going to really affect your business operations and your ability to open your private practice successfully. So that is something you would have to do some research on if you are in a surgical specialty or a hospital-based specialty that requires such privileges.

I think this also goes back to thinking about whether you want to jump into your own practice right out of training, is that I was actually fortunate enough that I had hospital privileges here on Long Island that were established with my previous group. And when I moved on to my own solo practice, those privileges didn't go away. They weren't really part of my initial contract or anything like that. So, I was able to transition pretty seamlessly into my own solo practice and still take my patients to these hospitals. So that is definitely a factor to take into consideration.

**Vargo:** And how daunting is it to contract with insurance companies as a private practice physician?



**Dr. Choi:** It's pretty daunting and it's a pretty complicated process. My practice personally, we are not contracted with any commercial insurance mainly for that reason. And we've looked at the application process. We've heard from other solo practitioners that a lot of the times, these insurers see you as one doctor and they won't accept you onto their panel because you're too small of a fish in the pond. And they don't want to spend the resources onboarding you or I don't know what the exact financial reason is. I've just heard that it's very difficult. At the end of the day, they ultimately don't even accept you into the network because you're only a solo doctor. So, I've decided to just stay out-of-network. We do take other insurance, like no-fault or worker's compensation. And we are also a Medicare provider, so Medicare patients can see me in my practice as well.

**Vargo:** Okay. So, I've heard a lot of really great information in terms of your business plan. Also, all the large considerations you have to make in terms of, are you going to be hospital-based, will you have the network? How will you handle insurance? So, with all of that, do you think the private practice setting then is for everyone and really how can one evaluate whether it is the right choice for them?

**Dr. Choi:** Sure. That's a great question. I don't think honestly it is for everyone. And I think that there is definitely a subsegment of physicians that would thrive in private practice. I would say that there's some inherent challenges with the health care environment right now, with consolidation and just issues that all small businesses face, right? There's staffing issues, difficulty maintaining employees. And also, just the insurance challenges, like I mentioned, trying to get credentialed by the insurance companies or even getting paid by the insurance companies. There's a big squeeze. And so, it's not easy being a solo practitioner or a private practice physician but I do think the way I think about it is that, if you think about a bunch of boats in the ocean, right now you have a lot of mega yachts and Titanics out there. You have a lot of consolidations, you have big companies that are running health care and there's a loss of agility that happens with that, right?

I think that these bigger companies, they provide great care and I'm sure they provide high-quality care and they're good at what they do and they're well resourced. But I think when you get that big, you also lose agility and the ability to respond to patient needs right away. And really also sometimes provide that personal touch that patients really appreciate from the patient/physician relationship. And I think that for the right person who has the entrepreneurial spirit, who is not necessarily looking for a nine to five, and who may be willing to put in weekends and look at this practice as their own little baby, it's like a project of theirs that will grow in value, it's like your nest egg that you're pouring your heart and soul into. I think that this could be a great opportunity because every private practice or independent doctor I speak to keep telling me that they've never been this busy.

I myself, patients are coming and pounding on the door. We're booking more patients than we ever thought was possible in my office. And the reason why I think is that patients are really craving that personal touch of that patient-physician relationship and to not necessarily be lost in the system. That may not be happening at every system. But I think that kind of feedback I've received and a lot of

independent doctors have received. And I think if you really value that a physician and if these things are attractive to you as a physician, the demand is there and you could do very well as a private practice doctor as well.

**Vargo:** Well, this has been really great to hear. I think that you've touched on a lot of things that we are continuing to hear from physicians at the AMA. Obviously, the AMA represents physicians in all practice settings. And it absolutely is up to the individual physician to determine what is the best practice setting for them. But to circle back to where you started, I do think that we've found that the private practice model, particularly in the last decade or so, just really has not had the level of exposure as a viable model any longer. And you coming here and talking about that, we're hearing from more and more physicians, and again, that more entrepreneurial spirit I think is back again. I really appreciate your time sharing that with us. Before we wrap up, is there anything else you'd share with the audience?

**Dr. Choi:** I'm a big believer that independent practice is actually the solution to many of the issues we see in the American health care system today. We are seeing costs of care getting driven up, they're skyrocketing. We are seeing health care workers and physicians getting burned out. I think the sobering statistic is that there's one physician a day committing suicide here in America. So, I always think about that. And I wonder what's driving those forces, what's driving doctors to literally, I think, hate their jobs or kind of be unhappy with what they're doing when we have one of the most meaningful professions ever, right? We get to help people at work. I think that there is just a lot of the consolidation and the corporatization of medicine is driving that burnout.

I think that independent practice puts medicine back into the hands of physicians. It gives us control over all aspects of decision-making of the patient's care. You're not sitting there doing conveyor belt medicine, getting forced to see 30, 40, 50 patients a day and feeling like you have no control over your lifestyle and your hours. I think that if we can try to fix the regulations that are really squeezing private practice, and we can make our elected officials aware that this is the model that we believe is better for patients and for the health care system, I think that we will fix a lot of the problems that we see in today's system.

**Vargo:** Well, the AMA agrees with you and we are working tirelessly through some of the work we're doing on private practice sustainability, as well as with our advocacy team to really remove those obstacles that are getting in the way. So again, Dr. Choi, I want to thank you so much for taking time out of a very busy practice for joining us and sharing your thoughts about entrepreneurship and medicine with our listeners today. So thank you again.

**Dr. Choi:** No problem. It's my pleasure.

**Vargo:** For more information and resources for your private practice, visit [ama-assn.org/gettingstarted](https://www.ama-assn.org/gettingstarted). I'm Carol Vargo and until next time, this has been Thriving in Private Practice. Thank you so much for



listening.

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