What it takes to start your physician private practice

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Medical schools may not usually teach business-management skills and entrepreneurship, but physicians who want to build a successful private practice need to learn the ropes quickly if they want to succeed, according to Daniel E. Choi, MD.

And if they do, the rewards are often more than economic, says Dr. Choi, an orthopaedic spinal surgeon in private practice in New York.

“Independent practice is actually the solution to many of the issues we see in the American health care system today,” said Dr. Choi, a member of the governing council of the AMA Private Practice Physicians Section, which seeks to preserve the freedom, independence and integrity of private practice.

“We are seeing costs of care getting driven up; they're skyrocketing. We are seeing health care workers and physicians getting burned out,” Dr. Choi said. He recently offered an entrepreneurial guide to starting a private practice during an episode of the “AMA Thriving in Private Practice” podcast, which is available on Apple Podcasts and countless other podcast apps.
“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,” added Dr. Choi, an AMA member who serves as an alternate delegate in the AMA House of Delegates. “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.”

After more than a year operating his solo private practice, Dr. Choi has discovered the keys to success include more than medical training and a sound philosophy. Entrepreneurship and solid business-management skills are the cornerstones or a winning private practice, he said.

It takes astute clinical judgment as well as a commitment to collaboration and solving challenging problems to succeed in independent settings that are often fluid, and the AMA offers the resources and support physicians need to both start and sustain success in private practice.

Skills not learned in med school

“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,” he said. “You're learning about physiology. You're learning about organic chemistry. You're learning all these sciences, 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.”

Alas, business skills were foreign to him, he said.

“I didn’t know what I didn’t know. But I knew that I didn't know a lot,” Dr. Choi added.

After 14 months of learning the ropes of physician private practice management, “I'm in a better place in terms of independent decision-making, patient care, financial stability, my ability to pay off my student loans,” he said. “There's one principle I kind of live by now: If there's no risk, there's no reward.”

However, the process of designing a business, raising money and acquiring office space and professional tools took time. Dr. Choi said his practical work began with a business plan developed months before he opened his practice.
Stability demands capital

But to make his plan come together, Dr. Choi needed something more.

“To be financially viable, you need capital. 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,” he said.

Even when you are up and running, the challenges continue.

“There are staffing issues, difficulty maintaining employees. And the insurance challenges, trying to get credentialed by the insurance companies or even getting paid by the insurance companies. There’s a big squeeze,” he said.

But it’s definitely worth the effort.

“It's a project that will grow in value,” Dr. Choi said. “It's your nest egg that you're pouring your heart and soul into. I think that this could be a great opportunity.”

Find out more with the “AMA STEPS Forward® Private Practice Playbook.” Download the playbook now (PDF) to learn more about starting and sustaining your private practice.