



PM's 30th Annual Survey: **Making Every Dollar Count**

As patient numbers and net income drop, DPMs surveyed cut some costs while investing in the long term with more spending on equipment, staff and computer technology.

BY STEPHANIE KLOOS DONOGHUE

The recession may be over, but its effects on doctor income are anything but, as revealed by *Podiatry Management's* 30th annual survey. The 609 respondents saw fewer patients and reported an overall drop in fees, with solo doctors reporting a median net income decrease of 9 percent. Perhaps in an effort to stave off an even bigger drop in their net income, DPMs surveyed reduced expenses slightly and joined more managed care plans. They also grew their diabetic patient base and handled a higher percentage of wound care patients.

Membership in key professional organizations and Board certification continued to have a positive impact on income. DPMs surveyed sent more pairs of true custom orthotics to an outside lab each week—quite a feat, considering the drop in patient numbers. In addition, respondents invested more in new equipment, and a larger percentage incorporated such technology as digital x-rays. They spent more on staff and even boosted staff pension contributions.

This year, we've added some new cross-tabulations to further explore how such factors as age, gender, location and practice type may influence patient mix, managed care participation and percentage of diabetic and wound care patients. We will broaden our data compilation in next year's survey to explore other factors that may have an impact on practice choices, patient makeup and income.

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RESPONDENT CHARACTERISTICS & TRENDS

New York on Top

Thirteen percent of the respondents to this year's survey practiced in New York, followed by California (7.6 percent), Florida (7.4 percent), New Jersey (6.7 percent) and Pennsylvania (5.9 percent). This breakdown was at least in part reflected by statistics from the U.S. Census Bureau (USCB). Its data indicates that the top five states in terms of population in 2011 were California, Texas, New York, Florida and Illinois, with Pennsylvania coming in sixth and New Jersey at eleventh. Top five states with populations of 65 and over, a key patient demographic, were (in order of highest to lowest) California, Florida, Texas, New York and Pennsylvania.

Migration patterns provide useful data for doctors looking to locate, re-

locate and open satellite offices. USCB data shows that from 2010 to 2011, the South and West experienced population increases while the Northeast

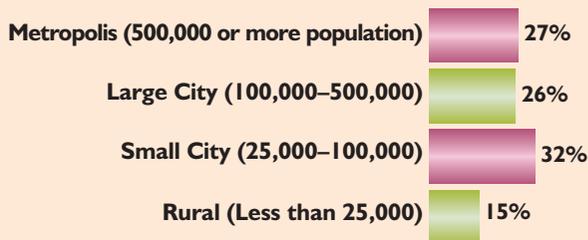
and Midwest (formerly called North Central) saw a drop in population. States reporting the largest *percentage change* in population growth during this period were the District of Columbia, Texas, Utah, North Dakota and Colorado. The most common state-to-state moves in 2011 were New York to Florida (59,288 movers), California to Texas (58,992) and California to Arizona (49,635).

Little Change in Practice Location

Of those surveyed, 32 percent practiced in small cities (populations of 25,000 to 100,000), which was down slightly from 35 percent last year. While the percentage of those practicing in a metropolis (populations of 500,000 +) remained unchanged at 27 percent, small gains were reported by large cities (populations of 100,000 to 500,000) and rural areas (populations of less than 25,000).

According to USCB statistics, several metropolitan areas experienced a surge in population growth from 2010 to 2011. Top five (in order of population change) were the metropolitan areas of Dallas/Ft. Worth/Arlington, Texas; Los Angeles/Long Beach/

Practice Location



Santa Ana, Calif.; Houston/Sugar Land/Baytown, Texas; New York/New Jersey/Pennsylvania metropolitan areas; and Miami/Ft. Lauderdale/Pompano Beach, Fla.

Larger Percentage of New DPMs

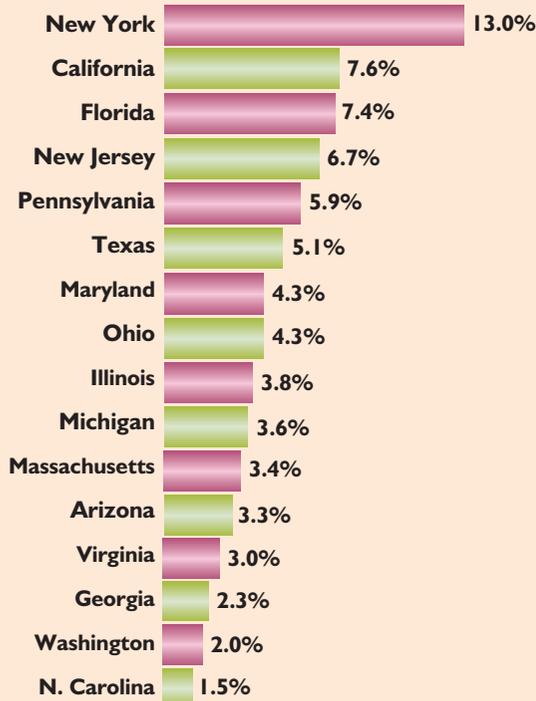
There was a much larger percentage of new DPMs surveyed than in last year's report. This year, the majority (53 percent) of doctors were in practice 20 years or less, compared to 45 percent last year. Those in practice five years or less comprised 27 percent of the latest survey respondent pool, which was up from 14 percent in last year's report. The percentage of DPMs in practice less than a year grew from 5 percent last year to 13 percent.

This overall younger patient base will be shown to have had an impact on several areas in the survey results, including median net income and

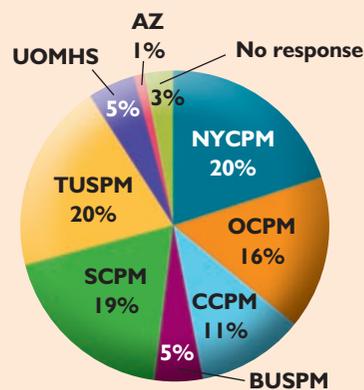
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State of Practice

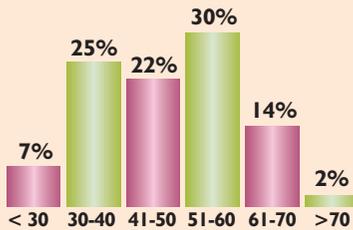
Distribution of respondents—top 10 states



Podiatric College Graduates



Age Distribution



number of patients seen; equipment, educational and pension expenses; and nursing home involvement; among other factors explored in this report.

Solo Stays Steady

Solo practice remained the top practice setting in our latest survey. Solo, self-employed DPMs comprised 34 percent of the respondent pool, which was unchanged from last year. The percentage of solo doctors in professional corporations dropped slightly from 15 percent previously to 13 percent. With the larger percentage of new doctors came the rise in percentage of those employed by another DPM—8 percent this year vs. 5 percent in our last survey.

Several viable solo practice arrangements exist, as described by Jon Hultman, DPM, MBA, in the February 2012 issue. These include a “micro-practice” with heavy use of technology and a small staff; a concierge cash practice, offering superior services; and a narrow niche specialty practice. With the increasing competition from large group practices, doctors may need to explore one of these options

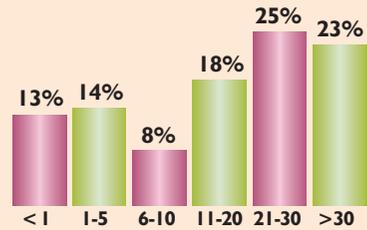
to continue to grow their businesses.

Eighteen percent of respondents were in partnership/group practice, which was down slightly from 19 percent previously. The percentage of those in professional corporations with other DPMs dropped more, from 14 percent last year to 10 percent this year.

The trend toward partnership/group practice in medicine continues unabated. We’ve seen mergers and acquisitions of multidisciplinary practices as well as single-specialty practices incorporating sub-specialists to target specific patient groups (for instance, adding a doctor specializing in podopediatrics). The super-group has emerged as a viable form in certain areas as well. Benefits to partnership/group practice include economies of scale; the ability to combine different specialties at a single location; extended hours, perhaps including very early morning hours and nights/weekends to respond to patient demand; scheduling flexibility to allow for immediate con-

sultations; and greater leverage in negotiating managed care contracts. Doctor teams can also divide up major capital expenses and can provide more collateral for bank loans and financing. Implementation of new technology, such as electronic medical records (EMR), may be done more

Years in Practice



Percentages add to more than 100% due to rounding.

Type of Practice

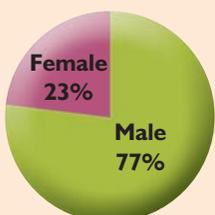


efficiently in a partnership/group setting as well. The implementation of new revenue streams, such as selling over-the-counter (OTC) items and prescription pharmaceuticals, is often more feasible/effective in larger offices serving greater numbers of patients. External marketing and building a referral base become more effective when multiple doctors spread the word about the practice and its specialties. Perhaps most important is the fact the DPMs in partnership/group practice earn more than solo colleagues (see “Net Income” section).

One change of note is the percent-

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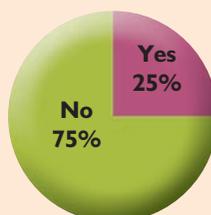
Distribution by Sex



Do You Employ Other DPMs?



Do You Have Satellite Offices?



age of doctors who work in settings not listed (“other”), which grew from 13 percent last year to 17 percent this year. This category may include DPMs who work with an MD or group of physicians; those who work in hospitals, nursing homes and/or independent and assisted living facilities; podiatrists in the military; respondents who work in academia; and those who work in a combination of different settings.

Compared to last year’s survey, a smaller percentage of respondents employed other DPMs: down from 18 percent to 14 percent. Perhaps this was due to the less experienced respondent pool, who were more likely to be employees than employers.

Satellite Offices Less Popular

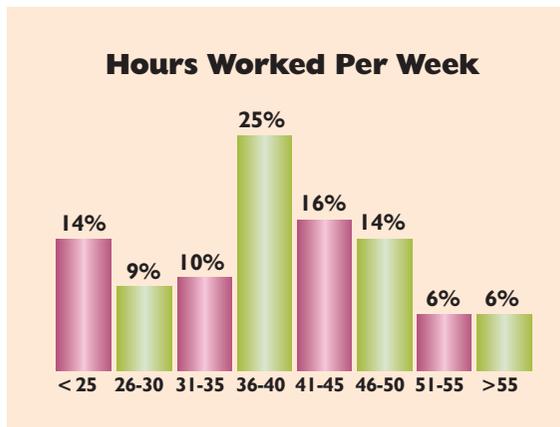
Fewer respondents indicated that they had satellite offices: 25 percent

percent had four or more satellite offices.

For the first time, we looked at whether doctors in certain regions of the country were more likely than doctors in other regions to have satellite offices. The answer seems to be yes—a slightly higher percentage of Northeast and Southern doctors had satellite offices as compared to the other two regions.

No Change in Gender Ratio

The male/female ratio was identical to that reported for the past three surveys: 77 percent male and 23 percent female. Female enrollment in colleges of podiatric medicine has re-



2011-2012 enrollees by year, one sees a slight rise in the percentage of female students, with AACPM reporting that females comprise 40 percent of first-year students vs. 36 percent of the fourth-year students. This may further boost female percentages as the younger graduates start to enter the profession.

A slightly higher percentage of Northeast and Southern doctors had satellite offices as compared to the other two regions.

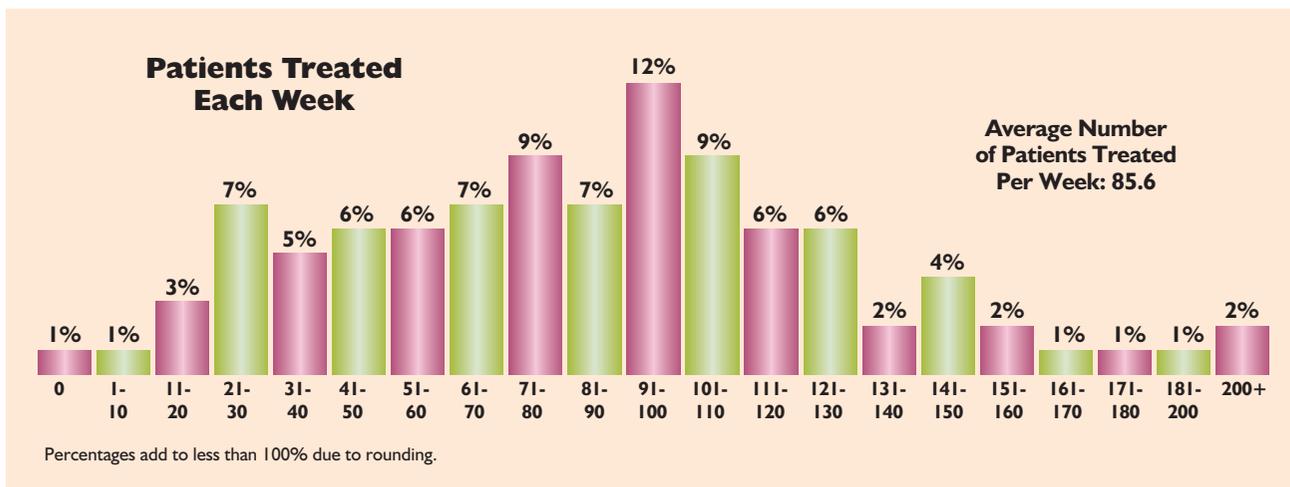
this year vs. 35 percent last year. Again, newer doctors generally focus on building their patient base and reputation in a primary office before branching out to other locations. Among respondents who did have satellite offices, about two-thirds (65 percent) had a single satellite, 22 percent had two satellite offices, 6 percent had three satellite offices and 7

mained steady for the past three years (2009-2010, 2010-2011 and 2011-2012) at approximately 39 percent, according to the American Association of Colleges of Podiatric Medicine (AACPM). Its female percentage is a much higher percentage than our response, and it will likely stimulate an increase of female respondents in the future. Reviewing the breakdown of

Fewer Patients Seen

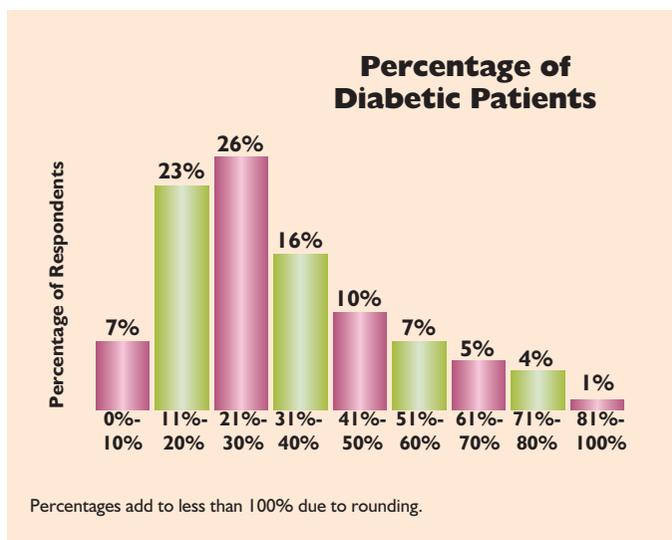
There was an 9 percent drop in the average number of patients treated per week: 85.6 patients this year vs. 94.3 patients last year. Undoubtedly, the younger practitioner pool accounted for some of this decrease, as it can take years for a DPM to grow his or her patient base. Also, the unstable state of the economy may have influenced the number of patients seen, perhaps due to general practitioners supplementing their own incomes with foot-related services rather than referring cases to DPMs.

While patient numbers are lower,
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USCB data points to increases in two leading patient groups: diabetics (see “More Diabetic Patients” below) and the elderly. Among the latter, the U.S. population of those 65 and over edged up from 12.7 percent in 2010 to 12.8 percent in 2011. Looking further into the future, the USCB projects that the population age 65 and older will *more than double* between 2012 and 2060, from 43.1 million to 92.0 million. This group will comprise about 20 percent of the population, up from about 14 percent in 2012. What’s more, the number of those age 85 and older will *triple* from 5.9 million to 18.2 million, according to USCB estimates.

Another notable change in patient makeup that will likely help doctors plan for practice growth is the changing racial and ethnic mix. For example, the USCB projects



that the Hispanic population will double from 53.3 million in 2012 (one in six residents) to 128.8 million in 2060 (one in three residents). Although not as large, the Asian population is expected to double as well. “All in all, minorities, now 37 percent of the U.S. population, are projected to comprise 57 percent of the population in 2060,” according to the USCB’s report “U.S. Census Bureau Projections Show a Slower Growing, Older, More Diverse Nation a Half Century from Now.”

DPMs Worked Fewer Hours

In tandem with the reduced number of patients was a notable decrease in the number of hours worked. For example, the percentage of respondents who worked more than 40 hours per week dropped from 46 percent to 42 percent. In addition, 23 percent of doctors worked 30 hours or less vs. 21 percent of last year’s respondents. The younger makeup of the respondent pool also likely was a reason for this drop. What’s more, shorter hours may be a reflection of increased delegation among respondents (since much higher salaries were paid; see “Expenses”) and/or an indication of greater practice efficiencies such as utilization of EMR and incorporation of automated equipment and processes.

A study among MDs from The Physicians Foundation entitled “A Survey of American Physicians: Practice Patterns and Perspectives” (2012) revealed that the reduction of patients and work hours was not limited to podiatry alone. Its survey of 13,575 MDs found that they were working 5.9 percent fewer hours and were seeing 16.6 percent fewer patients per day than they did in 2008. They also expected to be seeing fewer patients in the next one to three years.

More Diabetic Patients

While patient numbers overall have dropped, doctors surveyed saw a larger percentage of diabetic patients. For example, last year 10 percent of our respondents said that the *majority* of their patients were diabetic compared to 17 percent reporting the same this year. While 12 percent said they saw a minimal percentage of diabetic patients last year (0-10 percent of their patient base was diabetic), only 7 percent of the respondents in our most recent survey reported the same.

For the first time we cross-tabulated the number of diabetic patients by region to determine the influence of geography on this patient base and to compare our findings with national diabetic statistics. According to the latest fig-

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Number of Patients Seen: How Do You Compare?

For the first time, we cross-tabulated number of patients seen with several other data items, including number of years in practice, region, size of city/town and gender. Here are some of the findings:

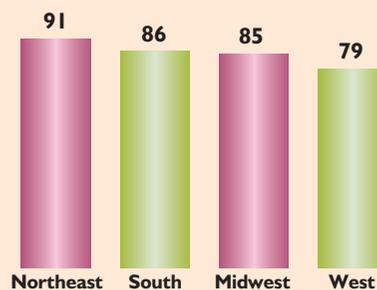
- **Respondents in practice six to 10 years saw the most patients.** On average, they saw 97 patients per week. The group that saw the fewest patients were those in practice less than a year (65 patients) followed by those in practice one to five years (80 patients).

- **Northeastern doctors saw the most patients.** DPMs reporting from there averaged 91 patients per week. Western doctors saw the fewest at 79 patients.

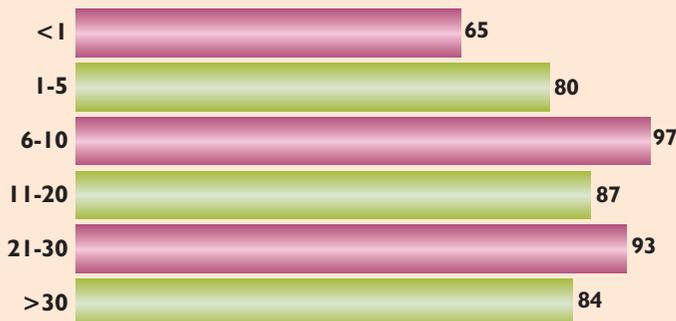
- **Rural doctors saw more patients.** This factor seems to negate the one above, since the Northeast is filled with many urban areas. However, our data showed that doctors in areas with populations of less than 25,000 saw 92 patients per week, the highest of any location. By contrast, large-city doctors (populations of 100,000-500,000) saw just 79 patients, on average, per week. This may well be due to increased competition in urban areas.

- **Men outpaced women in number of patients seen and number of hours worked.** Men saw an average of 89 patients per week, while women saw 76 patients. A related cross-tabulation by gender of hours worked per week uncovered the fact that the male DPMs surveyed worked slightly longer than female colleagues: 39 hours vs. 37 hours per week, respectively. •

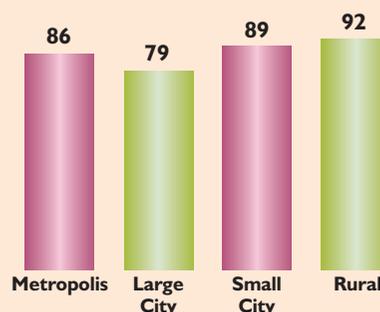
Average Number of Patients per Week by Region



Average Number of Patients per Week by Years in Practice



Average Number of Patients per Week by Practice Location



ures available from the Center for Disease Control and Prevention (CDC) in its report “National Diabetes Fact Sheet, 2011” (based upon 2010 data), the South from Texas eastward had the highest percentage of adults diagnosed with diabetes. Top states by percentage were Mississippi (11.3 percent), Alabama (11.1 percent), West Virginia (10.7 percent), Louisiana (10.3 percent), Tennessee (10.2 percent) and Kentucky (10.1). In our cross-tabulations, doctors in

the South did see a high percentage of diabetic patients—62.4 percent of their patient base—but this was less than DPMs in the Midwest, who reported that 67.2 percent of their patients were diabetic. This points to a potentially untapped need for podiatric care among Southern diabetics.

Besides the increasing prevalence of diabetes alone as a factor in the increased number of these patients, public education campaigns have become increasingly valuable resources to drive

diabetics into doctors’ offices. For example, the National Diabetes Education Program (NDEP) is a partnership of the National Institutes of Health, the CDC and more than 200 public and private organizations, according to its website (ndep.nih.gov). In NDEP’s publication “Redesigning the Health Care Team: Diabetes Prevention and Lifelong Management,” podiatrists are part of the collaborative care cited. “Team care” is further discussed in its publication,

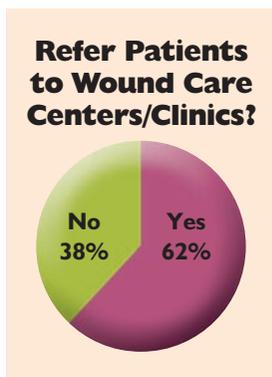
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“Working Together to Manage Diabetes: A Guide for Pharmacists, Podiatrists, Optometrists, and Dental Professionals, 2007,” also available on the website.

Due to a technical error, the question on participation in the Diabetic Shoe Program was omitted from this year’s survey. As previously discussed, footwear and practice management experts applaud the program as mutually beneficial to patients and practitioners: patients pay only 20 percent or less of the cost when they are deemed medically necessary, and practitioners create goodwill and future practice growth potential in other areas. We will reinstate this question in next year’s survey questionnaire.

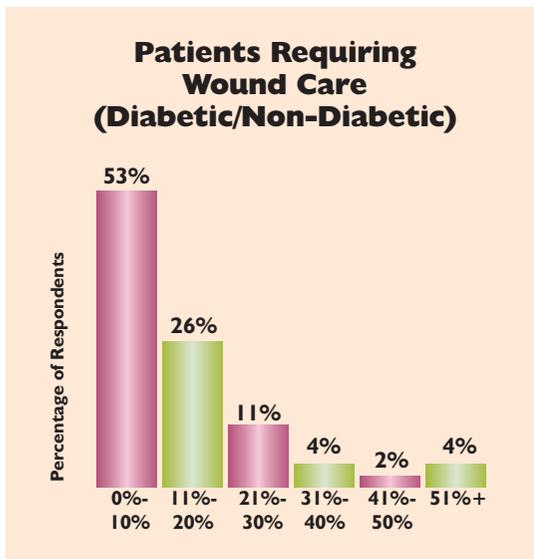
Doctors Saw More Wound Care

Given the reported increase in the diabetic patient population, it’s not surprising that there was an overall increase in the percentage of wound care patients as well. *Today’s Wound Clinic* estimates that 2 percent of the U.S. population in 2011 suffered from chronic wounds. What’s more, the Wound Care Center at Greater Baltimore Medical Center reported that “approximately 6 million Americans will suffer from problem wounds caused by diabetes, circulatory problems and many



in five of their patients (including diabetic and non-diabetic) required wound care. That’s up from 17 percent in last year’s survey. Another telling piece of data is that the percentage of DPMs who said that *more than half* of their patients were treated for wound care grew from 1 percent to 4 percent. Although it was a small segment of the database, the four-fold percentage increase highlights the increasing importance of wound care.

According to the report “Research and Markets: Wound Care Market—Cur-



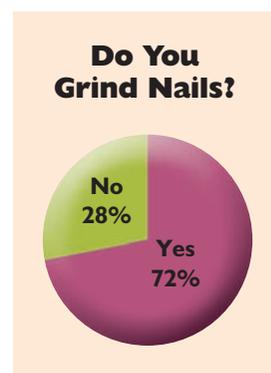
years. At the same time, tissue-engineered products like skin substitutes and biological growth factors are expected to drive the market in the long term.” It indicates that the U.S. leads nations globally in demand for these products, which will increase as more cost-effective devices and treatments enter the market. This will likely expand the treatment options for DPMs in the future.

A slightly higher percentage of DPMs referred patients to wound care centers/clinics: 62 percent this year vs. 60 percent last year. This correlates directly with the increase in wound care patients as previously mentioned. The latest data available from *Today’s Wound Care* indicates that there are approximately 800 such centers in the U.S.

Organizations geared toward this specialty include the Academy of Physicians in Wound Healing, the American Podiatric Wound Care Association, the American Academy of Wound Management and the American Board of Multiple Specialties in Podiatry.

New This Year: Data on Nail Grinding and Use of Whirlpools

For the first time, we added questions on two services: nail grinding and whirlpool use before routine footcare. Seventy-two percent of respondents said that they grind nails. Some who don’t grind nails cite air quality issues and respiratory problems (see sidebar “The Physical Impact of Podiatry on the DPM”), while others feel it is a valuable service and an essential step in the nail



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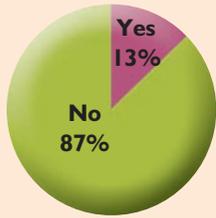
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other conditions, with 1.1 million to 1.8 million new cases each year.” It goes on to report that 15 percent of all diabetics will develop problem wounds. In addition, diabetic patients “have a 15-fold increase in the risk of amputation, and approximately 82,000 diabetics will undergo amputation each year.”

In our latest survey, 21 percent of those surveyed said that at least one

rent Trends, Opportunities & Global Forecasts (2011-2016),” which covers wound care on a global scale, “The wound care market is driven by increase in the aging population, rise in chronic diseases (such as diabetes and hypertension), and technological advancements. The demand for portable and easy-to-use devices is expected to drive the growth of the wound care market in the coming

Do You Use a Whirlpool Before Routine Foot Care?



debridement protocol. Whirlpool users comprised 13 percent of the responses in our latest survey. Doctors who use hydrotherapy cite the rehabilita-

tive aspects of its use. Perhaps offices were too small (with so many new DPMs) in our latest survey to offer this service or there were not enough patients to support its purchase and use.

We will follow both of these factors and cover them in greater depth in future surveys.

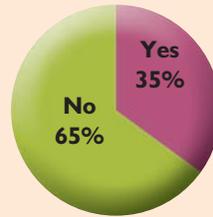
The Physical Impact of Podiatry on the DPM

For the first time in our most recent survey, we explored two physical issues that face some podiatrists: back issues and respiratory problems.

Thirty-five percent of those surveyed reported having back problems, while 11 percent said they had respiratory problems. We assume that these figures are lower than they

would have been with an older respondent pool. However, we will use these figures as a baseline for comparison in future surveys. •

Do You Have Back Problems?



Do You Have Respiratory Problems?



More Practice in Nursing Homes

The percentage of podiatrists practicing in nursing homes grew from 23 percent last year to 29 percent this year. A number of factors were likely in play here:

- The need for new practitioners to supplement new-practice income with off-site care—

Many of the younger doctors surveyed may have used nursing homes to provide income as well as to establish referral and patient/family relationships.

- The increase in number of skilled nursing facilities—The number of skilled nursing facilities rose slightly to 15,702 in 2011 (our survey year), according to the CDC, after several years of falling numbers. States with the highest number of nursing homes were California, Texas, Ohio, Illinois and Pennsylvania. Given that

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Work in Nursing Home



some of these states were on our top-five list indicating where respondents practice, we anticipate even great participation in nursing home care in coming years. We also predict that Florida (currently sixth) will move into one of the top slots, given the migration and population data provided by the USCB.

- **The aging population**—With larger numbers of elderly and longer lifespans come the likelihood of more people needing nursing home care.

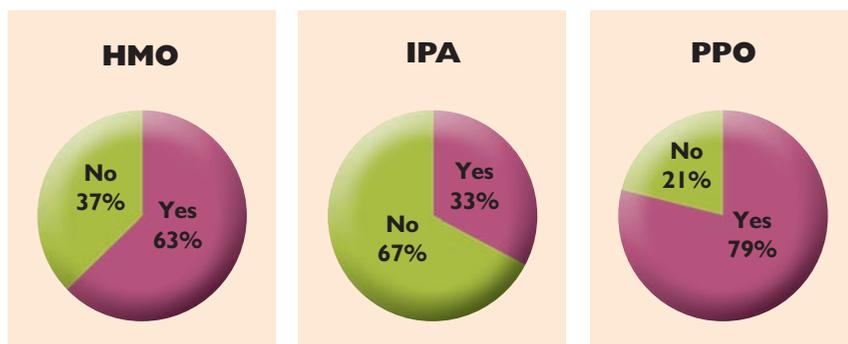
- **The increasing diabetic landscape**—With diabetes more prevalent, the impact on nursing-home-age residents is inevitable. According to the CDC/National Center for Health Statistics' "National Survey of Residential Care Facilities, 2010," 17 percent of residential care residents in the U.S. in 2010 were diabetic, and diabetes was listed as one of the top-10 most common chronic conditions among nursing home residents.

We anticipate even greater need for podiatric care in nursing homes, spurred on by preventive measures being discussed at the national level. For instance, the "2012 Nursing Home Action Plan" from the Centers for Medicare and Medicaid Services (CMS) promotes a collaborative approach to reduce hospital admissions and readmissions and to curtail avoidable health care expenditures.

Who Earns More from Managed Care?

We cross-tabulated the percent of income from managed care organizations (MCOs) and number of years in practice to determine whether experience played a role in DPM involvement in managed care. The answer seemed to be yes, with a peak in mid-career. New doctors (those in practice less than a year) derived 26 percent of their income from MCO plans, the lowest percentage of all age categories. By contrast, podiatrists in practice for 11-20 years derived the most income from these plans: 32.7 percent. However, this percentage dropped off slightly to 27.8 percent after the 20th year in practice. •

MANAGED CARE GROUP PARTICIPATION



With early physician intervention playing a key role in this endeavor, we see demand for podiatric services will be inevitable, especially given the high percentage of diabetic patients residing in these facilities.

Alternative Housing Continued to Expand

The senior living market has exploded in recent years, providing independent, assisted-living and hybrid residential alternatives to the aging population. Senior-focused apartment complexes continue to spring up in senior-heavy populations, while a number of closed hospitals have been converted into assisted living facilities to handle the increased demand.

Perhaps the proliferation of alternative housing arrangements is one reason why nursing home enrollment has not kept pace with the rise in the aging population. According to a recent study in *Health Services Research* entitled "Assisted Living Expansion and the Market for Nursing Home Care," researchers found by reviewing data over a 14-year span that "a 10 percent increase in assisted living capacity led to a 1.4 percent decline in private-pay

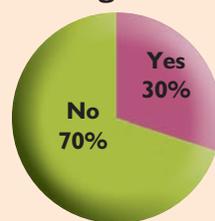
nursing home occupancy." What's more, they concluded that "assisted living serves as a potential substitute for nursing home care for some healthier individuals with greater financial resources, suggesting implications for policy makers, providers, and consumers."

More Doctors in HMOs, PPOs

In direct contrast to last year's report, the percentage of doctors who were on physician panels for health maintenance organizations (HMOs) and preferred provider organizations (PPOs) rose: HMO participation grew from 57 percent to 63 percent, and PPO participation edged up slightly from 78 percent to 79 percent of respondents. Also in contrast to last year's report, the percentage of providers for independent practice associations (IPAs) dropped from 39 percent to 33 percent.

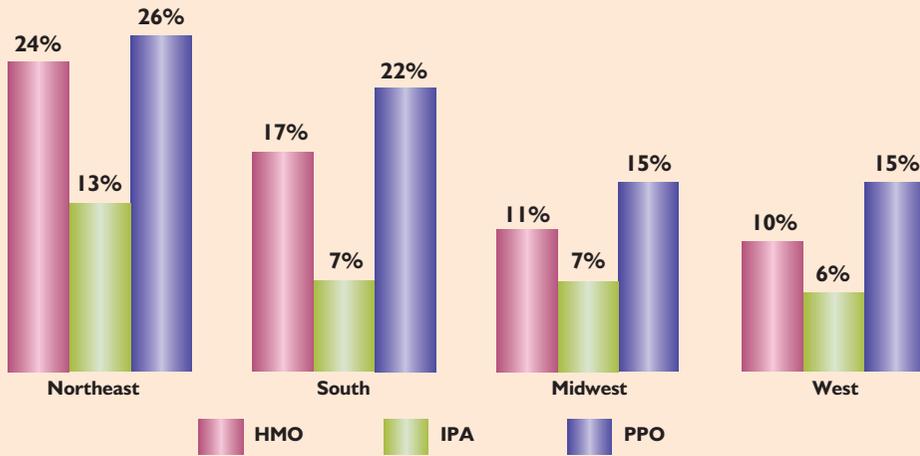
Overall, doctors surveyed reported a greater share of income from managed care organization (MCO) plans: 28 percent this year vs. 23 percent in the previous report. Three out of 10 patients were in managed care plans. The average number of programs that participating doctors

Patients in Managed Care Programs



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Managed Care by Region



Trends in Health Insurance

Ever since President Obama signed the Patient Protection and Affordable Care Act (ACA) into law in 2010, 43 provisions went into effect through the end of 2011, according to an analysis by the Henry J. Kaiser Family Foundation (KFF), with more than two dozen others scheduled to be implemented through 2018. The impact on costs, patient access to health care and re-

joined was 5.4, up from 3.2 in last year's report. Interestingly, 28 percent of those surveyed said they participated in *eight or more* managed care programs.

Undoubtedly, the improved employment numbers during 2011 vs. 2010 prompted many doctors to join or rejoin the most popular MCO panels in their area. According to the U.S. Dept. of Labor's Bureau of Labor Statistics (BLS), unemployment dropped from 9.6 percent in 2010 to 8.9 percent in 2011. The downward trend continues into 2012, so perhaps MCO participation will remain strong in our next report.

We also see more doctors banding together in IPAs; that form may show an upswing in our future surveys as well.

For the first time, we sought to determine whether the region in which a respondent practiced played

a role in MCO participation. According to cross-tabulation results, that seems to be the case: A higher percentage of Northeast doctors were on MCO panels, including all three types (HMO, PPO and IPA), compared to other regions. By contrast, the lowest percentage of MCO involvement

reimbursements are already being felt.

KFF further reports that annual premiums for employer-sponsored family health coverage jumped 9 percent from 2010 to \$15,073 in 2011 with employers paying an average of 62.3 percent toward those annual premiums.

Twenty-eight percent of those surveyed said they participated in eight or more managed care programs.

(across all three types) was in the West.

Also, the accompanying sidebar "Who Earns More from Managed Care?" indicates the impact of years in practice on rate of MCO participation.

According to the USCB, 16.3 percent of the U.S. population did not have health insurance in 2011. Under the ACA, by 2014 nearly all Americans will need to obtain health insurance or pay a penalty. Options include health care coverage through employers, a health insurance exchange and through Medicaid. There will likely be more emphasis placed on consumers, rather than employers. With the ACA's authorization of Accountable Care Organizations in 2012, we expect to see more multidisciplinary patient care as the Federal government looks to lower health care costs under Medicare.

APMA Membership Down Slightly

The percentage of those who
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Membership in APMA



Board Certified



Membership in AAPP



were members of the American Podiatric Medical Association (APMA)

Some new practitioners simply may have not joined yet—especially con-

benefits such as Federal and state advocacy, the APMA offers a “Find a Podiatrist” section on its website, consumer information, professional conferences and access to members-only features.

APMA members earned more than non-member colleagues as well. In our latest survey, members earned a median net income of \$129,750 compared to \$100,750 for non-APMA members.

Continued on page 122

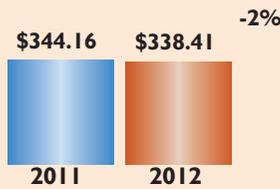
dropped 4 percentage points to 81 percent in our most recent survey.

sidering that 13 percent had been in practice less than a year. Besides key

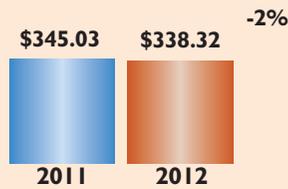
APMA members earned a median net income of \$129,750 compared to \$100,750 for non-APMA members.

FEES

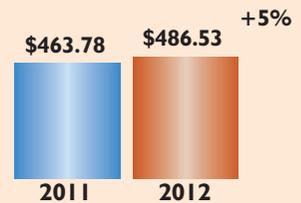
Matrixectomy, Partial Permanent (11750)



Matrixectomy, Total Permanent (11750)



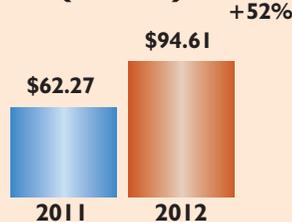
Orthoses (Including Casting, Fabrication and Dispensing) (L3000x2)



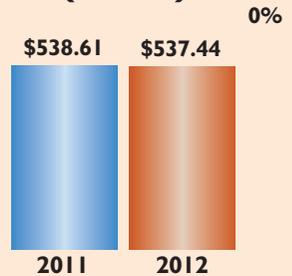
Strapping (29540)



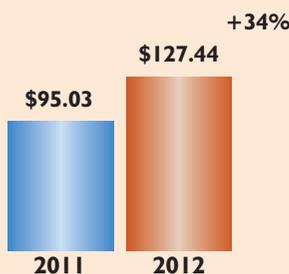
X-Rays (1 Plate) 2 Views (73620)



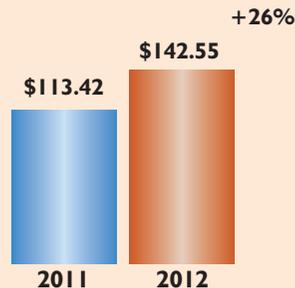
MPJ Capsulotomy/Tenorrhaphy (28270)



Injection, Small Joint/Bursa (20600)



Initial Exam (99203)

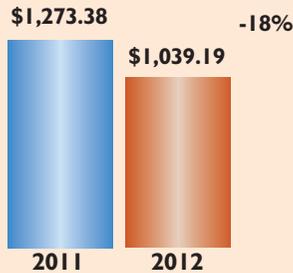


Subsequent Visit (99212)



FEEES

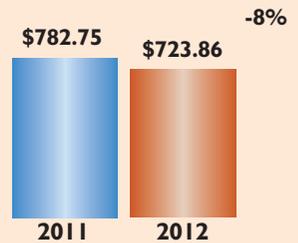
Osteotomy, 1st Metatarsal (28306)



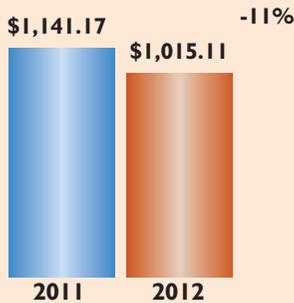
Osteotomy, Lesser Metatarsal (28308)



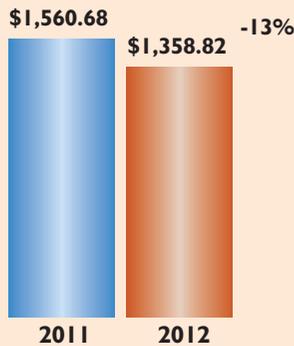
Hammertoe Surgery (28285)



Bunionectomy (28292)



Bunionectomy with Osteotomy (28296)



Excision of Neuroma (28080)



ple contracts, forms, manuals, patient materials as well as information on compliance and an “Ask the Experts” feature. These are all benefits that our larger group of new doctors may have found useful. In fact, the AAPP has

Continued on page 124

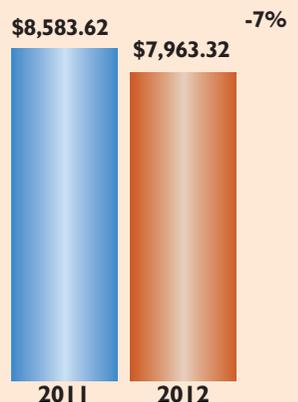
Fewer Are Board Certified

About two-thirds (67 percent) of our most recent respondents were Board Certified. That was down from 76 percent in our last report. This is not surprising given the fact that the recent survey group was less experi-

as patients compare doctors via on-line profiles; and an ability to specialize and market themselves as specialists. Board-certified DPMs earned more, too: \$137,000 compared to \$95,750 for those who were not Board certified in our latest survey.

Board-certified DPMs earned more, too: \$137,000 compared to \$95,750 for those who were not Board certified in our latest survey.

Average Fee Total (for the 15 services listed)



enced overall, and may not yet have pursued Board certification or were in the midst of attaining it.

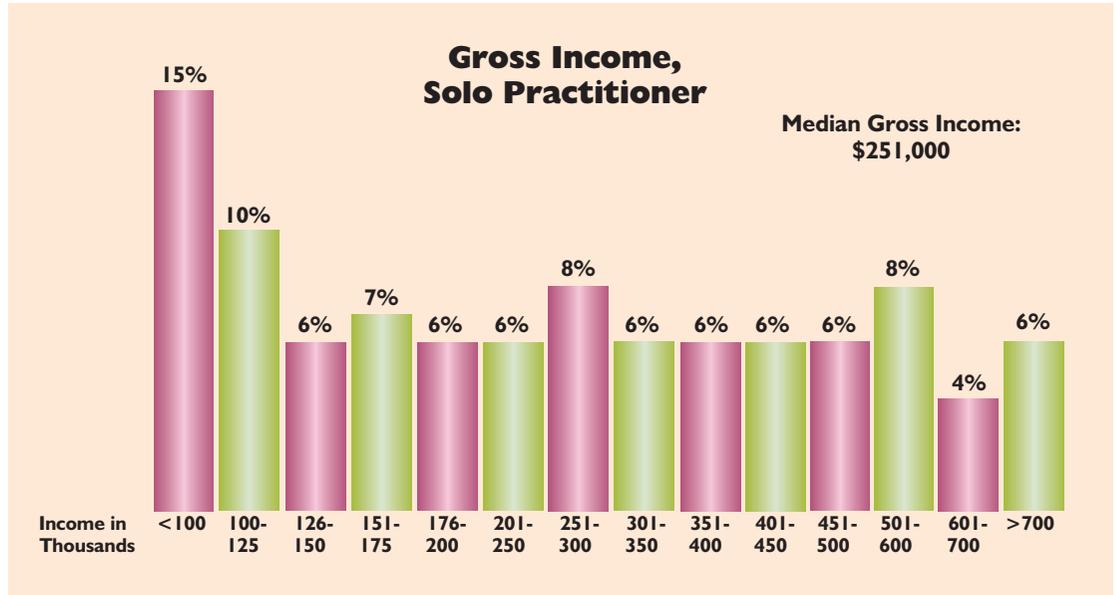
Benefits of Board certification include access to more MCO panels (some of which require it); a public relations and practice-building value

More AAPP Members

Twenty-one percent of respondents were members of the American Academy of Podiatric Practice Management (AAPP), up slightly from 20 percent in our previous survey. AAPP online resources include sam-

a “Young Practitioners” web page with resources geared toward new DPMs’ specific needs. It also offers conferences and workshops for both doctors and staff.

As we saw with membership in APWCA and the APMA, there seems to be a monetary advantage to joining the AAPP. Its members reported a median net income of \$139,500 compared to \$115,750 for non-members.



argue that podiatry school applications would increase if a degree change occurred.

(28306) dropped 18 percent or \$234.19 from the previous report. Dollar for dollar, the small increases in some fees did not keep up with the reductions in others.

The small increases in some fees did not keep up with the reductions in others.

As Barry Block, DPM, JD, editor of this magazine, mentioned in this month’s editorial, the APMA “must find a way to permanently do away with the onerous sustained growth rate (SGR) formula, or the future of all medical practitioners will remain in peril.”

Degree Change Still Favored

A degree change to MD or DO was favored by 65 percent of respondents, down slightly from 67 percent in our previous survey. Some recent graduates may not have fully explored the opportunities and limitations associated with this issue. Some are opposed to a change, arguing that podiatrists do not need a degree change to achieve parity, while others

FEES, MEDICARE & AUDITS

Fees dropped an average of 7 percent, for a total of \$7,963.32 for all types listed (see charts). Interestingly, several less expensive exams and procedures actually increased

compared to our last report, but were weighted down by fee cuts for a number of more expensive procedures. For example, the initial exam fee rose 26 percent to \$142.55, and subsequent visit fees jumped from \$65.63 to \$94.43. By contrast, the average fee for osteotomy

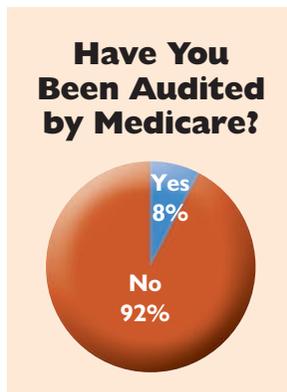
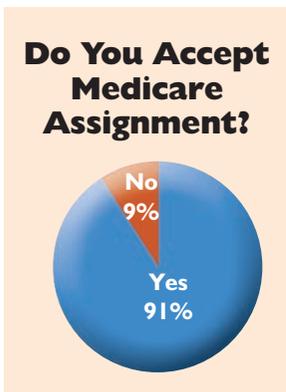
In Favor of Podiatrists Obtaining MD or DO Degrees



This provides another incentive to support the APMA through membership and active involvement. Until the fee issue is resolved to doctors’ satisfaction, we don’t anticipate that fees will rise anytime soon.

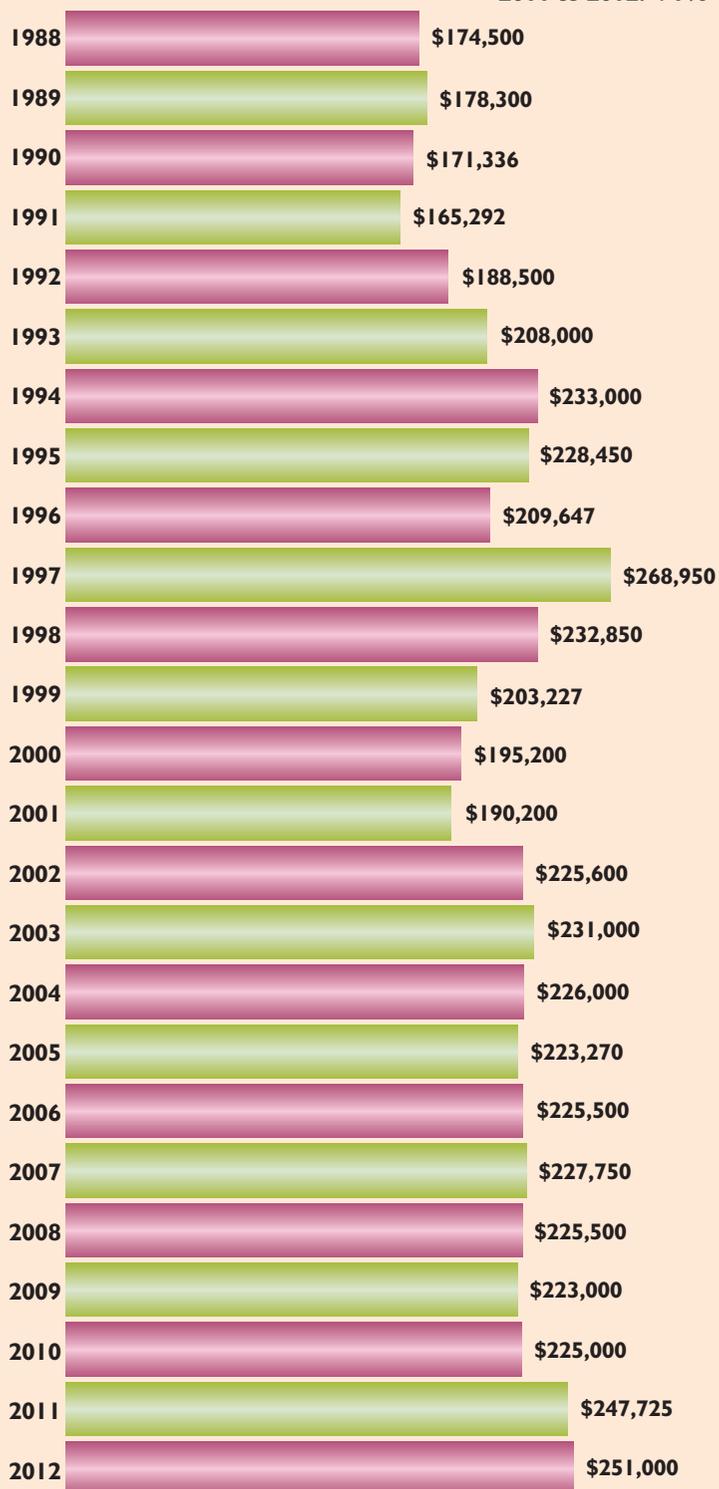
Note that the fees listed were those charged but were not necessarily what the respondents were paid by Medicare and MCOs. Those amounts are often less than fees charged and can vary regionally and from plan to plan.

Continued on page 126



Cumulative Gross Income, Solo Practitioner

Change in Gross Income
2011 to 2012: +1%



Medicare and Audit

Ninety-one percent of those surveyed accepted Medicare assignment, which was down slightly from 93 percent last year. The CMS reports that Medicare enrollment (in hospital insurance and/or supplementary medical insurance plans) grew by 5.4 percent from 2010 to 2011 compared to 2.4 percent growth from 2009 to 2010. We will continue to watch aging population numbers and their impact on Medicare, as well as the changing requirements that may come about at the Federal level over time.

When asked whether respondents had been audited by Medicare, 8 percent answered affirmatively. That's up from only 3 percent in the last report. The increase is not surprising given the CMS institution of its Recovery Audit Program, which in its 2011 mission statement noted that its purpose was to "reduce Medicare improper payments through the efficient detection and collection of overpayments, the identification of underpayments and the implementation of actions that will prevent future improper payments." As the Federal government looks to cut spending and increase revenue, we anticipate continued aggressive actions being taken to recover erroneous payments and issue penalties.

When asked how much audited doctors were ordered to pay back, the vast majority (83 percent) owed \$1,000 or less and the other 17 percent were required to pay back between \$1,001 and \$10,000. These amounts generally were smaller than last year's report, in which 50 percent of those surveyed were ordered to pay back between \$1,001 and as much as \$100,000.

GROSS INCOME

Doctors in solo practice reported a median gross income of \$251,000, up 1 percent from last year's report. The percentage of doctors with a top-line

Continued on page 128

income of less than \$100,000 grew slightly from 13 percent last year to 15 percent in our most recent report. While 12 percent of solo doctors re-

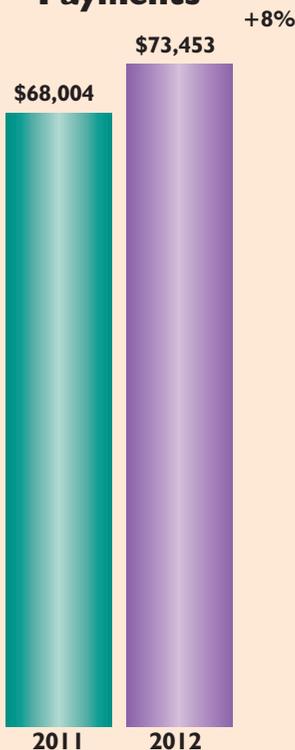
ported a gross income of more than \$600,000 last year, only 10 percent of respondents reported the same this year.

Regionally, we tallied median gross income for both solo and partnership/group combined. The highest reported figures were in the West, at \$193,750, and the South, at \$189,250. The median gross income was

some doctors felt the need to boost salaries to make up for that. The job market, which was still depressed in some areas, did bounce back slightly in 2011 as previously mentioned. This may have reduced the number of qualified applicants and required DPMs to compete for candidates with higher salaries and benefits, including pension plan contributions (see "Pen-

YOUR OVERHEAD EXPENSES

Gross Salary Payments



Office Space



The highest reported figures were in the West, at \$193,750, and the South, at \$189,250.

\$177,250 in the East and \$157,750 in the Midwest.

One emerging method to improve cash flow and reduce accounts receivable is the use of health care credit options as an alternative to cash and major credit cards. This option provides another way for patients to pay for non-covered services and may result in better acceptance of doctors' treatment recommendations. As a result, this option may improve top-line income for some practices.

EXPENSES & TRENDS

Despite the larger number of new practices, DPMs kept costs at bay, reporting a decrease in overall expenses of 1 percent. Since there were larger drops in net income, this expenses figure indicates that doctors invested in areas that they felt would benefit their practices in the long term. Here's how their dollars were spent.

- **Gross Salary Payments**—Gross salary payments rose an average of 8 percent to \$73,453. While the 3.2 percent inflation rate in 2011 was double the rate of 2010, it was still far below the average salary increase reported here. Many factors may have contributed to this higher pay. First, we reported a mere 1.2 percent increase in our previous survey, so perhaps

sion Contributions" below). Since a larger percentage of doctors were new to practice, they may have opted to hire more highly trained employees rather than take time from practice building to train lower-level assistants.

- **Office Space**—The cost of office space fell 19 percent compared to last year's survey, for an average annual expenditure of \$20,313. Trends in the mortgage rates and rents proved beneficial for respondents, who experienced a buyer's/renter's market during that period. Thirty-year mortgage rates fell to the 4 percent range, while the glut of available office space (much of it because the ailing economy caused so many business closures) provided leverage for lease negotiations. Although the office rental market was not as soft as it was during the height of the recession, renters could still negotiate such perks as free rent, office amenities, tenant improvements and a cap on common area maintenance fees.

In New York, for example—where the highest percentage of respondents practice—average rents were still far below 2008 figures.

- **Fixed Equipment Expenses**—Doctors surveyed for our latest report spent considerably more on equipment than last year's respondents: \$4,605, an increase of 27 percent. New practitioners likely invested

Continued on page 130

heavily in this category as they equipped their practices. Others, who may have put off purchases in previous years, may have taken advantage of Section 179's full deduction benefit (up to \$500,000 for qualified purchases). Doctors may have invested in new portable and full console laser systems (whether for pain management, nail fungus or cosmetic treatments), Extracorporeal Shock Wave Therapy equipment, Extracorporeal Pulse Activation Technology, computerized gait analysis, hydrotherapy equipment, pressure assessment and vascular diagnostic equipment, etc. They may have also upgraded some of their equipment. For example, today's chairs built for podiatry patients come with high-tech, patient-friendly and ergonomically designed features.

We asked respondents about their incorporation of digital x-ray technology. Forty-five percent of those surveyed said they use this technology in their practices, up from 41 percent in our previous survey. What's more, another 34 percent of respondents who do not currently have digital x-ray equipment said they planned to incorporate this technology into their practices within the next two years.

We also asked about the use of foot measurement technology for prescribing orthotics and found it was used by 22 percent of respondents. Another 6 percent who did not have the technology when surveyed said they were considering purchasing the technology within the next 12 months.

On the business side, seasoned doctors may have upgraded the high-tech appearance of their practices to include iPads (for such uses as iPad optimized EHR and patient use in the waiting room); large, flat-screen televisions; and patient-accessible desktop and laptop computers. Staff computers and printers continue to drop in price while offering more features.

• **Computer Service/Maintenance and the Internet**—The \$2,274 average cost for computer-related services (such as software installation and training, website maintenance and Internet service) was up 12 percent from our previous survey. For new

doctors, this may have included system set-up fees and initial staff training. Both new and seasoned DPMs

may have incorporated EMR in advance of Federal deadlines for implementation.

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YOUR OVERHEAD EXPENSES

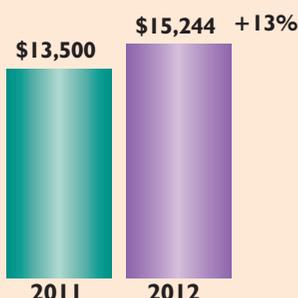
Fixed Equipment Expenses



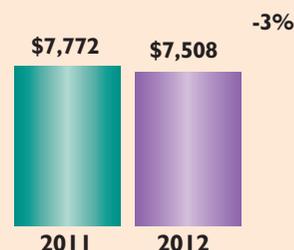
Bio/Pathology Laboratory Expenses



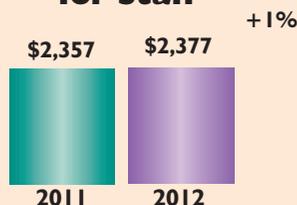
Student Loan Repayment



Laboratory Expenses (Orthotic)



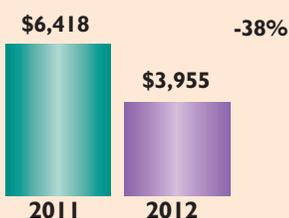
Pension Contribution for Staff



Pension Contribution for Self



Utilities



Educational Expenses



YOUR OVERHEAD EXPENSES

Professional Dues



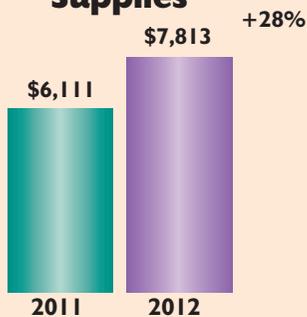
Office Supplies (Non-Medical)



Non-Malpractice Insurance



Disposable Medical Supplies



Cleaning & Office Maintenance



Legal & Accounting Expenses



mentation in order to take advantage of financial incentives.

Despite the increased competition for Internet customers by cable and telephone companies, rates for Internet service continued to climb during the survey period. Some practices may have added “boost” services to increase Internet speeds and reduce buffering. Others may have switched providers to ones that offered free Wi-Fi so the office could offer this to patients as a courtesy.

• **Utilities**—Total utility costs dropped significantly from our last report, falling 38 percent to an average of \$3,955. Given that the respondents were, overall, less experienced and saw fewer patients, it’s conceivable that this drop was due, at least in part, to smaller offices with lower utility costs. Here are three areas that might have made an impact on this cost.

Energy: The end of 2011 (our survey period) started one of the

warmest winters in U.S. history. Undoubtedly, all small business owners benefitted from lower oil, gas and electric bills. Continued competition from alternative energy suppliers made this line item even more affordable. According to the National Oceanic and Atmospheric Administration, the 2012 average temperature was the highest on record. Thus we anticipate that energy costs will remain low in next year’s report.

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Professional Liability



Water: In contrast to lower energy bills, the cost for water service continues to climb. According to Circle of Blue (COB), which provides data collection on water and other resources,

jumped nearly 25 percent to raise funds to replace 900 miles of its water distribution network. Other factors stimulating increases nationwide include post-9/11 security requirements

In contrast to lower energy bills, the cost for water service continues to climb.

the average cost of water in 30 major U.S. cities jumped 9.4 percent from 2010 to 2011.

In some areas of the country where older water infrastructures exist, we anticipate an increase in cost for maintenance and repair, which will be borne by residential and commercial customers. For example, COB reports that Chicago customers' rate for the survey period

of water sources; rising employee costs, such as for pensions and health insurance; and the rising costs for water treatment supplies. A report by CNN Money indicates that some water bills will double or triple over the next 25 years.

Telephones: Competition among telephone carriers continues to escalate. Service bundles—such as those that combine as landline telephone,

What Brand of Athletic Footwear Do You Prescribe/Recommend the Most?

	<u>2012</u>
New Balance	58%
Asics	17%
Brooks	8%
Nike	5%
Aetrex	3%
Saucony	2%
Others	7%

cellular, Internet and television services—have moved into the commercial arena after realizing success in the consumer market. Doctors may be finding that just by bypassing the lat-

Continued on page 136

est model of phone—for example, choosing an iPhone 4 over an iPhone 4S or iPhone 5—they can realize equipment cost savings.

• **Educational Expenses**—Doctors surveyed spent slightly less (4 percent) than last year on educational expenses, for an average of \$1,967. Fresh out of podiatry school and focused on practice startup or new employment situations, recent graduates may not have viewed continuing education as a priority. Time and money for off-site conferences may have been limited. Perhaps a big priority for new practice owners was practice management-related education, which was limited in podiatry school but would help doctors jump-start new practices. These conferences help them deal with such issues as staffing, contracts, patient relations and reimbursement paperwork. For seasoned doctors, this training can bring practices to a higher level of efficiency and income.

Continuing medical education covering new technologies, treatment options and co-management of patients in multidisciplinary settings benefits both new and seasoned doctors.

Continuing medical education covering new technologies, treatment options and co-management of patients in multidisciplinary settings benefits both new and seasoned doctors. Conference venues and clinical seminars provide the added benefit of face-to-face doctor interaction.

Lower-cost supplements to both practice management and clinical education include webinars, podcasts,

YouTube videos and courses such as PM's continuing medical education section in each issue of this magazine. PM News on podiatrym.com allows doctors to pose questions to 14,000+ users and get immediate feedback on difficult cases and management situations. As a hint of what's to come, a mobile version of PRESENT CME lectures, eZines and eTalk was

introduced in 2012 for use on doctors' mobile devices. Expect further enhancements as mobile computing becomes faster and devices broaden their features.

• **Professional Dues**—Surveyed DPMs reported an average expenditure of \$1,821, down 11 percent from our previous average. Doctors new in practice may have been too busy with startup to invest time and money in professional organizations. Others may have been more selective in choosing memberships this year, given that their available income was reduced.

Investment in professional organizations proved to pay off in terms of net income for members of the APMA and AAPP as previously discussed. These associations and others offer such benefits as continuing education, collaborative conferences, representation at the Federal level and peer and professional counseling/advice.

• **Professional Liability**—Malpractice insurance for surveyed practitioners dropped 15 percent to an average of \$7,697 compared to our last survey. According to "Medical Malpractice Insurance Rates Flat Due to Market Forces" on businessinsurance.com, new malpractice underwriters have entered the marketplace, providing a more competitive environment for rates. Tort reform has also kept rates low, with the average claims payment for a medical malpractice at \$334,559, according to KFF.

A report from the National Institutes of Health entitled "Health Care Reform and Medical Malpractice Claims" explored the possible impact of Federal legislation on rates in the future. "With the enactment of the Patient Protection and Affordable Care Act of 2010...it is especially appropriate to consider what effect, if any, the new law will have on the rate of medical malpractice claims," according to the report, with researchers arguing that if the rate of claims remains the same but the number of patients increases, "the total number of malpractice claims will increase."

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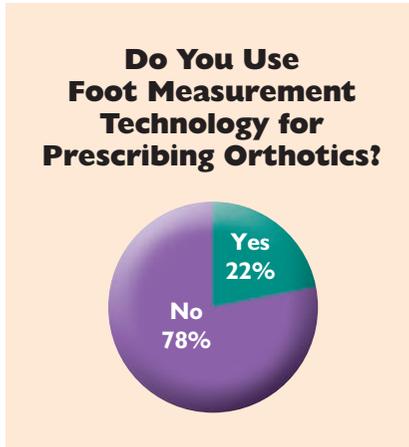
• **Non-Malpractice Insurance**—

The cost for such insurance policies as liability, fire, theft and workers' compensation rose 1 percent to \$2,095. While the plethora of natural disasters in 2010 (including numerous floods, tornadoes and wildfires) may have caused a dramatic rate hike, these were likely tempered by the increasingly competitive insurance landscape. What's more, a larger percentage of respondents were new practitioners who, as previously mentioned, likely had smaller offices with less square footage and equipment to insure and fewer employer-associated policies.

The fees for 2011 did not yet reflect the numerous natural disasters of 2011 and 2012. It's likely that premiums will rise in the future to pay for such widespread disasters as Hurricane Irene in 2011 and Hurricane Sandy in 2012.

• **Legal and Accounting Fees**—

The cost for lawyer and accountant services dropped 3 percent to an average of \$2,817. While new practition-



ers grappled with the legal and tax issues of starting a practice, they also



aged care agreements. The fees charged by legal firms

It's likely that insurance premiums will rise in the future to pay for such widespread disasters as Hurricane Irene in 2011 and Hurricane Sandy in 2012.

needed to handle such paperwork as supplier contracts, leases and man-

for the year rose 3 percent in 2011, according to Thomson Reuters' "Peer Monitor Index." But it noted that increased rate negotiation and client pressure for reduced fees, which had already been felt since the height of the recession, kept fees low and would curtail increases in legal fees into the immediate future.

We expect accounting fees will rise due to the increasing complexity of new tax codes and provisions as well as ongoing changes in filing requirements. While some smaller practices may benefit from the services of a growing number of tax preparation franchises (one of the fastest-growing franchise categories in the U.S.), many may still opt to select private individuals or small firms familiar with the ins and outs of medical practices.

• **Pension Contributions**—Pension contributions to the doctors themselves dropped 20 percent compared to last year. Now contributing an average of \$9,246, DPMs surveyed likely reduced contributions due to lower overall income. Younger practitioners may have put off contributing

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YOUR OVERHEAD EXPENSES

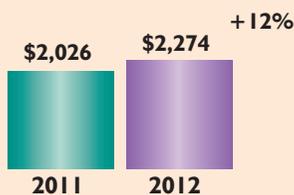
Advertising



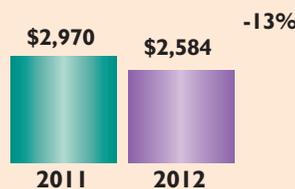
Type of Advertising

	2011	2012
Yellow Pages	61%	50%
Internet	57%	46%
Newspapers	26%	21%
Mailings	12%	9%
Radio	7%	5%
TV Cable	5%	2%
TV Network	3%	1%
Other	12%	22%
Do Not Advertise	31%	14%

Computer Service Maintenance & Internet



Products for Sale

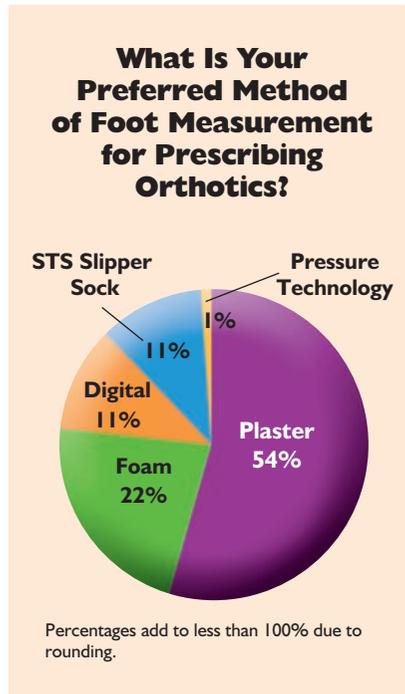


to retirement as they struggled to build new practices.

Pension contributions to staff, by contrast, remained relatively stable, up 1 percent to \$2,377. Combined with substantially higher average salaries, these contributions indicate that surveyed doctors viewed staff as a vital link to practice success.

- **Student Loan Repayment**—Respondents who had loan repayments (zeros were not factored in) reported average payments totalling \$15,244, an increase of 13 percent over our previous report. We expected higher costs here due to the larger percentage of recent grads surveyed. In addition, college and professional degree program tuitions rose faster than the inflation rate, and at an even greater rate at public institutions than private ones, according to data from The College Board. As the Federal government looks to reduce costs, we will watch the subsidized interest rates of student loans, with any increase having a huge impact on payments for the long term.

- **Bio/Pathology Lab Expenses and Disposable Medical Supplies**—DPMs spent 29 percent less than last year on bio/pathology lab expenses, for an average expenditure of \$464. The fact that there were fewer patients undoubtedly had an impact on this figure. They also spent \$7,813 on disposable medical supplies, an increase of 28 percent. This latter figure reflects new practices spending to build initial supply inventories. In addition, we reported a large drop in this expense last year as part of re-



spondents' cost-cutting efforts. Practitioners surveyed may have reinstated their spending patterns in our report.

- **Orthotics and Ankle-Foot Orthoses (AFOs)**—Podiatrists surveyed

orthotics to reduce pressure and shear in order to prevent foot ulceration. It may also reflect respondents' success in overcoming patients' financial objections to custom orthotics, if any—perhaps also their increased success in selling multiple pairs—and training staff on their benefits to improve patient education.

When asked for their preferred method of foot measurement for prescribing orthotics, plaster remained on top at 54 percent, an increase of six percentage points from our previous survey. Second most popular was foam at 22 percent followed by digital (optical or laser) and STS Slipper Sock tied at 11 percent of respondents. Pressure technology was used by only 1 percent.

Doctors surveyed reported the average number of prescriptions per month of AFOs for all types. Gauntlet AFOs were prescribed at an average of 3.4 per month (up from 2.7), followed by functional-hinged AFOs (Richie type) at 2.1 percent (no change), solid AFOs at 1.7 (down from 2.2) and Dorsiflex Assist AFOs at 1.7 (up from 1.6).

Doctors sent an average of 5.5 pairs of true custom orthotics to an outside lab each week, which was up from 4.9 pairs last year.

spent \$7,508 on orthotics and AFOs, down 3 percent from our last survey. Doctors sent an average of 5.5 pairs of true custom orthotics to an outside lab each week, which was up from

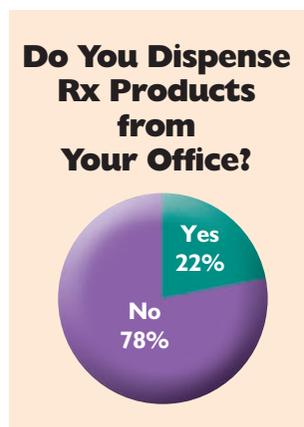
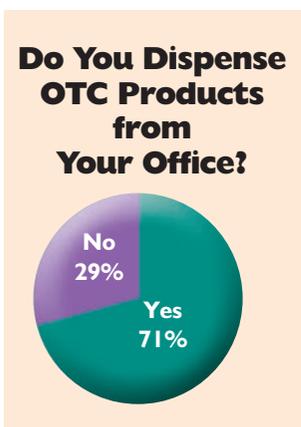
4.9 pairs last year. They also dispensed an average of 6 pairs of prefab orthotics weekly, which dropped from 9.8 pairs in the previous survey.

With the increased number of diabetic and wound care patients, more doctors may have been using custom

The preferred method respondents used when performing off-loading procedures was a post-op shoe/boot/walker, which was used by 79 percent of respondents (down from 81 percent last year). Twelve percent modified existing footwear (up from 8 percent), and 10 percent used TCC (down from 11 percent).

We again asked respondents what brand of athletic footwear they prescribed/recommended the most. New Balance remained on top, recommended by 58 percent of respondents (down from 62 percent last year). Next was Asics at 17 percent (up from 10 percent), Brooks at 8 percent (no change), Nike at 5 percent (down

Continued on page 142

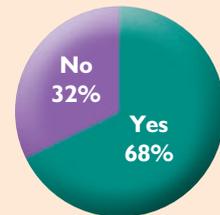


Trends Point to Increased Use of Facebook, LinkedIn

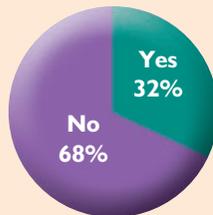
As part of their advertising and marketing strategy, a larger percentage of doctors than our previous survey used Facebook, up five percentage points to 32 percent of respondents. The percentage of DPMs who used LinkedIn grew as well, from 14 percent in our last survey to 21 percent in our most recent one. Twitter use remained steady at 10 percent of respondents. All of these social media vehicles are relatively quick and easy to set up without the use of professional assistance, so we expect their numbers to grow.

The percentage of practices with a website dropped slightly from 70 percent last year to 68 percent in our latest report. Undoubtedly, this number will increase as the large percentage of new doctors (those in practice less than a year) launch their websites for the first time. •

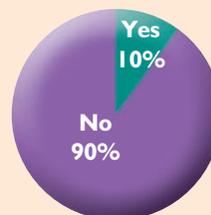
Do You Have a Practice Website?



Is Your Practice Listed on Facebook?



Does Your Practice Use Twitter?



Does Your Practice Use LinkedIn?



from 8 percent), Aetrex at 3 percent (up from 2 percent) and Saucony at 2 percent (no change). Seven percent of respondents said they recommended brands not listed here.

• **Office Supplies (Non-Medical)**—The cost of office supplies remained nearly steady, down 1 percent to \$3,999 from last year. Given the larger percentage of newly minted

DPMs, we would have anticipated a bump up in this cost as doctors supplied new offices. Instead, DPMs have benefitted from aggressive competition among office supply vendors,

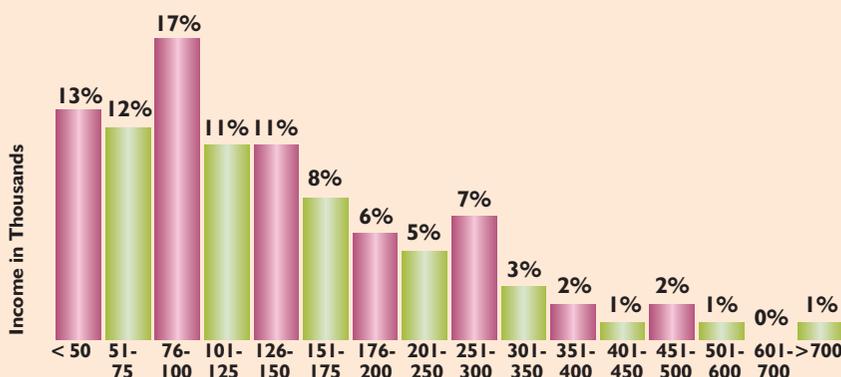
big-box retailers and warehouse stores. Doctors and staff were bombarded by low-price guarantees as well as daily or weekly email promotions and rebate programs. Jumps in office expenses by new doctors may have been tempered by more seasoned doctors going paperless and relying on electronic means for basic patient communication. E-tailers like Amazon and eBay have more aggressively entered the office supply market, providing another force for depressed pricing.

• **Products for Sale**—Respondents spent 13 percent less on products for sale (i.e.,

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Net Income, Solo Practice

Median Net Income:
\$117,750 -9%



for in-office dispensing) than our previous report, for an average expenditure of \$2,584. While this may be a correction from last year's dramatic increase (up a reported 36 percent), other factors may have come into play. For instance, new DPMs may have not had the opportunity to incorporate these items yet. Since our respondent pool spent considerably less on office space this year, perhaps some doctors did not think they had the space for these items. However, the benefits of in-office dispensing have been widely discussed for improving patient compliance and boosting income. Revenue can come from prescription medications as well as over-the-counter (OTC) items such as insoles, comfort shoes, palliative supplies, post-surgical/injury-care items and diabetic socks. In addition, providing diabetic shoes and inserts under the Diabetic Shoe Bill is a win-win opportunity for both doctors and patients. Companies providing these products can provide space-saving kiosks and



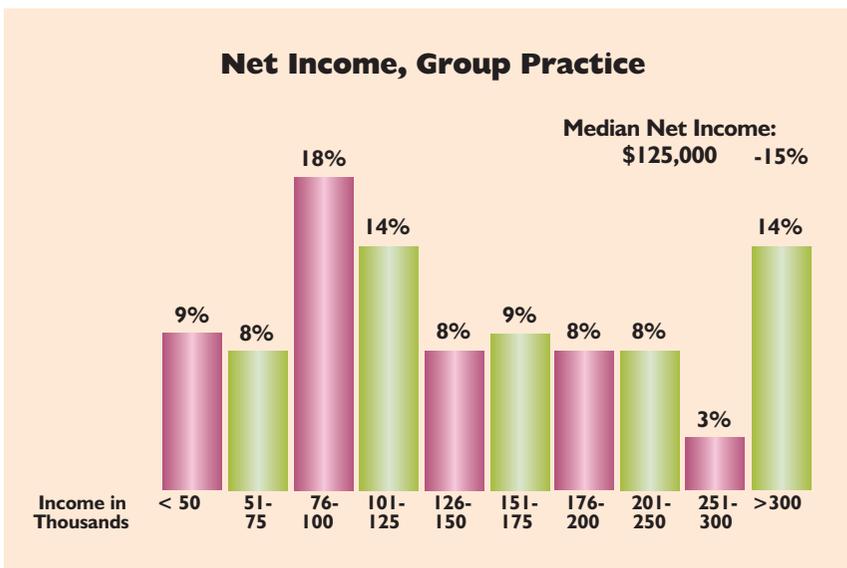
The percentage of DPMs who said they dispense OTC products



Some companies provide online dispensing systems that help ensure that patients receive the items the DPM has recommended or prescribed.

counter displays that can be used in even small offices.

from their offices also dropped from 77 percent in our previous



survey to 71 percent this year. Of those who did not dispense OTC products, 6 percent said they planned to do so within the next 12 months. With the recent negative turn in net income figures, we will watch to see whether more doctors add product sales for supplementing income.

Another option is using a virtual inventory to provide items to patients. Some companies provide online dispensing systems that help ensure that patients receive the items the DPM has recommended or prescribed.

When we asked respondents what percentage of their 2011 income was derived from the sale of products from their offices, 84 percent reported that they earned less than 10 percent of their income from this source. We will watch this figure in future surveys.

• **Advertising**—The percentage of those who advertised remained fairly steady compared to other changes in expenses categories, down 1 percent to an average of \$3,791. It's interesting to note that there was a dramatic increase in the

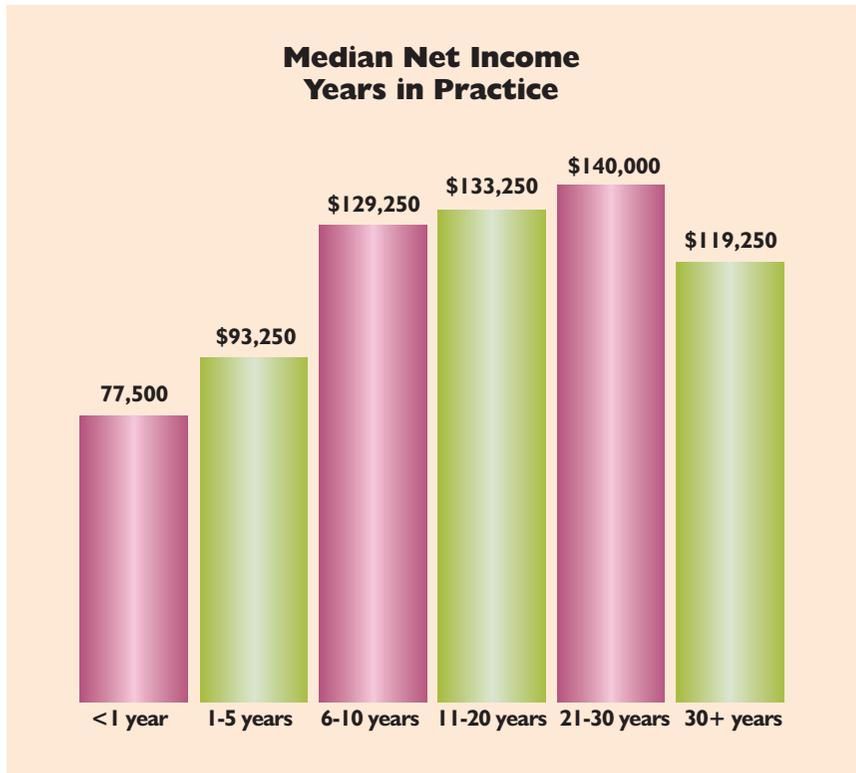
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percentage of DPMs who did advertise during our survey year compared to the percentage of those who advertised in the year before: 86 percent said they advertised vs. 69 percent in our previous report.

Yellow Pages—Use of *Yellow Pages* as an advertising medium dropped from 61 percent last year to 50 percent in our latest survey. While it remained the most-used medium, this is a large one-year drop, perhaps due to the younger demographic of this year's respondent pool. Many new DPMs may have seen little value in the high expense and fragmented reach of *Yellow Pages* directories today, and determined that online alternatives would provide better results. Doctors who have used this medium for years may have started to gauge the return on their investment, finding that other media was more cost effective for securing patients.

It should be noted that some doctors who answered affirmatively may have included both print and online versions. We will separate the two in our next survey.

Internet—The use of Internet advertising (including website creation and maintenance, banner ads and search engine optimization) remained the number two advertising



choice among respondents, with 46 percent using this medium. Although this is a drop from 57 percent in our previous report, it is likely that the jump in percentage of new practitioners may have come into play here, considering the time and expense involved to plan and execute

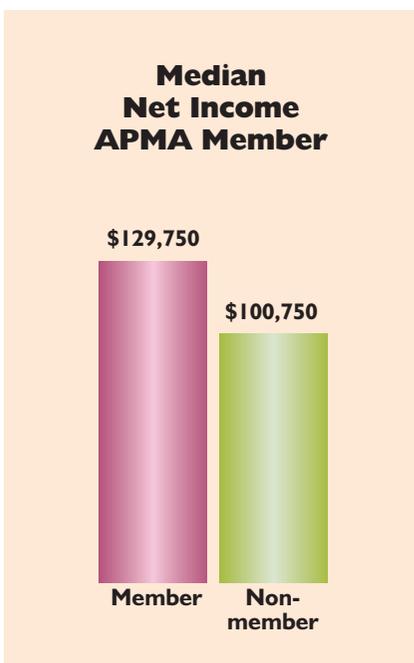
an Internet marketing strategy.

Many doctors have broadened their use of websites beyond a placeholder for basic practice information to include appointment scheduling, the ability to download paperwork before appointments, patient education sections and exit interview questionnaires. Doctors may have invested in online giveaways to increase website traffic. As technology advances and other strategies emerge, we're likely to see interactive web use further enhance the patient experience and give them more reason to visit practice websites and, ultimately, become patients.

Social media sites such as Facebook, LinkedIn and Twitter continued to play an expanded role in patient communication. See the sidebar "Trends Point to Increased Use of Facebook, LinkedIn" for further discussion.

Use of mobile technology rose dramatically during our survey period. New devices—such as the iPhone 4 and iPhone 4S as well as the iPad and various tablets—triggered a major focus by advertisers on reaching the mobile user. In fact,

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according to eMarketer, mobile advertising jumped 88.5 percent to \$1.45 billion from 2010 to 2011. It projects ad spending to continue to climb to over \$20 billion by 2016. Thus if a DPM's Internet marketing strategy does not already include a mobile component, it will likely need to include one in the near future to maximize patient reach. One of the first we're seeing used on a wide basis is text message appointment reminders. Stay tuned for more.

Newspapers—Use of newspapers as an advertising medium fell from 26 percent in our previous survey to 21 percent in our most current one. A Pew Research report "The State of the News Media 2012" noted newspaper print circulation continued to decline in 2011. "When circulation and advertising revenue are combined, the newspaper industry has shrunk 43 percent since 2000," according to the report. Hand-held devices were more often used to access newspapers, with suburban and urban residents more

likely to read their newspapers on hand-held devices than rural residents.

Smaller newspapers and those with less frequent circulation, such as weeklies, have found their niche in the market and remained strong. "Rather than filling their pages with material that is readily avail-

News Consumption: 1991-2012," daily newspaper readership continued to drop, while weekly newspaper readership has stabilized. Applicability to the DPM practice includes advertising in weeklies' health-section supplements and doctor-written advertorials (advertising that looks like newspaper

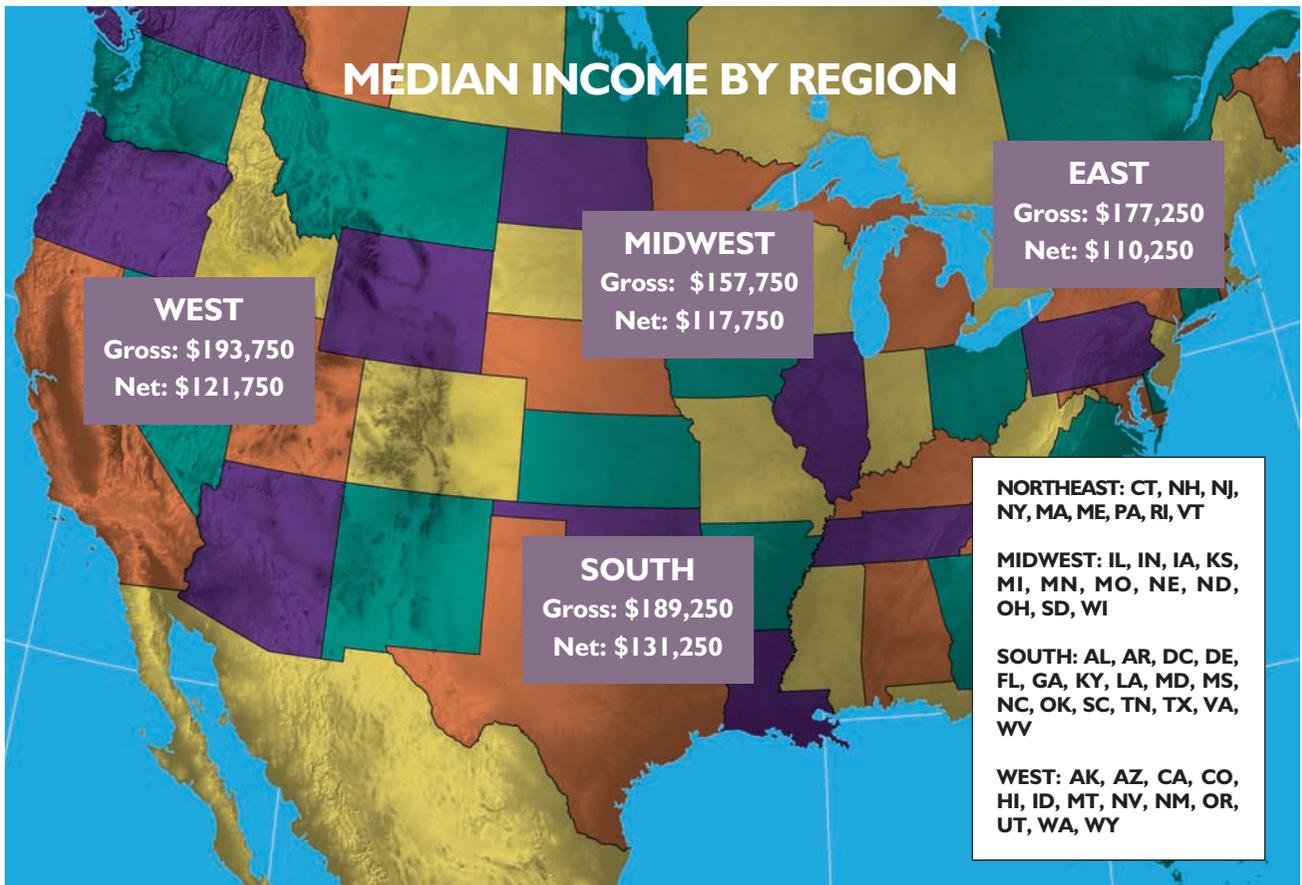
Smaller newspapers and those with less frequent circulation, such as weeklies, have found their niche in the market and remained strong.

able on the Internet, smaller newspapers focus on the politics, business, sports, crime and community affairs occurring in narrowly defined geographic areas—a county, a town or, in some cases, even a few neighborhood blocks," according to an Associated Press report featured in Media Biz on nbcnews.com. In Pew Research's report "Trends in

stories) featuring doctors as the area experts.

Mailings—Only 9 percent of those surveyed used mailings, down from 12 percent in the previous year. While new and inexpensive quick-print companies may have provided doctors with professional-looking newsletters, postcards and

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the like, some practitioners may have avoided this medium due to escalating postage costs and the substitution of Internet advertising. Email marketing alternatives may have replaced these mailings in some practices, using companies

result of competition from Internet vehicles. In areas where high unemployment lingered, doctors may have determined that the reduction in coveted drive-time audience made radio less desirable.

According to media and market

Doctors may have determined that the reduction in coveted drive-time audience made radio less desirable.

such as Constant Contact for e-newsletters and HTML email for a more engaging reach to current and prospective patients.

Radio—Radio usage for advertising dropped to 5 percent of those who advertise, down from 7 percent in our previous survey. This may be the result of cost-cutting as well as the re-

search firm Arbitron, 73 percent of people age 12 and over heard at least one network radio commercial in December 2011. While that was down slightly from December 2010's 74 percent, it still represented 189 million listeners. SiriusXM satellite radio remained strong in 2011, with Pandora Radio becoming a bigger com-

petitor. Internet-enabled radio may cut into network and satellite listenerships and reduce radio's advertising reach in the future. That's a trend we will watch, especially as new Internet-friendly car consoles are introduced, or become part of standard equipment, with options that compete for drive-time audiences.

Television—The percentage of those using both network and cable television for advertising dropped among those who said they advertised. Only 1 percent advertised on network TV (down from 3 percent last year), and 2 percent advertised on cable (down from 5 percent). Since television was one of the most expensive advertising media, we're not surprised in the drop here. Mobile devices provided strong competition for this medium (see Internet above).

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Rather than competing with the Internet, some cable stations broadened their reach by combining the two media. One population targeted was Hispanics, with Fox's launch of foxnewslatino.com in 2010 and CNN's companion website cnnenes-panol.com, which started in 2011.

Other—Twenty-two percent of those who advertised used other types not listed here. These may have included promotional objects (pens, notepads, etc.), sponsorship of sports teams, church bulletins, coupons, counter card displays and other methods.

• **Computer Service/Maintenance and the Internet**—This relatively new category was a substantial expense in the DPM's practice, as indicated by survey results. Respondents spent an average of \$2,274 for computer service/maintenance and the Internet, up 12 percent from our previous report. Many doctors establishing practices in 2011 incurred high computer software and consultancy fees as they set up their networks for the first time and trained staff to run practice software. They also likely set up their websites, which could have been high-ticket items for those who chose a robust approach with varied content. Some doctors, in fact, may have re-evaluated their longstanding websites and added new pages or features at an added cost. For those doctors just starting with EMR in 2011, the start-up costs may have been reflected here. In addition, remote servers and cloud backup systems and service fees may also have contributed to this expense.

• **Cleaning and Maintenance**—The cost for cleaning and maintenance dropped significantly since last year, down 43 percent for an average of \$1,261. Besides the presumably smaller offices of our respondent pool, other factors that may have influenced this drop include the proliferation of new cleaning services (including many fast-growing franchises) and the desire by practice owners to cut non-critical costs in their effort to trim expenses.

• **Other**—Doctors surveyed spent an average of \$1,340 on other practice costs not listed above. These may have included business use of automobiles, satellite/cable television fees, business travel/meals, signage, billing services, waiting room amenities (magazine subscriptions, coffee, children's items, etc.), human resource outsourcing, consultants, postage/shipping, security system fees and bank fees. As any of these becomes a substantial cost, we will itemize and discuss it in detail.

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PRESCRIBING & DISPENSING

Antiseptics/Topical Antibiotics

	2012	2011	2010
Neosporin	16%	19%	26%
Bactroban	11%	11%	16%
Bacitracin	9%	9%	10%
Silvadene	6%	16%	15%
Amerigel	6%	3%	9%
Gentamicin	4%	5%	9%
Triple Antibiotic	3%	2%	8%
Betadine	3%	5%	—
Mupirocin	3%	3%	4%
Povidone-Iodine	2%	—	—
Polysporin	1%	5%	5%
Iodosorb	1%	—	—
Others	13%	8%	—
Prescriptions per week	4.9	6.8	7.8
Prescribed (RX)	86%	Dispersed (D)	14%

Graft Products (for Wounds)

	2012	2011	2010
Dermagraft	17%	28%	26%
Apligraf	15%	21%	21%
Oasis	4%	6%	4%
Graft Jacket	3%	9%	4%
Integra	2%	2%	3%
Acell	2%	—	—
Others	12%	5%	—
Prescriptions per week	2.1	2.3	1.9

Topical Pain Relievers

	2012	2011	2010
Biofreeze	19%	24%	40%
Voltaren	14%	—	—
Voltaren Gel	11%	22%	20%
Lidocaine	5%	5%	5%
Lidoderm	5%	5%	10%
Capsaicin	3%	2%	7%
Emla Cream	3%	—	—
Flector Patch	2%	6%	7%
Diclofenac	1%	—	—
Solaraz Gel	1%	—	—
Viscous Xylocaine	1%	—	—
Ben Gay	1%	—	—
Others	4%	6%	9%
Prescriptions per week	4.1	3.5	3.0
Prescribed (RX)	78%	Dispersed (D)	22%

**NET
INCOME**

The median net income for solo DPMs surveyed was \$117,750, a 9 percent drop from last year. Most notable was the fact that the percentage of respondents earning less than

\$50,000 grew from 9 percent last year to 13 percent this year.

Group DPMs fared better in terms of dollars, but their income dropped even more than their solo colleagues.

PRESCRIBING & DISPENSING

Antibiotics (Oral)

	2012	2011	2010
Keflex	42%	71%	62%
Augmentin	13%	19%	21%
Cephalexin	12%	10%	18%
Bactrim	8%	7%	9%
Duricef	3%	3%	7%
Cipro	3%	4%	3%
Doxycycline	2%	—	—
Omnicef	2%	3%	4%
Amoxicillin	2%	—	—
Ceftin	1%	—	—
Cleocin	1%	—	—
Clindamycin	1%	—	—
Dicloxacillin	1%	—	—
Levaquin	1%	—	—
Others	5%	9%	5%

Prescriptions per week 4.2 5.6 4.7

Prescribed (RX) 97% Dispensed (D) 3%

Antifungal (Topical) (Skin)

	2012	2011	2010
Naftin	30%	48%	60%
Spectazole	17%	15%	22%
Lamisil	14%	15%	14%
Lotrimin	9%	—	—
Loprox	5%	13%	11%
Nizoral	5%	—	—
Formula 3	5%	4%	6%
Lotrisone	4%	4%	4%
Ertaczo	4%	10%	14%
Oxistat	2%	4%	10%
Others	12%	5%	—

Prescriptions per week 6.3 5.2 5.7

Prescribed (RX) 92% Dispensed (D) 8%

**Wound/Ulcer
(Topical, Non-Graft)**

	2012	2011	2010
Amerigel	13%	28%	35%
Silvadene	9%	14%	11%
Santyl	8%	—	—
Iodosorb	4%	7%	5%
Prisma	3%	—	—
Aquacel	3%	3%	5%
Bactroban	3%	4%	3%
Medihoney	2%	—	—
Gentamicin	2%	—	—
Hydrogel	2%	—	—
Regranex	2%	—	—
Saline	2%	—	—
Silvasorb	2%	—	—
Neosporin	1%	2%	3%
Betadine	1%	—	—
Oasis	1%	—	—
Panafil	1%	—	—
Polymem	1%	—	—
Triple Antibiotic	1%	2%	—
Others	21%	12%	9%

Prescriptions per week 4.9 3.8 3.9

Prescribed (RX) 78% Dispensed (D) 22%

**Topical Dressings
for Matrixectomies**

	2012	2011	2010
Amerigel	28%	51%	59%
Silvadene	5%	16%	8%
Neosporin	5%	4%	10%
Betadine	3%	—	—
Gauze	3%	—	—
Bacitracin	3%	4%	5%
Band-Aid	2%	—	—
Cortisporin Otic	2%	7%	8%
Gentamicin	2%	4%	5%
Triple Antibiotic	2%	2%	3%
ADAPTIC	2%	—	—
Polymem	1%	—	—
Bactroban	1%	—	—
Dermagraft	1%	—	—
Others	13%	8%	7%

Prescriptions per week 5.8 3.7 3.9

Prescribed (RX) 59% Dispensed (D) 41%

They reported a median net income of \$125,000, a drop of 15 percent compared to our previous survey.

DPMs employed by another podiatrist or a group reported an average salary increase of 10 percent to \$100,315. For new doctors struggling with high loan repayments, this was good news. With a reported range of \$12,000-\$240,000 in salary, it's likely that

some of the employed respondents worked in podiatry on a part-time basis.

Analysis of data by years in practice indicates that respondents' net income (combining all practice settings) peaked at 21-30 years in practice, with a median net income of \$140,000. Doctors in practice less than one year earned the least (\$77,500), while those in practice one-to-five years reported a median net of \$93,250. After 30 years in practice, median net income dropped off to \$119,250, perhaps due to some older doctors working fewer hours as they approached retirement.

Female podiatrists earned substantially less than male colleagues, and the gender gap remained wide with our latest respondent pool. While male DPMs' income dropped 3 percent to a median net of \$131,750, women podiatrists saw a 12 percent decrease and a median net of \$87,500. Thus women earned just 66.4 cents for every dollar a male colleague earned in our latest survey. That was considerably less than

**Average Salary
of DPM Employed
by Another DPM
or Group:**

\$100,315

**Median Salary:
\$100,000**

**Range:
\$12,000 – \$240,000**

the national average of 82.2 cents in 2011 as reported by the BLS.

Professional organization membership and Board certification had a positive impact on the bottom line as well, as previously mentioned.

Regionally, there were big differences in median net income (for all practice types). Doctors in the South had the highest median net income at

\$131,250. That was actually up from \$130,600 last year—the only region to show an increase. DPMs in the West earned the second most at \$121,750, down from \$134,200 last year. The Midwest dropped from \$125,000 to \$117,750, and the East dropped from \$127,800 to a median net of \$110,250.

**PRESCRIBING,
DISPENSING &
TRENDS**

Respondents indicated which pharmaceuticals, by brand name, they prescribed and dispensed most in several categories (see charts), including the average number of Rx's they prescribed and dispensed each week. Dispensing figures for wart medications, nail treatments, drying agents/odor absorbents

Continued on page 156

**Data
Tabulation
Note**

You may have noticed in our survey of most-recommended/dispensed pharmaceuticals on pp. 152-160 that in a number of instances, the percentage of surveyed DPM's recommending particular drugs was a good deal lower than in previous years. For instance, the percentage of surveyed DPM's recommending Keflex as their preferred oral antibiotic was 71 percent in 2011 but only 42 percent in 2012. The reason is simply that our method of computing the percentage changed: typically, not everyone answers every drug category, and in previous years we did NOT factor in the "zeroes". This year, the percentages were based upon a much larger pool of respondents because we included the "non-answers" in our computation. Thus the percentages in many cases appear significantly lower.

According to statistical analysts, this method is a far more accurate way of reporting the numbers. •

and emollients/moisturizers were broken down to determine the products “most prescribed” and those “most dispensed in-office.”

Twenty-two percent of those surveyed said they dispensed Rx products from their offices, which was down slightly from 24 percent in our last re-

port. Of those who did not dispense Rx products, 3 percent said they planned on dispensing them in the next 12 months.

Continued on page 158

PRESCRIBING & DISPENSING

Analgesics (Oral)

	2012	2011	2010
Vicodin	22%	44%	54%
Tylenol	14%	8%	14%
Percocet	13%	14%	18%
Lortabs	5%	14%	19%
Ibuprofen	5%	—	—
Norco	4%	6%	—
Tylenol #3	4%	10%	9%
Ultram	2%	8%	—
Advil	2%	—	—
Hydrocodone	2%	4%	4%
Aleve	2%	—	—
Motrin	2%	3%	—
Vicoprofen	2%	—	—
Others	7%	6%	5%
Prescriptions per week	4.9	4.9	5.2
Prescribed (RX)	98%		
Dispensed (D)	2%		

Anti Inflammatories (Oral)

	2012	2011	2010
Naprosyn/Naproxen	21%	30%	45%
Ibuprofen	16%	16%	25%
Motrin	11%	15%	16%
Mobic	9%	12%	10%
Celebrex	5%	15%	13%
Advil	5%	9%	4%
Voltaren	5%	7%	21%
Aleve	3%	3%	6%
Feldene	3%	—	—
Meloxicam	2%	—	—
Relafen	2%	—	—
Diclofenac	2%	—	—
Anaprox	1%	—	—
Daypro	1%	7%	3%
Others	9%	9%	8%
Prescriptions per week	8.1	8.7	9.2
Prescribed (RX)	95%		
Dispensed (D)	5%		

Enzymatic Debriding Agents

	2012	2011	2010
Santyl	42%	47%	47%
Accuzyme	2%	2%	8%
Panafil	2%	2%	6%
Amerigel	1%	—	—
Elastase	1%	—	—
Papain	1%	—	—
Kerasal	1%	—	—
Medihoney	1%	—	—
Others	8%	5%	7%
Prescriptions per week	2.6	2.7	2.6

Steroids (Topical)

	2012	2011	2010
Topicort	12%	21%	27%
Triamcinalone	12%	11%	16%
Hydrocortisone	9%	9%	18%
Lidex	8%	12%	12%
Temovate	6%	2%	7%
Betamethasone	5%	10%	10%
Lotrisone	5%	6%	5%
Kenalog	3%	2%	3%
Diprolene	3%	5%	3%
Aristocort	1%	—	—
Efudex	1%	—	—
Medrol	1%	—	—
Others	2%	7%	6%
Prescriptions per week	2.8	1.9	2.0
Prescribed (RX)	98%		
Dispensed (D)	2%		

Antifungal (Oral)

	2012	2011	2010
Lamisil	79%	92%	86%
Gris-PEG	2%	3%	5%
Diflucan	2%	—	—
Others	2%	2%	2%
Prescriptions per week	4.1	3.4	3.5
Prescribed (RX)	97%		
Dispensed (D)	3%		

Benefits to in-office dispensing of pharmaceuticals include greater patient compliance, convenience and, of course, added income. According to a survey by pharmanews.com, 33 percent of patients who receive a prescription from their GP do not fill it. Reasons cited include disagreeing with the diagnosis, finding the same treatment OTC for less money, embarrassment and concern about side effects.

Some reported they had lost the prescription after leaving the doctor's office. All of these problems could be countered by in-office patient education and providing patients with needed medications before they leave the office.

According to figures provided by Nielsen, spending on direct-to-consumer advertising of pharmaceuticals dropped 23

Continued on page 160

PRESCRIBING & DISPENSING

Wart Medications

	2012	2011	2010	RX	Disp.	Prescribed (RX) Dispensed (D)	80% 20%
Salicylic Acid/ Sal Acid Plaster	16%	16%	17%	90%	10%	Most Prescribed: 1. Salicylic Acid/Sal Acid Plaster 2. Aldara 3. Mediplast	
Aldara	7%	9%	14%	100%	0%		
Mediplast	7%	2%	5%	74%	26%		
Compound W	5%	—	—	92%	8%	Most Dispensed In-office: 1. Cantharone 2. Verucide 3. Formadon	
Cantharone	5%	15%	11%	50%	50%		
Duofilm	4%	10%	9%	90%	10%		
Lazerformalyde	3%	5%	12%	88%	12%		
Efudex	3%	1%	5%	86%	14%		
Formadon	2%	—	—	20%	80%		
Verucide	2%	—	—	0%	100%		
Canthacur	1%	14%	11%	33%	67%		
Cantharidin	1%	4%	—	33%	67%		
Virasal	1%	—	—	100%	0%		
Wartpeel	1%	—	—	100%	0%		
Durasal	1%	—	—	50%	50%		
Plantarstat	1%	2%	5%	0%	100%		
Others	19%	3%	6%				
Prescriptions per week	3.3	3.9	4.3				

Antifungal (Topical) and Keratin Debris Exfoliants (Nail)

	2012	2011	2010	RX	Disp.	Prescribed (RX) Dispensed (D)	64% 36%
Formula 3	24%	38%	42%	19%	81%	Most Prescribed: 1. Urea 40% 2. Formula 3 3. Kerasal	
Urea 40%	9%	—	—	88%	12%		
Kerasal	4%	—	—	100%	0%		
Penlac	4%	5%	8%	90%	10%	Most Dispensed In-office: 1. Formula 3 2. Tineacide 3. Clarus	
Carmol	2%	5%	—	100%	0%		
Clotrimazole	2%	—	—	100%	0%		
Tineacide	2%	12%	10%	0%	100%		
Clarus	2%	—	—	40%	60%		
Lamisil	2%	—	—	100%	0%		
AmLactin	2%	—	—	100%	0%		
Naftin	2%	2%	3%	100%	0%		
Nonyx	2%	—	—	25%	75%		
Gordochom	1%	4%	4%	33%	67%		
Mycocide	1%	3%	3%	0%	100%		
RevitaDerm	1%	—	—	0%	100%		
Others	17%	3%	10%				
Prescriptions per week	5.8	6.0	6.4				

percent in 2011, down to \$2.4 billion. We've seen some movement away from TV and toward the Internet and social media outlets. Since the latter are less expensive, the amount of exposure of brand-name products to patients likely did not drop as dramatically as the 23-percent figure seemed to indicate.

We will look for stricter enforcement of the Medicare Anti-kickback Statute and the Physician Payment Sunshine Provision of the ACA, as the relationships between doctors and pharmaceutical companies come under scrutiny. Any apparent effects on practice income will be covered in future reports. PM

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Data was compiled and tabulated by Thomas Lewis of Hartsdale, NY. Lewis is a market research professional specializing in media research for the magazine and newspaper publishing industries. His extensive survey research experience includes senior positions at GfK MRI, the leading print media audience research organization servicing all major publishers and media buying agencies.

PRESCRIBING & DISPENSING

Drying Agents (for Odor)

	2012	2011	2010	RX	Disp.	Prescribed (RX) Dispensed (D)	83% 17%
Drysol	27%	34%	50%	97%	3%	Most Prescribed: 1. Drysol 2. Certain Dry 3. Lazerformalyde	
Formadon	6%	7%	7%	12%	88%		
Lazerformalyde	6%	6%	13%	94%	6%		
Certain Dry	6%	12%	14%	100%	0%	Most Dispensed In-office: 1. Formadon 2. Bromi Lotion 3. Drysol	
Zeasorb	2%	2%	3%	100%	0%		
Bromi Lotion	1%	4%	3%	0%	100%		
Tineacide Shoe Spray	1%	10%	11%	0%	100%		
Onox	1%	1%	1%	0%	100%		
Betadine	1%	—	—	100%	0%		
On Your Toes	1%	—	—	0%	100%		
Others	20%	5%	9%				
Prescriptions per week	2.3	3.8	3.7				

Emollients/Moisturizers

	2012	2011	2010	RX	Disp.	Prescribed (RX) Dispensed (D)	70% 30%
AmLactin	17%	20%	24%	89%	11%	Most Prescribed 1. AmLactin 2. Lac-Hydrin 3. Urea 40%	
Urea 40%	8%	5%	3%	76%	24%		
Lac-Hydrin	8%	10%	12%	100%	0%		
Eucerin	6%	12%	10%	81%	19%	Most Dispensed In-Office 1. Foot Miracle 2. Amerigel 3. RevitaDerm	
Foot Miracle	5%	5%	4%	25%	75%		
Carmol 40	4%	3%	7%	100%	0%		
RevitaDerm	3%	11%	12%	13%	88%		
Amerigel	3%	6%	—	0%	100%		
Lactinol Lotion	2%	2%	5%	67%	33%		
Gormel	2%	5%	8%	20%	80%		
Kerasal	1%	3%	4%	100%	0%		
Aquaphor	1%	—	—	67%	33%		
Cerave	1%	—	—	67%	33%		
Flexitol Heel Baum	1%	—	—	33%	67%		
Kera-42	1%	—	—	33%	67%		
Others	26%	8%	11%				
Prescriptions per week	6.5	6.0	6.6				