# Banding Together for Practice Success

Respondents to *PM's* 32nd annual survey increasingly consolidate to stem eroding profits and build their practices while tackling the challenges of managed care.

**BY STEPHANIE KLOOS DONOGHUE**



"Strength in numbers" is the term that best describes the results of *Podiatry Management*'s 32nd annual survey. A record-breaking 1,442 doctors shared their practice data and highlighted the challenges they face in the current health care environment, including shrinking reimbursements, narrowing provider networks, and the increasing competitiveness from other physician specialties for the footcare dollar. The difference this year? More doctors tackled these challenges as a *team*. For the first time, partnership/group participation in our survey surpassed that of solo DPMs. In addition, an increasing percentage of respondents in all practice types banded together through Accountable Care Organizations (ACOs). What's more, two out of five doctors had satellite offices, allowing many practices to harness their increased DPM presence to reach new patient populations cost-effectively.

The impact of the shift to partnership/group practice was most evident on the bottom line. While all doctors reported a net income drop of 2 percent from our last report, solo doctors' take-home pay was nearly *25 percent less* than the share of net income earned by partnership/group colleagues.

Other key findings in this year's report include a record-breaking percentage of women respondents—nearly reaching the women's matriculation levels at the nation's podiatry schools; the strength of the South in terms of higher income and patient numbers; and double-digit expense increases for many items, particularly for student loan repayments, despite a low 1.5 percent inflation rate.

Here's a discussion of these and other data collected as well as an analysis of trends that will continue to impact the profession.

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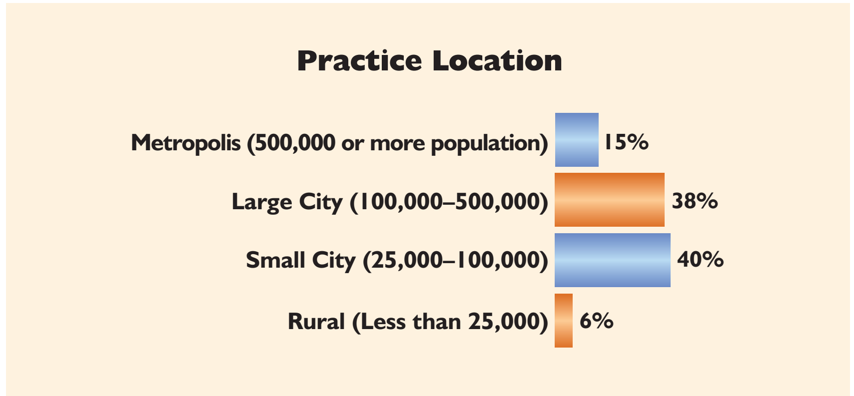
## RESPONDENT CHARACTERISTICS & TRENDS

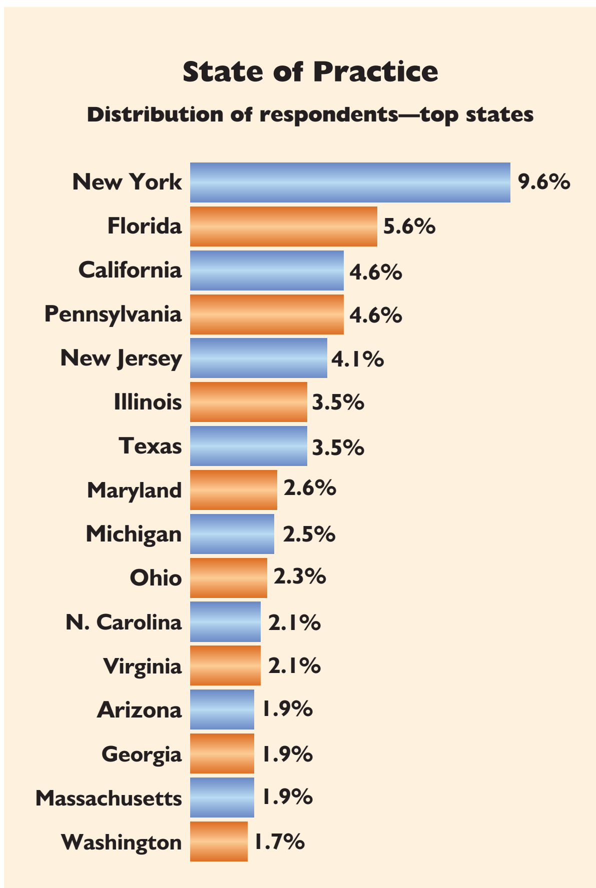
**New York and Florida Still on Top**

Compared to our last report, this year's responses were spread out more evenly across the nation's highest populated states, with no state topping 10 percent this year. The largest percentage of respondents were in New York (9.6 percent), followed by Florida (5.6 percent), California and Pennsylvania (tied at 4.6 percent), and New Jersey (4.1 percent).

Population trends as reported by the U.S. Census Bureau (USCB) indicated a population increase in all four regions during our survey period (2012-2013), but the largest growth, by far, was in the South and the West. In fact, the population increase in the South was *more than six times* that of the North. What's more, the USCB reported that as of mid-2014, Florida secured the number three spot in terms of population after California and Texas, surpassing New York for the first time. As a result of these trends, we expect further increases in participation from Florida and other southern states in future surveys.




**Data shows a tremendous shift away from solo, self-employed practice.**




**Small Cities Remain Popular**

An increasing percentage of doctors practiced in small cities (population of 25,000 to 100,000), which remained the most popular practice location. In our latest survey, 40 percent of doctors surveyed worked in cities of that size, up from 33 percent last year. The proportion of DPMs in large cities (populations of 100,000 to 500,000) also grew, hitting 38 percent this year vs. 25 percent last year. By contrast, the percentage of doctors in a metropolis (populations of more than 500,000) dropped from 28 percent to 15 percent, while rural areas (populations of less than 25,000) dropped from 14 percent to 6 percent.

**Note: Chart numbers may not equal 100% due to rounding.**

**More Mid-Career Respondents**

The most recent pool of respondents included a lower percentage of DPMs on both ends of the practice spectrum, with a major drop in new DPMs (10 percent this year vs. 5 percent last year of total respondents) as well as fewer of those nearing retirement (22 percent this year vs. 13 percent last year). By contrast, the percentage of doctors in practice between six and 20 years grew from 28 percent to 39 percent of respondents.

Of particular concern is that more doctors responded who were in their peak earning years (typically, 11-30 years in practice), yet the gross and net income levels were down. (See the discussion of net and gross income factors later in this report.)

**Group Practice Tops Solo for the First Time**

Data shows a tremendous shift away from solo, self-employed practice. The percentage of doctors in

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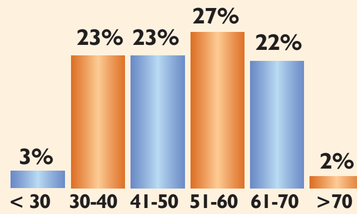
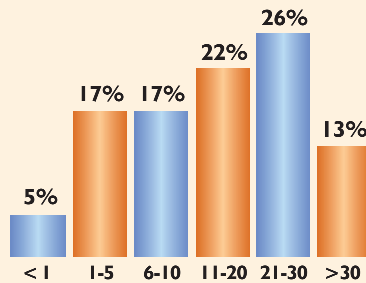
that setting dropped nearly in half from our previous survey, now 16 percent of respondents vs. 31 percent last year. There were more respondents in solo professional corporations—now 19 percent vs. 11 percent in the last report—but this was not a high enough percentage to offset the drop in self-employed respondents.

By contrast, the percentage of those practicing in some form of group setting rose. Twenty percent of those surveyed were in partnership/group practice, which was unchanged since last year. Yet the percentage of those in professional corporations with other DPMs rose from 13 percent last year to 20 percent this year. Comparing the partnership/group numbers with the solo numbers shows clearly the tipping of the scales: In our latest survey, 40 percent were in some type of partnership/group practice, while 35 percent were in some form of solo practice. This was the first time the solo setting fell to second place in the history of *PM* surveys.

Age Distribution

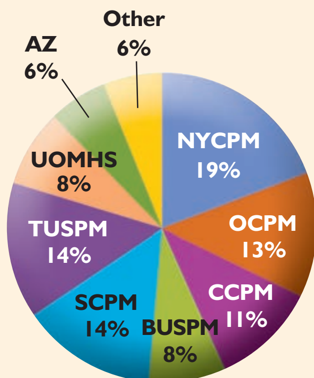



Years in Practice




**Patient access, in particular, puts the group doctor in a stronger negotiating position for MCO contracts.**

Podiatric College Graduates




Managed care organizations (MCOs), the trend of merging health care entities and the increasing competition from doctor groups undoubtedly contributed to this shift away from the solo mode of practice. MCOs often require doctors to offer extended hours and a wide range of services and other prerequisites that might be difficult to impossible for a solo doctor to handle on his/her own. Patient access, in particular, puts the group doctor in a stronger negotiating position for MCO contracts. Solo doctors may have also decided to join a group setting given the increasing number of mergers in health care (especially hospitals buy-

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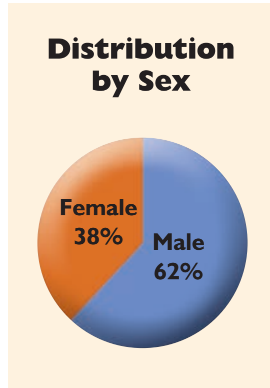
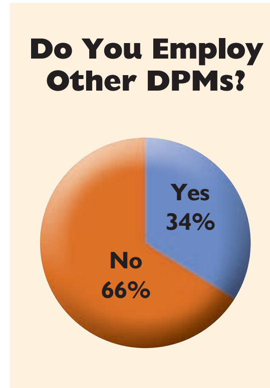
ing medical practices) and competition from these new, larger entities as well as other group practices. What's more, larger practices typically have a stronger marketing arm to attract patients—resulting in big practices growing even bigger.

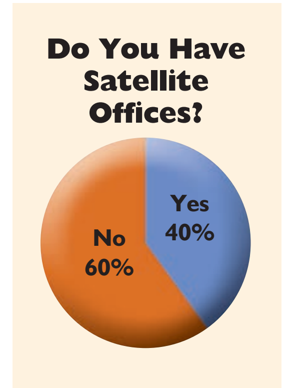
Group practices can offer their doctors professional and personal benefits as well, including the ability to specialize, maintain flexible hours and work collaboratively with other both DPMs and non-DPM physicians. The expense of equipment can be divided among owners, bringing the goal of keeping up with new technology more easily within the group practitioner's reach. Supply and ancillary staff expenses are divided among doctors. In-office dispensing can become a more feasible and productive profit center in a larger office space with exposure to a greater number of potential buyers. All of these benefits result in higher income, as discussed in the "Net Income" section later in this report.

More than one-third (34 percent) of doctors in our latest survey said they employed other DPMs compared to 16 percent last year. Eighteen percent of respondents were employed by another DPM, up from 7 percent last year. Potentially, a goal of some of these arrangements is practice buy-in at a later date.

Seven percent worked in other settings—such as in hospitals, academia or for other non-DPM physicians—which was down from 17 percent last year.




**Forty percent of those surveyed had one or more satellite offices, rebounding to levels we have not seen since 2006.**

**Boom in Satellite Offices**

Forty percent of those surveyed had one or more satellite offices, rebounding to levels we have not seen since 2006 and up significantly from 27 percent of those surveyed last year. The majority of those who had satellite offices (58 percent) had one additional office, 24 percent had two offices, 8 percent had three offices, and 10 percent had four or more offices.

The larger percentage of partnership/group doctors likely had an impact on this figure, as previously discussed.

Regionally, doctors in the South

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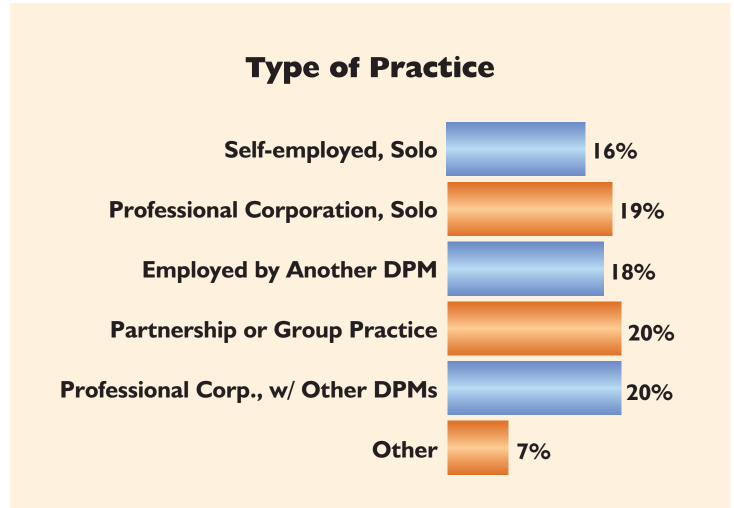
were most likely to have one or more satellite offices (12 percent), followed by the Northeast (11 percent), Midwest (8 percent) and West (7 percent). High income figures in the South (see map on page 115) may be, at least in part, attributable to more multi-office practices in this region.

**Women comprised 38 percent of the total responses in our latest survey, up from 26 percent last year.**




### Women Participation Surged

Women comprised 38 percent of the total responses in our latest survey, up from 26 percent last year. This is the largest percentage increase and the highest participation level we have seen in the history of *PM* surveys. This percentage is in line with matriculation statistics from the American Association of Colleges of Podiatric Medicine, which reports that women comprised 39.7 percent of those enrolled in the nation's podiatry schools for 2013-2014.

Data from both the Bureau of Labor Statistics (BLS) and *PM* surveys indicate that women earned substantially less than men. Thus our lower incomes reported this year may be at least partially related to the higher percentage of female respondents. (See "Net Income" section for further discussion.)

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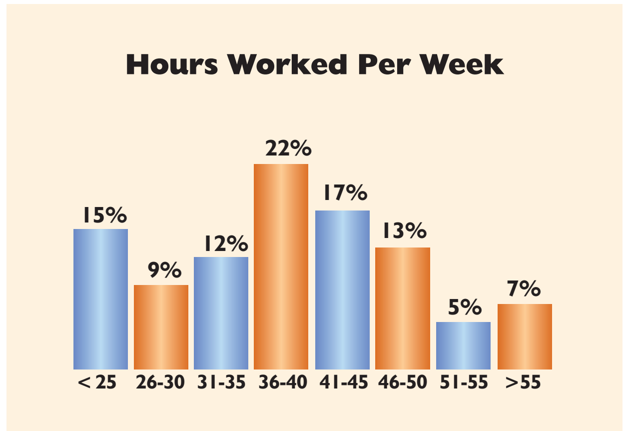


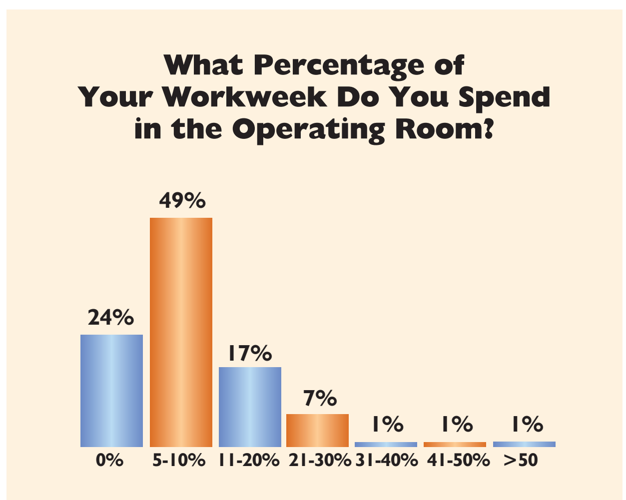

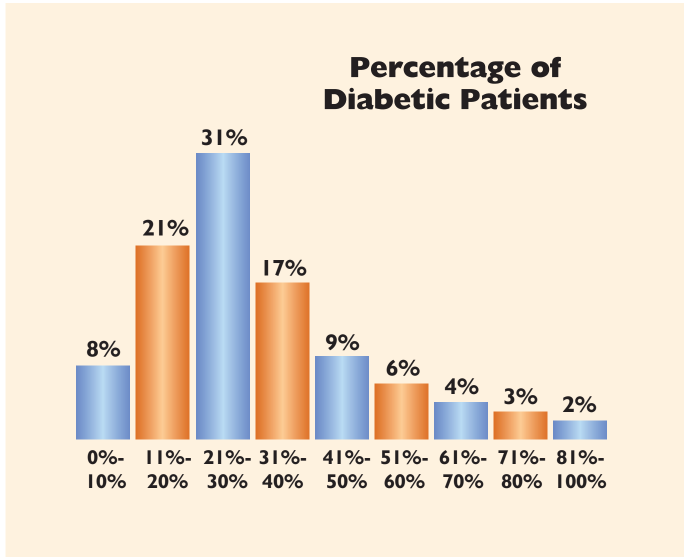


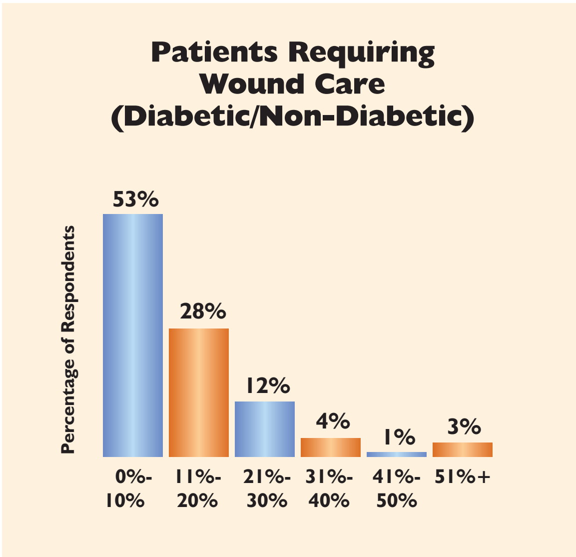


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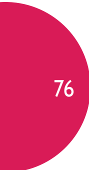


**DPMs Worked Slightly Fewer Hours**

The data indicates that podiatrists surveyed worked slightly fewer hours, on average, than last year. The largest percentage worked 36-40 hours a week, followed by the group that worked 41-45 hours per week. One factor in this decrease may be that there was a lower percentage of solo doctors in our respondent pool compared to last year. Working on their own, self-employed, solo DPMs often wear many hats in the practice, from patient care to human resources to even billing and marketing. Employed doctors or those in multi-physician settings may be better able to delegate and manage multiple tasks and can take advantage of the inherent efficiencies of shared support staff.

Another factor influencing hours worked may be the gender makeup of our most recent survey. According to U.S. data from the BLS, 14.3 percent of employed males 16 years of age and older worked on a part-time basis

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(less than 35 hours per week) in 2013. During that same period, employed women were twice as likely as men to be working part time (28.6 percent). Undoubtedly, with a larger percentage of women answering the survey this year, there may have been a larger percentage of part-timers in the mix. Our cross-tabulations by gender bear this out: In the hours category, <25 hours was the largest, by percentage, of all hours categories for women, while 36-40 hours was reported by the largest percentage of men.

**Slightly More Patients Seen**

Practice efficiencies cited above became apparent in the number of patients treated per week, as doctors surveyed saw slightly more patients despite spending fewer hours in the office. The average number of patients

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treated per week rose from 88.9 patients to 91 patients in our most recent survey. There was an uptick in percentage of busier practices, with those seeing more than 130 patients per week increasing from 12 percent last year to 17 percent this year.

Cross-tabulations by gender indicated that women saw far fewer patients than men, averaging 77.6 patients per week vs. 93.1 patients reported by male colleagues. By number of years in practice, doctors practicing 11-30 years saw the most (96.5 patients per week) followed by those in practice 6-10 years (94 patients per week).

Regionally, busiest practices were in the South, with an average of 99.1 patients per week, followed by the Midwest at 88.5 patients per week. Northeastern and Western doctors trailed behind, with 83.7 and 82.9 patients per week, respectively.

Small city doctors saw, by far, the most patients per week of any practice location: 96.3. Rural was next, at 89.7, followed by large cities at 88.3 and doctors in a metropolis at 84.3 per week.

**Little Change in Time in the Operating Room**

Last year, for the first time, we reported how much

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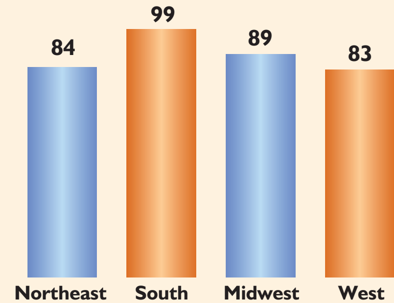


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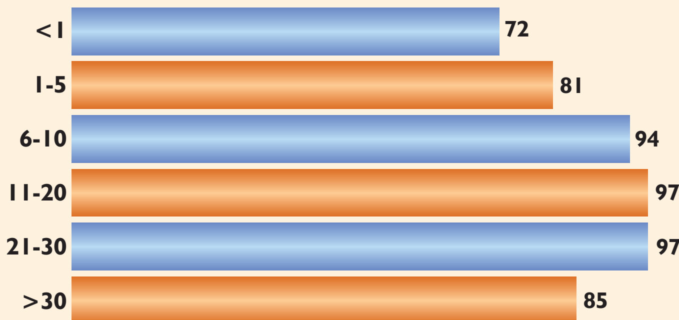


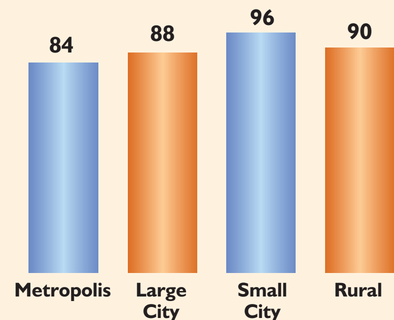


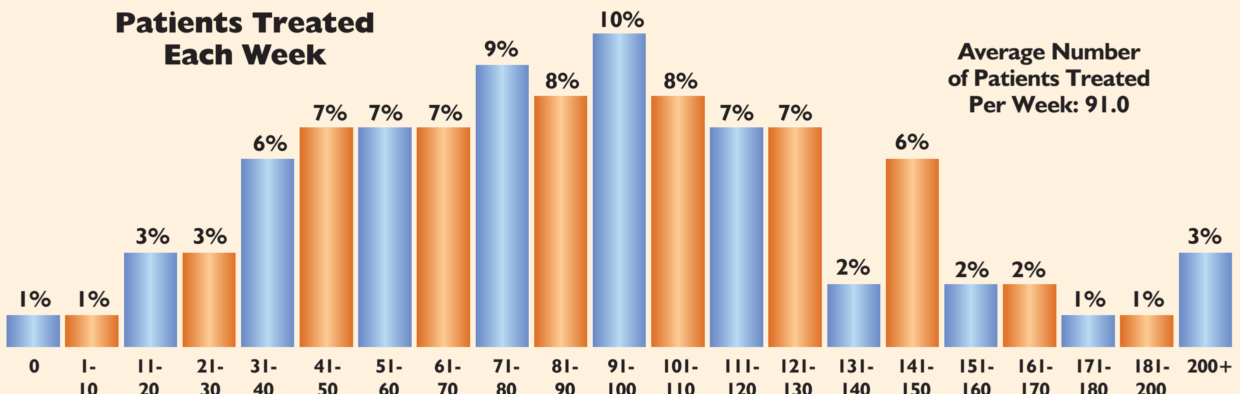

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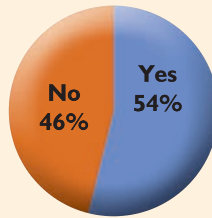
time respondents spent each week in the operating room. Year-to-year comparisons showed little change, with 49 percent of our latest respondents spending 5-10 percent of their workweek there. Another 17 percent of respondents spent 11-20 percent of their time in the operating room, and about 10 percent spent more than 20 percent (or the equivalent of one day or more in a five-day workweek) in surgery. By contrast, nearly one in four (24 percent) reported spending no time each week in the operating room.

**Do You Participate in Medicare Diabetic Shoe Program?**



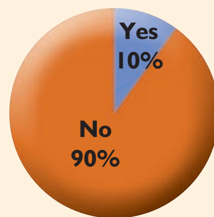

**The majority of respondents (54 percent) participated in the Medicare Diabetic Shoe Program.**

**Doctors Saw Slightly More Diabetics**

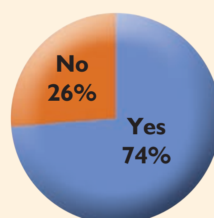
Respondents, on average, saw a larger percentage of diabetic patients in their practices compared to last year's survey. For 72 percent of those surveyed, at least one-fifth of their patient base was diabetic. That compared to 67 percent of respondents who saw that proportion of patients last year. The highest prevalence (in terms of total number of diabetic patients) was in the South, followed by the Midwest, Northeast, and West.

According to the Centers for Disease Control (CDC) "National Diabetes Statistics Report, 2014," based upon 2012 data (the latest available), 29.1 million people or 9.3 percent of the U.S. population had diabetes. Of those, 21 million were diagnosed and 8.1 million were undiagnosed. Among seniors (age 65 and older), the prevalence of diabetes was 25.9 percent. At highest risk by ethnicity was American Indians/Alaskan Natives and non-Hispanic blacks (15.9 percent and 13.2 percent, respectively, of those age 20 and over).

**Do You Use a Whirlpool Before Routine Foot Care?**




**Do You Grind Nails?**




CDC data indicates that the number of Americans with diagnosed diabetes tripled from 1980 to 2011, but seemed to increase at a much slower rate since then. The Affordable Care Act (ACA), or Obamacare, and the push for diabetes education may be reasons for this deceleration. Diabetics in particular have benefited from Obamacare from several standpoints: an emphasis on preventive care, a ban on denial for pre-existing conditions, and expanded Medicaid coverage. Government focus on preventive care is due to the desire to contain exorbitant costs associated with the condition. The costs are clear: A study in *Diabetes Care* (Sept. 2014) entitled "Burden of diabetic foot ulcers for Medicare and private insurers" concluded that each year in the U.S., there is a "substantial burden on public and private payers, ranging from $9-13 billion in addition to the costs associated with diabetes itself."

Comparing obesity and diabetes charts by county illustrates the direct connection between the two, with the area of east of Oklahoma and south of Pennsylvania with the highest density of both obesity and diabetes. This relates directly to the higher percentage of diabetic patients in southern practices surveyed.

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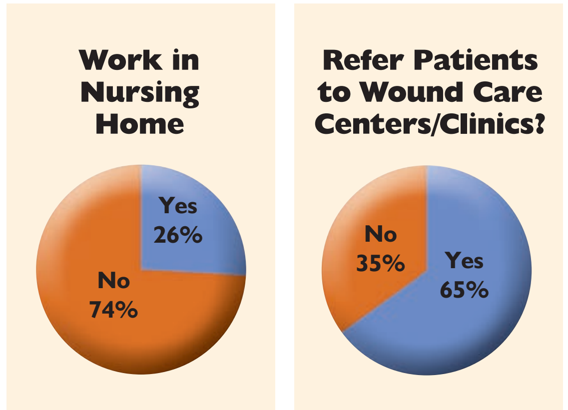
**Diabetic Shoe Program Participation**

The majority of respondents (54 percent) participated in the Medicare Diabetic Shoe Program. While some DPMs may have discontinued providing and billing Medicare for therapeutic shoes due to the intense scrutiny by carriers and fear of audits, providing shoes under this plan can bring practice and patient benefits. When deemed medically necessary, this service allows patients a true benefit for only 20 percent or less of the cost, creating goodwill and the potential for practice growth.

Responding to the assertion that the program has "run amok," Paul Kesselman, DPM, discusses the reasons *not* to abandon it in the article "Will Therapeutic Diabetic Footwear Collapse?" on page 37 in this issue.




**Doctors Saw Fewer Wounds**

In the majority of practices surveyed (53 percent), about one in 10 patients or fewer required wound care. Comparing last year's data to this year's numbers, we see a very slight shift toward a lower percentage of wound care patients year-to-year.

Again, the focus on preventive care under Obamacare may have made some patients more proactive in terms of wound management. In addition, doctors working in groups might have specialized in other areas and did not handle many wounds themselves.

There are various resources available to help podiatrists build the wound care area of their practices.

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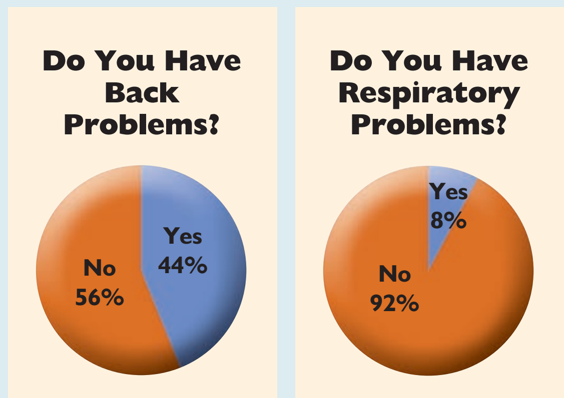
## Back and Respiratory Issues

The incidence of back problems among podiatrists continued to increase in our latest survey. The percentage reporting back problems rose four percentage points to 44 percent. This is likely due in part to the lower percentage of new doctors surveyed, as back problems typically plague older DPMs.

The percentage of those reporting respiratory problems fell, however, from 13 percent last year to 8 percent in our most recent survey. This may be due to greater awareness and published articles on nail dust issues and preventive measures. •



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This magazine provides numerous clinical features covering a variety of wound care topics. The Council for Medical Education and Testing, the Academy of Physicians in Wound Healing and the American Board of Multiple Specialties in Podiatry are among several organizations that provide wound healing certifications.

A slightly higher percentage of doctors referred patients to wound care centers, up from 60 percent last year to 65 percent this year. Doctors in the Northeast referred patients to wound care centers at a higher percentage than other regions at 24 percent, compared to those in the South (20 percent), Midwest (10 percent), or West (8 percent).

Rather than refer patients to wound care centers, some DPMs have partnered with other physicians to form their own. Success depends on building a good referral base among owner-physicians and other local doctors, according to some DPM wound center owners.

**Nail Grinding and Whirlpool Use**

Nearly three out of four (74 percent) of doctors surveyed reported that they grind nails. That is up from 72 percent last year. Whirlpool before routine foot care was used by one in 10 doctors surveyed, down from 11 percent of respondents to our previous survey.

**More Doctors Visit Nursing Homes**

There was a slight increase in the percentage of doctors working in nursing homes, up from 24 percent to 26 percent of respondents.

According to "Nursing Home Data Compendium 2013 Edition" from the Centers for Medicare & Medicaid Services (CMS), there were 15,643 nursing homes housing 1.4 million residents in the U.S. at the end of 2012. By population group, this corresponded to about 3 percent of those over age 65 and 10 percent of those over age 85. About two-thirds were women.

With national and state scrutiny to ensure eligibility, we may see fewer Americans opting for expensive nursing home care despite the

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**With ICD-10 on the horizon, many offices are improving their documentation of nursing home visits to comply with the new standards.**

*Survey* *(from page 84)*

fact that the pool of elderly patients is increasing. Recently in Pennsylvania, for example, more than $1.8 million was recovered from individuals who were not eligible for long-term care benefits. Budget shortfalls in the Department of Health and Human Services may have an impact as well, resulting in diminished services and fewer caregivers in these facilities.

Podiatrists have also been concerned about increased nursing home-related Medicare audits. With ICD-10 on the horizon, many offices are improving their documentation of nursing home visits to comply with the new standards. One strategy, described in the August 2014 cover story in this magazine, is to document your care using a smartphone and an embedded capture app. This and other portable technology may increase the comfort level of podiatrists who currently eschew nursing homes for fear of audits.

Independent and assisted living facilities provide other alternatives for DPMs to provide offsite patient care. In addition, the aging in place concept—whereby the elderly stay in their homes but have ready access to needed services—continues to grow in popularity as an alternative to higher-cost residential facilities. The demand for at-home podiatric care is expected to increase as aging-in-place service networks evolve.

**A larger percentage of doctors signed up with each of the three major categories of MCOs.**

**Managed Care Participation: On the Rise**

MCOs were a bigger part of respondents' practices during our survey period in terms of income, patient count and number of programs in which doctors participated. A larger percentage of doctors signed up with each of the three major categories of MCOs—health maintenance organizations (HMOs), independent practice associations (IPAs), and preferred provider organizations (PPOs). Fifty-nine percent of doctors were on HMO rosters, up from 57 percent last year. PPO participation also rose two percentage points, from 75 percent to 77 percent. IPA participation grew from 34 percent to 35 percent. The average number of programs in

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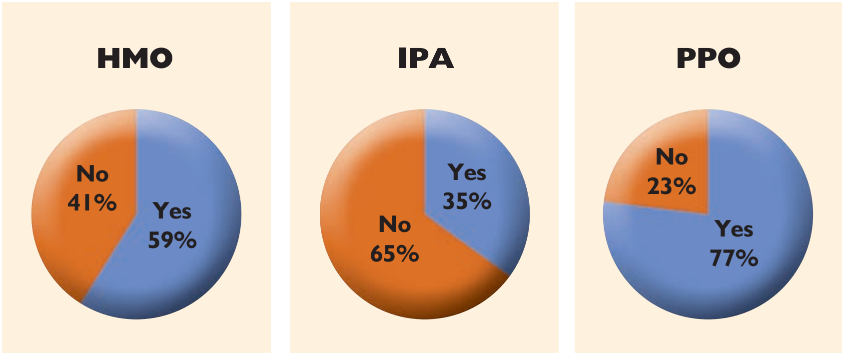
which doctors surveyed participated rose from 5.4 to 5.7, with 26 percent reporting that they participated in eight or more plans.

Regionally, the Northeast reported the highest participation rates for all MCO types: 32 percent on PPO panels, 27 percent on HMO rosters, and 15 percent working with IPAs. Next highest was the South, with 21 percent, 15 percent, and 7 percent, respectively. DPMs from the Midwest and the West reported participation rates ranging from 6 percent to 13 percent, but lower in all cases than the other two regions.

An average of 30 percent of all patients in surveyed practices were in MCOs, up from 28 percent in our previous report. Income from these patients accounted for 26 percent of total practice income, up from 25 percent last year. In fact, a higher percentage of doctors said *half of their patient base or more* was from MCOs. MCOs also accounted for half or more of the income from 18 percent of respondents, up from 16 percent.




Our oldest respondents reported the highest average income attributable to MCOs—37.8 percent of the income for those in practice more than 30 years. Next highest by percentage were those in practice 6-10 years (32.7 percent of total income) and those in practice 21-30 years (32.3 percent of income). Those in practice 11-20 years reported 28.5 percent of income, those in practice less than a year reported 25.2 percent of income, and those in practice 1-5 years reported 16.4 percent of their income came from MCOs.

**Fewer Uninsured Americans**

Due to Obamacare's looming penalty for the uninsured, we saw a decreasing number of Americans lacking health care insurance during our survey period. Accord-

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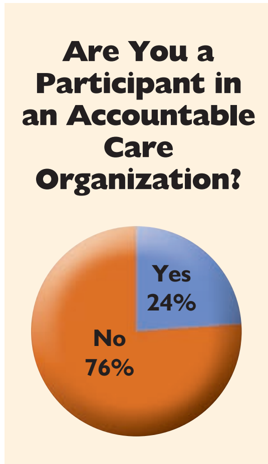
ing to the USCB's "Current Population Survey, 2014," covering 2013 data, the percentage of uninsured dropped to 13.4 percent, down from 15.4 percent in 2012 and 16.3 percent in 2011. States with the highest percentage of uninsured were Texas (22.1 percent), Nevada (20.7 percent) and Florida (20 percent). By race and Hispanic origin, Hispanics had the highest percentage of uninsured (24.3 percent) followed by blacks (15.9 percent), Asians (14.5 percent) and non-Hispanic whites (9.8 percent). We expect to see a continued downward trend as a result of reaching the health care sign-up deadlines and penalties for noncompliance going into effect.

**Are You a Participant in an Accountable Care Organization?**




**Jump in ACO Participation**

Physician networks continue to proliferate under Obamacare, especially ACOs, which are groups of doctors, hospitals, and other health care providers who come together voluntarily to give coordinated high quality care to their Medicare patients. As we predicted, respondent participation was up, growing from 19 percent last year to 24 percent in our most recent survey. This increase was due, at least in part, by the larger number of ACOs. According to Oliver Wyman, a management consulting group that tracks ACOs, there were 370 of these organizations by September 2013, up from 250 a year earlier.

**Patients in Managed Care Programs**

**APMA Membership Remained High**

Membership in the American Podiatric Medical Association (APMA) remained unchanged from our last survey, topping out at 81 percent of respondents.

APMA supports the profession in a variety of ways. A united front is especially vital today in light of Obamacare and the ongoing struggle for parity with insurance companies. Current areas of focus for the APMA include overcoming Medicaid access hurdles and tackling the residency shortage.

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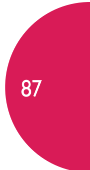
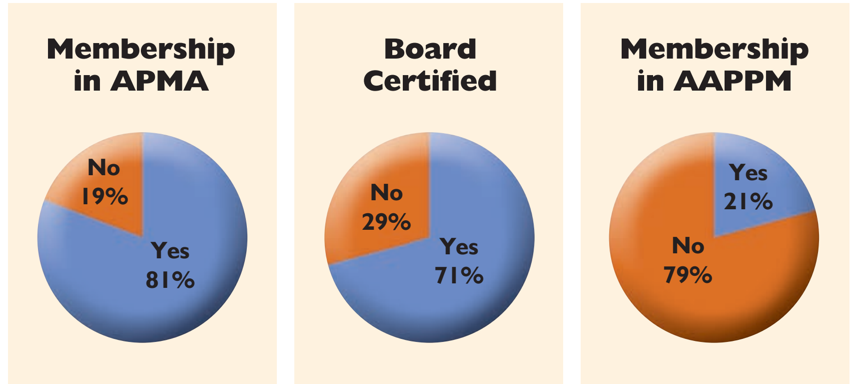


*Survey* *(from page 87)*

Other benefits of APMA membership include news and education on key issues facing DPMs, such as its section on ACOs and bundled payments as well as up-to-date coding information. The practice management section on its website includes forms for members, and a "Find a Podiatrist" tab lets prospective patients search for DPMs by zip code.




**Board Certification Still Strong**

The percentage of doctors who were Board Certified increased slightly, from 70 percent last year to 71 percent in our most recent survey.

Board certification allows the practitioner to reach high levels of expertise in such areas as primary care in podiatric medicine, lower extremity medicine, limb preservation and salvage, surgery and various diabetes-related certifications. Board certification is often a prerequisite to joining an MCO panel.

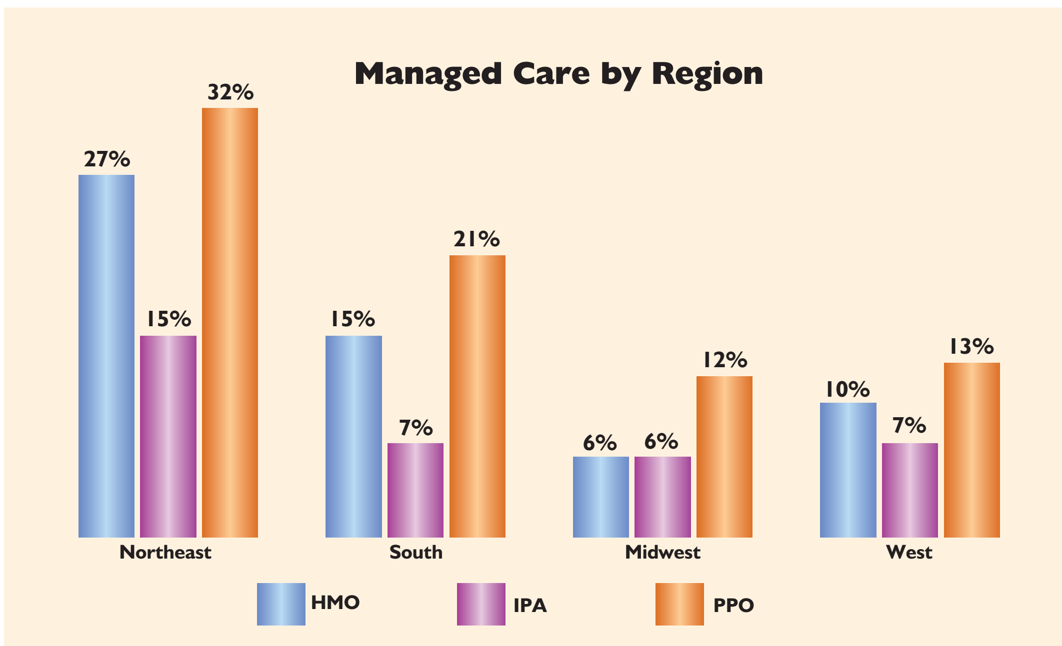
**Slightly Fewer AAPPM Members**

Twenty-one percent of those surveyed were members of the American Academy of Podiatric Practice Management (AAPPM), down from 24 percent in the previous survey.

Given the tougher economic climate faced by DPMs as reflected in this year's report, AAPPM can offer strategies to gain efficiencies and improve the bottom line. New in its DVD series are videos "Wound Care" and "Durable Medical Equipment for Podiatry," in addition to lectures covering "The Basics of Coding"; "How to Recruit, Hire and Train the Right People"; and "Eliminating Conflict from Your Team."

**Given the tougher economic climate faced by DPMs as reflected in this year's report, AAPPM can offer strategies to gain efficiencies and improve the bottom line.**

Other member benefits include sample contracts and forms, HIPAA and OSHA compliance information, office and employee policy manuals and patient materials. Younger doctor webinars cover such subjects as financing and protecting your online reputation. The AAPPM website also cohosts "Podiatric Career Connections," a website dedicated solely to addressing career opportunities for podiatrists of all ages.




**Degree Change Favored**

A larger percentage of doctors favored a degree change from DPM to MD or DO. While 58 percent responded favorably last year, 62 percent were in favor of the change in our most recent survey. This can be attributed, at least in part, to the current health care climate that may be limiting panel participation for some DPMs.

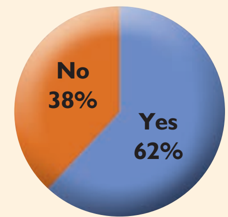
*Continued on page 90*

*Survey (from page 88)*

## FEES, MEDICARE & AUDITS

Surprisingly, higher fees were reported in nearly every service and treatment category compared to our last report. Some fees, in fact, were substantially higher. For example, fees for bunionectomy (simple or radical) were up 26 percent from last year, while osteotomy and MPJ capsulatomy/tenorrhaphy were each up 24 percent. The only categories with lower fees were strapping (down 31 percent) and injection (down 1 percent). (See the charts for amounts and comparisons.)

**In Favor of Podiatrists Obtaining MD or DO Degrees**




The incongruence between the fee increase and gross income decrease (see section "Gross Income") can be explained by the fact that the fees charged were generally not what the doctors were paid. Medicare payments and contracted fees with MCOs, for example, may have been substantially less than the fees listed. The accompanying sidebar "Doctors Speak Out on Fees, Reimbursements and Dealing with Insurance Companies" presents some respondent opinions on this issue that were gathered from our survey's write-in sections.

**While the profession has increasingly focused on wound care and surgery, podiatrists have revisited the role of routine foot care (RFC) in practice building.**

Third-party financing has emerged as a method to boost revenue and increase patient satisfaction. Procedures may be performed in a more timely manner when such plans are available, and patients can pay their out-of-pocket costs over time, easing any budget strain. Elective procedures may now be within reach of the patient's budget as well. What's more, staff time is saved, with the financing company handling the billing and collections.

While the profession has increasingly focused on wound care and surgery, podiatrists have revisited the

*Continued on page 91*

*Survey* (from page 90)

role of routine foot care (RFC) in practice building. In recent issues of *Podiatry Management* and PM News, contributors suggest that RFC allows practitioners to educate patients on other services the practice provides, and it results in more patient and physician referrals.

**Medicare and Audits**

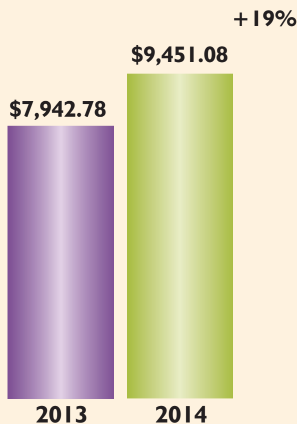
Nine out of 10 doctors surveyed accept Medicare assignment, which was the same as last year. Ten percent of those surveyed were audited by Medicare, up from 9 percent last year. The vast majority (82 percent) were ordered to pay back between $0 and $1,000. Eight percent were ordered to return $1,001-$10,000, with another 8 percent paying back $10,001-$100,000. Three percent of those surveyed were forced to repay more than $100,000.

Medicare payments to physicians became more transparent in 2014 when the CMS began to release data on physicians providing Medicare services, including the number of services doctors performed, average submitted charges, average allowed amount, average Medicare payment, and a count of unique beneficiaries treated. More than 9 million rows of data on 880,000 medical providers in 2012 were in the first release, according to the CMS. "These data create transparency for consumers to help inform their health care decisions such as which doctor to choose, or which course of treatment to pursue," according to Todd Park, blogging on behalf of the White House in "New Medicare Data Offers Unprecedented Transparency for Consumers." We expect an uptick in scrutiny of Medicare payments as well, as the government continues its crackdown on Medicare fraud.

*Continued on page 92*

## FEES

### Average Fee Total
(for the 15 services listed)



*Survey* (*from page 91*)

## GROSS INCOME

Solo practitioners reported a median gross income of $203,000, which was 17 percent less than our previous survey. There were larger percentages of both lower and higher grossing practices: 18 percent reported a median gross income of less than $100,000 (up from 13 percent last year), while 11 percent of the solo doctors took in more than $700,000 (up from 5 percent). While 30 percent reported a gross income of $150,000 or less last year, 37 percent of this year's respondents reported that same amount.

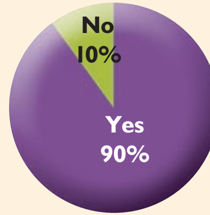
A rise in deductibles due to Obamacare and insurance companies—which have increasingly pushed costs to patients—may be one factor in lower revenues. Patients may have decided to postpone temporarily or indefinitely a surgery or treatment because they did not want to pay, or could not afford, these higher out-of-pocket costs. Competition from other health care providers may have reduced the number of private-pay patients among practices surveyed, resulting in a huge hit on practice receipts.

**A rise in deductibles due to Obamacare and insurance companies—which have increasingly pushed costs to patients—may be one factor in lower revenues.**

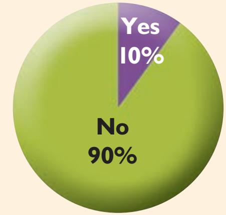
Regionally, for all practice types, the South reported the highest median gross income and was the only region to show an increase. At $250,000, it was 22 percent higher than last year. Since all practice types were represented in these regional figures, it is conceivable that we had more higher-earning partnership/group doctors in the South this year. Next highest was the West, at

*Continued on page 94*

### Do You Accept Medicare Assignment?




### Have You Been Audited by Medicare?




## Doctors Speak Out on Fees, Reimbursements and Dealing with Insurance Companies

Survey respondents were given the opportunity to comment on fees as well as working with managed care organizations (MCOs) and insurance companies. "Frustration" and "resignation" are the words that best describe the tone of many of their comments.

"Does it really matter what we charge?" wrote one. "It is all regulated anyway."

"Usual charges seem to be irrelevant today," wrote another. "The question should be, 'What is the average fee you receive' from insurance companies for a particular procedure? I would assume most doctors are accepting insurance company in-network fees."

Solo doctors are particularly vulnerable, according to one DPM. "It's very easy to be taken advantage of by the insurance companies. They never honor their contractual policies as written in the agreement you signed. If you are a solo practitioner, they know you don't have the resources to get a fair reimbursement you worked hard for."

Patients see what these doctors are paid, leading to embarrassment, commented another DPM. "The fee schedules are pathetic," he wrote. "I have patients actually feel sorry for me when they get their EOMB and see how much I get paid for their procedure."

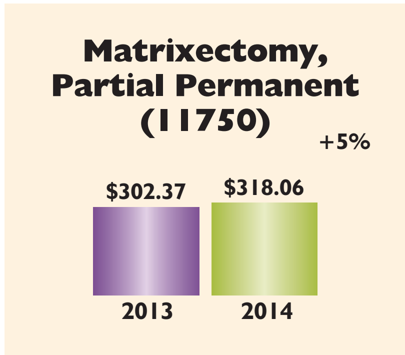
Reimbursement percentages varied, according to the range of write-in comments received. "Due to insurance contracts, payment varies, but typically it is 50 percent of the billed amount," wrote one DPM.

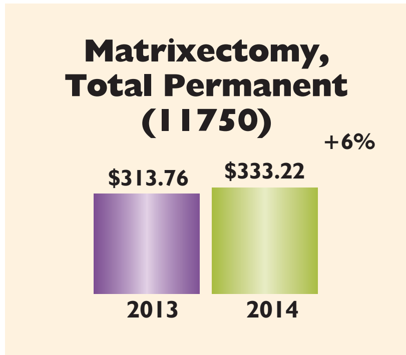
A California practitioner wrote, "Allowed amounts in CA are so low, we receive about 45 percent" of the fees listed.

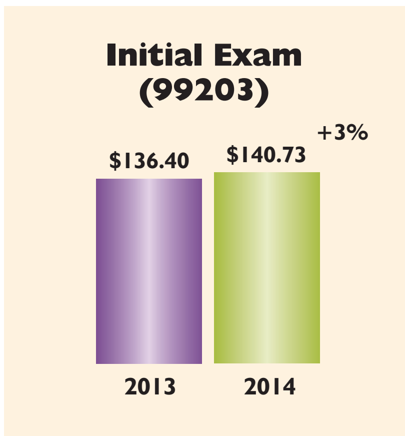
"[Fees listed are] not realistic," wrote another. "We get reimbursed one-third from insurance!"

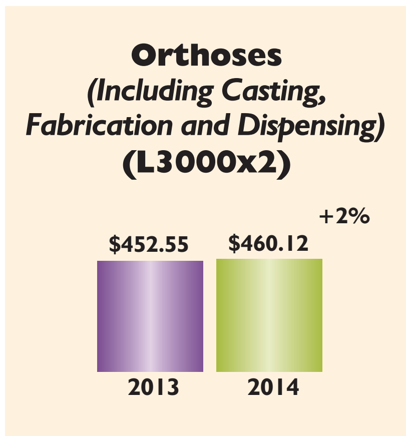
While MCOs were labeled a "necessary evil" by some respondents, there was a bright side, as mentioned by one DPM: "[MCOs] pay less, but when they do, it is reliable." •

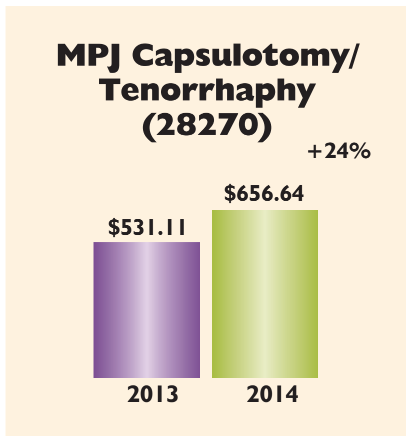
## FEES

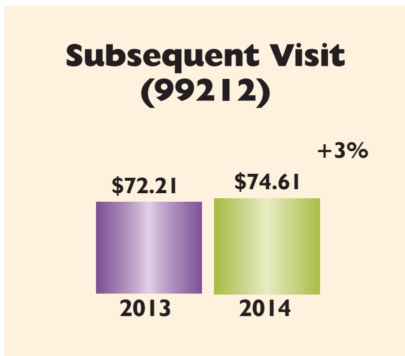


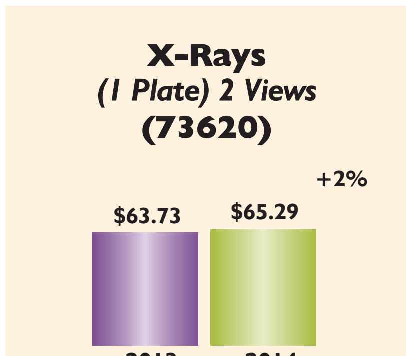



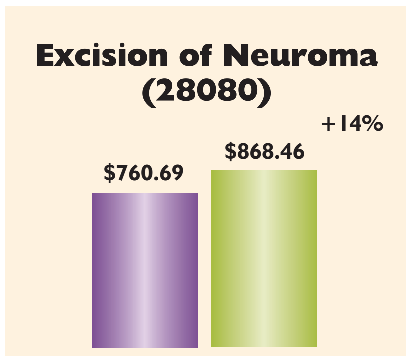



*Survey* *(from page 92)*

$195,000 (down 9 percent), followed by the East at $178,500 (down 8 percent) and the North Central region at $168,250 (down 10 percent).

## EXPENSES & TRENDS

Expenses were up by double-digit percentages in a number of categories compared to our last report. Here is a breakdown of doctors' major costs as well as some trends associated with these expenses.

• ***Gross Salary Payments***—Doctors surveyed spent 10 percent less on gross salary payments—$84,918 vs. $94,382—compared to last year.

According to the BLS, overall wages in the U.S. increased by 1.9 percent from September 2012 to September 2013. Our survey figures likely reflect the benefit of sharing staff costs among doctors in a partnership/group, since we had a much higher percentage of that practice type this year (including corporations). In the future, given the same makeup of practice type, staff salaries will likely rise. According to BLS projections, the average change in employment for medical assistants from 2012-2022 will be +29 percent vs. an average +11 percent for all occupations. With 162,900 more assistants needed, salaries are likely to rise as doctors compete with hospitals, medical facilities

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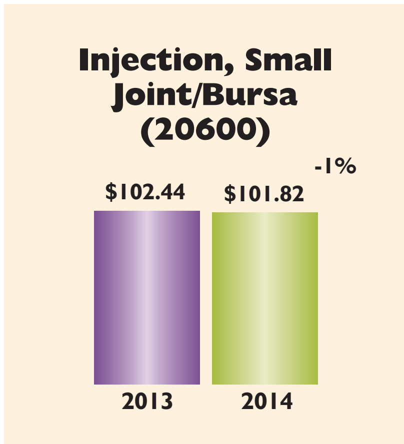
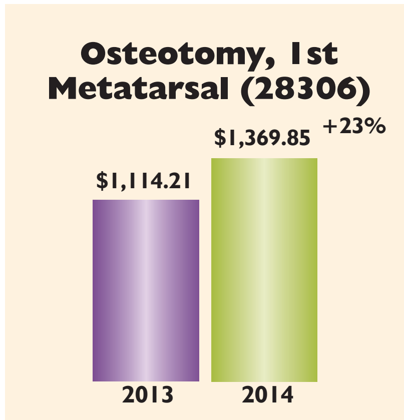
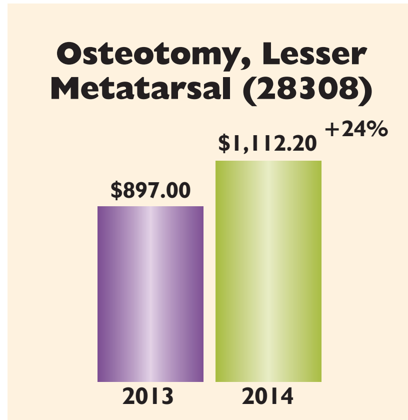
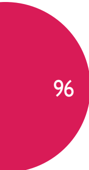
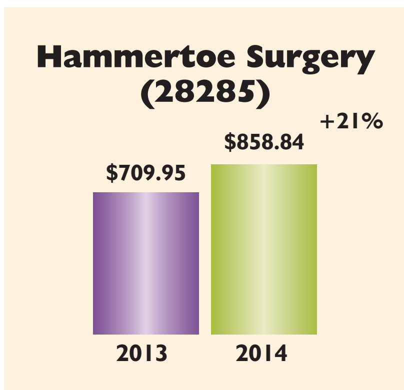
## FEES

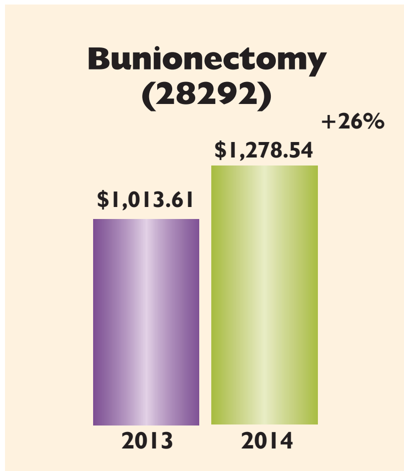


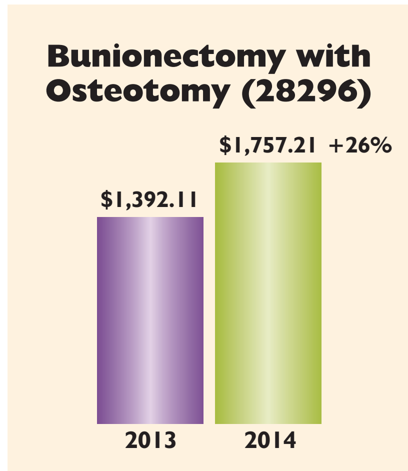




*Survey (from page 94)*

and other specialities for staff, and employment pools may fail to keep up with this increasing demand.

• ***Office Space***—Rebounding real estate markets and the slight rise in mortgage rates seemed to have had an impact on the cost of office space for this year's respondents. On average, they spent 10 percent more than the previous survey—up from $21,778 to $24,005.

The increase in percentage of doctors who reported having satellite offices may have had an impact on this higher cost as well. Percentages may have been much higher for some doctors given the fact that respondents practicing in groups shared this expense.

• ***Fixed Equipment Expenses***—Doctors surveyed spent 24 percent less on fixed equipment expenses year-to-year, reporting $3,658 vs. $4,784 in our previous survey. This huge drop was at least partially attributable to the higher number of partnership/group practices, for which equipment purchases would be divided among the owners. Also, solo doctors who moved to a partnership/group may not have needed to purchase certain new equipment because the other practice already had it. Seeing lower receipts at the beginning of the year, respondents of all practice types may have decided to hold off on major purchases, especially until they could gauge the effects of Obamacare on practice income. Still others may have chosen to lease rather than buy, reducing the total financial outlay in the survey year. Used equipment might have been the choice of some practices wanting to keep this cost down.

**Regardless of the economic challenges faced by respondents, updating the office with new equipment can help build the practice and boost patient referrals.**

Regardless of the economic challenges faced by respondents, updating the office with new equipment can help build the practice and boost patient referrals. Digital x-ray units, for example, provide not only faster and chemical-free results than a conventional system, but they also show patients that your practice is keeping

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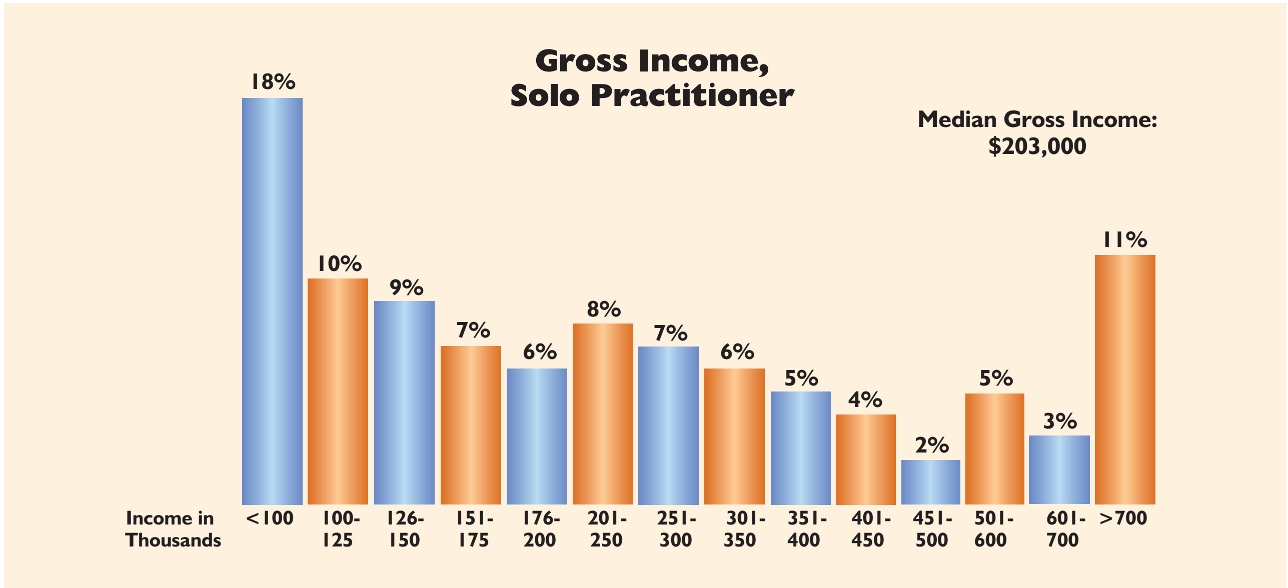
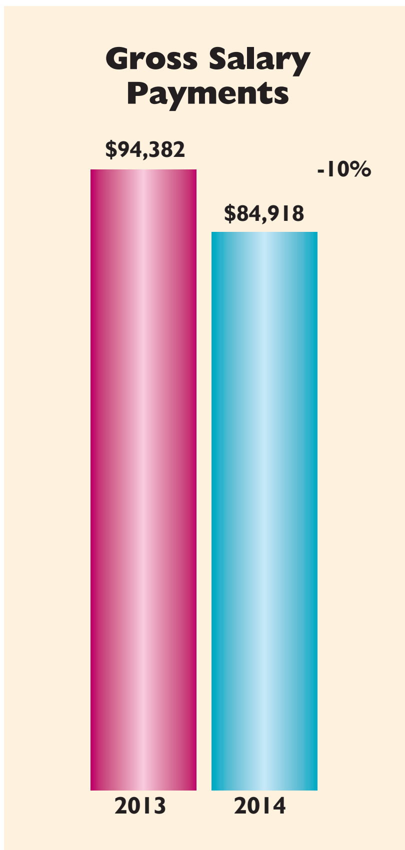
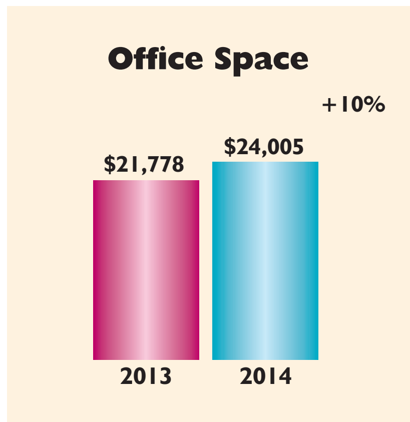


**The average amount spent on computer use in the practice dropped slightly, from $2,905 to $2,845.**

## YOUR OVERHEAD EXPENSES




*Survey (from page 96)*

up with the latest technology. In this year's survey, more than half (51 percent) of the respondents used digital x-ray technology, with another 25 percent planning to add it in the next 12 months.

Doctors can also improve patient satisfaction and outcomes with such diagnostic and clinical tools as podiatric therapeutic lasers, electronic signal treatment systems, automated vascular testing devices, radial pulse therapy equipment and digital casting technology. New, ergonomically designed chairs can add to patient comfort and safety, in addition to accommodating heavier individuals.

We're surprised that the larger number of doctors running practices in more than one location did not result in a line item increase as it did for office space.

• ***Computer Service/Maintenance and the Internet***—The average amount spent on computer use in the practice dropped slightly, from $2,905 to $2,845.

Offices were increasingly dependent on their computer systems to provide efficiencies in the wake of lower reimbursements. Cloud computing and use of electronic tablet technology became more widely utilized during the survey period.

Costs associated with instituting electronic medical records (EMR) were likely part of this expense as well, including hardware, software, training, and maintenance. Investment in EMR may remain high as practices continue to use computer technology to tackle such challenges as ICD-10, Meaningful Use, HIPAA and PQRS. There are rising costs for cyber security and reputation management, for which practitioners need to monitor proactively.

While competition between Internet providers has resulted in some cost savings for business consum-

*Continued on page 100*

Survey (from page 98)

ers, discounted sign-on packages are often short-lived. Cable companies that provide Internet services have been increasing fees as well, trying to maintain their profits as their television service subscriber base continues to defect to such services as Netflix and Hulu Plus. Watch for further Internet service competition and lower-cost, high-quality Internet alternatives for small businesses in the near future.

• ***Utilities***—The average amount spent on such items heating fuel, electricity and water rose 14 percent from $4,102 to $4,666 in our most recent survey. This huge jump is surprising given that most utilities experienced much lower rate hikes or even lower rates. Natural gas prices for commercial properties, for example, dropped slightly from 2012-2013, according to the U.S. Energy Information Administration (EIA). Electric rates on commercial property during the same period rose less than 2 percent, while natural gas prices fell nearly 4 percent, reported the EIA.

Water prices in 30 major U.S. cities rose a median of 6.2 percent from 2012-2013, according to Circle of Blue, an organization of leading journalists and scientists who provide information on the world resource crises, with a focus on water.

The larger percentage of doctors with satellite offices may have contributed to the double-digit increase in this category. However, we would have expected it to be offset by the larger percentage of partnership/group practitioners, who can divide the total expense across all practices among the practice owners. Looking ahead, increased U.S. reserves of both crude oil and natural gas reported by EIA during our survey period may keep prices stable into the near future. If winters are colder than average, however, shortages may result in increased prices for doctors' offices.

Telephone expenses may have risen for doctors surveyed, as more respondents may have upgraded to new, more expensive smartphones. Doctors with usage limits may have

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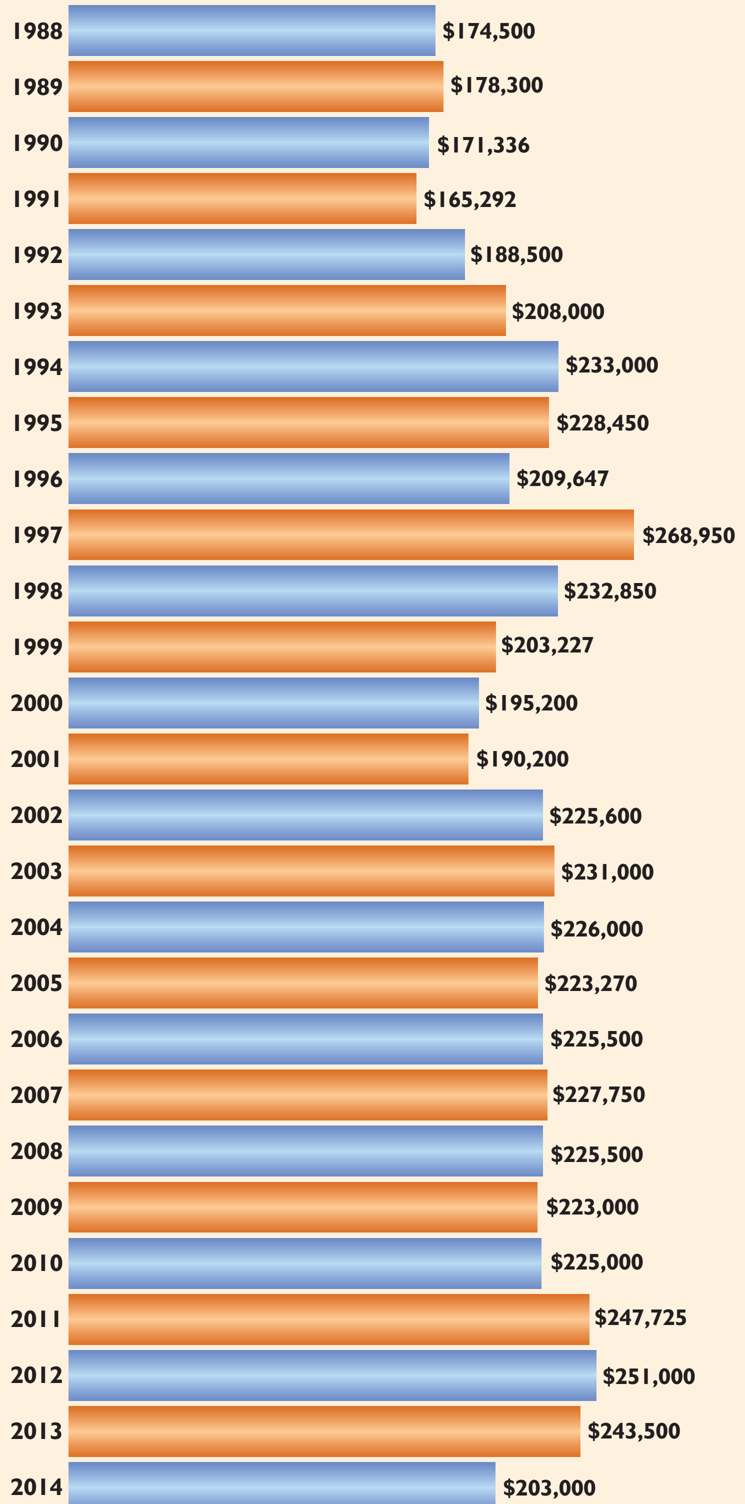
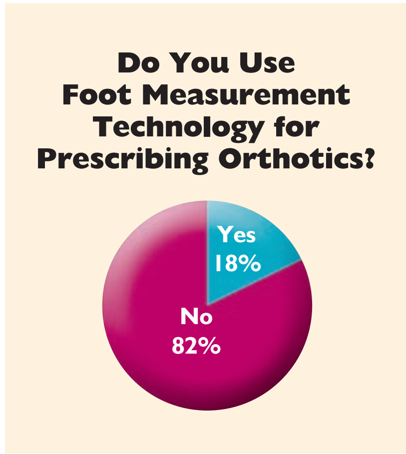
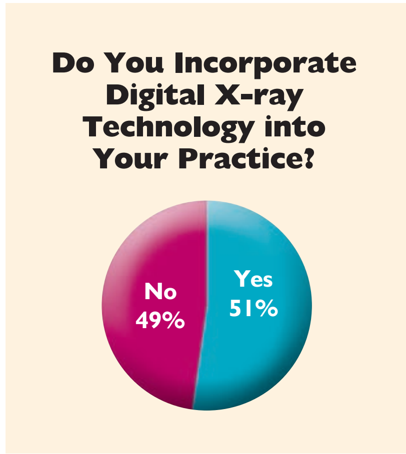


*Survey* *(from page 100)*

had to increase this cost to accommodate offsite connectivity, especially for DPMs who worked in multiple locations and nursing homes. Cell phone taxes rose from 2012-2013, hitting 17.3 percent, according to the Tax Foundation. Meanwhile, competition among cell phone providers for small business customers continues unabated.

Cost-saving alternatives to traditional office landlines include Voice over Internet Protocol (VoIP), which takes the audio voice signals from speech and turns them into digital data that is transmitted through a broadband Internet connection. We expect the emergence of other Internet telephone services as the nation's networks increase in speed and quality.




• ***Educational Expenses***—Doctors spent 10 percent more on educational expenses, up from $2,277 to $2,494. Given the lower income figures, this indicates that doctors put a priority on keeping up with critical and timely topics, including billing and coding (including preparing for ICD-10), biomechanics, wound care, surgical techniques, as well as new technological advances. On-site conferences offer not only lectures from experts but also hands-on workshops, often taught in multidisciplinary settings. Concurrent staff programs ensure that employees' skill levels remain up to date as well. In addition, exhibit halls provide a testing ground for doctors to try new equipment and talk to company representatives.

*Continued on page 102*

*Survey (from page 101)*

• ***Professional Dues***—The amount spent on dues for professional association memberships and the like dropped 9 percent, from $2,190 last year to $1,988 this year. This may be a correction after an unusually large jump in last year's report (up 20 percent). On the other hand, some doctors may have been more selective in terms of the number of associations they joined, given their lower income and higher costs.

Benefits of joining professional organizations are many, especially in today's competitive health care arena. Membership in the APMA, as previously discussed, provides a strong, collective viewpoint to support political agendas of benefit to the profession. Associations focusing on wound care keep members abreast of cutting-edge techniques from some of the world's leading practitioners, while groups focusing on practice management offer help with a myriad of issues, from billing and coding to human resources planning.

• ***Professional Liability***—Malpractice insurance costs dropped 18 percent from our previous report: $8,016 this year vs. $9,789 last year. This is the second largest drop in a row and the second lowest average cost we have reported in more than a decade.

According to the National Association of Insurance Commissioners & The Center for Insurance Policy and Research (NAIC), loss ratios have fallen since their peak in 2001 due to reasons that include tort reform, doctor shortages, better risk management, and aggressive claims defense. The NAIC also notes that ACA provisions may have an impact on premiums in the future and has created a forum (The Affordable Care Act Medical Professional Liability Working Group) to discuss and research potential effects of the ACA on medical professional liability insurance.

**While premiums may be low, DPMs are cautioned not to shop for malpractice insurance by price alone.**

While premiums may be low, DPMs are cautioned not to shop for malpractice insurance by price alone. Experts recommend choosing a firm that has financial strength and stabil-

*Continued on page 103*

*Survey* *(from page 102)*

ity, specializes in podiatry and has a proven commitment to the podiatry malpractice market.

• ***Non-Malpractice Insurance***—The average cost for such business-related insurance as liability, theft, fire, flood, business interruption, and other non-malpractice insurance rose 3 percent, from $2,687 last year to $2,756 in our most recent survey. Premiums for some insurance nationwide rose higher than that, with property/casualty insurance rising about 5 percent during our survey period, according to ISO®, a Versk Analytics® company. Doctors surveyed may have kept premiums lower by comparing policies, bundling coverages for discounts and submitting fewer claims. Since a large percentage of doctors were from New York or New Jersey (13.7 percent), we expected a post-Hurricane Sandy spike in premiums. Perhaps any rate hikes were offset by the larger percentage of partnership/group doctors, who split these costs among the owners.

• ***Legal and Accounting Fees***—The costs associated with lawyers and accountants dropped 5 percent year-to-year, now $3,436 from $3,617.

A softening legal market during our survey period likely enabled some doctors to negotiate lower hourly rates. Business accounting packages allow doctors and staff to prepare tax data more efficiently, presumably reducing the professional hours needed for accounting services. What's more, partnership/group practices divided these expenses, as they did with so many other expenses mentioned in this analysis.

• ***Pension Contributions***—Doctors surveyed reported higher average contributions to themselves while reducing the amount spent on staff. The average amount spent on themselves was $10,844, up 9 percent from $9,939 last year. Contributions for staff averaged $3,055, down 11 percent from last year's reported $3,440.

With a gross income available, partnership/group doctors were able to carve out a larger piece for themselves in our current survey, which is another benefit of this mode of practice.

Lower staff pension may be related to mode of practice as well, with partnership/group doctors dividing this expense among owners. Some practices may have reduced this amount, seeing the reduction in their gross and net income figures. Perhaps some looked to other benefits instead, such as more vacation time or flex hours.

• ***Student Loan Repayment***—Doctors surveyed reported a significant increase in student loan repay-

*Continued on page 104*

*Survey (from page 103)*

ment, up 17 percent to $15,494 from last year's $13,200. This amounts to approximately $1,300 per month for the average practitioner surveyed and the third highest expense item of those listed.

Higher tuition and fees coupled with low interest rates may have made it possible for more doctors to finance their education. Total student loan debt for the survey period rose approximately 8 percent nationally, totalling $1.2 trillion in 2013, according to the Federal Reserve (including Federal loans as well as private student loans without government guarantees). With higher interest rates that went into effect in 2014, we expect to see even larger debt payments next year.

The debt burden on the profession is multifaceted. Doctors may have no choice but to go into an employed situation because they have insufficient capital to start a practice or invest in a partnership/group. Doctors already in practice may lack the income needed to expand, even with increasing patient demand. Equipment purchases may be delayed, putting the DPM in a poor position competitively and potentially reducing his/her ability to achieve optimum patient care. What's more, loan defaults can haunt practitioners for years and may limit their potential for attaining credit in the future.

• ***Bio/Pathology Lab Expenses and Disposable Medical Supplies***—Doctors spent 13 percent more on bio/pathology lab expenses, now $374 from $330 last year. The cost for disposable medical supplies grew as well, up 12 percent to $8,064 from $7,191 in our last report.

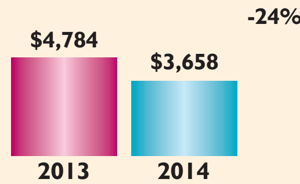
Several factors may have contributed to these increases. First, respondents saw more patients, on average, than in our previous survey. Second, there was a much higher percentage of satellite offices that may have completely separate and full inventories of supplies. IBISWorld's Medical Supplies Wholesaling market research points to other reasons, including higher manufacturer prices and the possibility that respondents may have increased purchases that they had delayed during the recession.

• ***Orthotics***—Orthotic lab expenses averaged $7,155, down 1 percent from $7,231 last year. They sent 5.6 pairs of true custom orthotics to an outside lab each week, down from 7 pairs last year. They also dispensed 6 pairs of prefab orthotics, down from

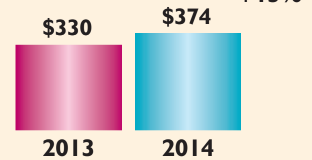
*Continued on page 106*

## YOUR OVERHEAD EXPENSES

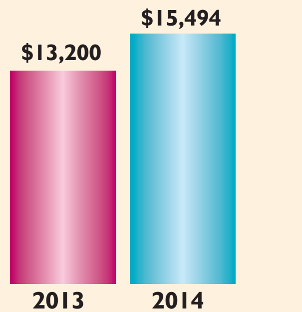
### Fixed Equipment Expenses



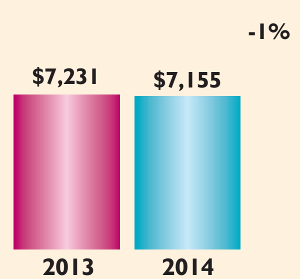

### Bio/Pathology Laboratory Expenses



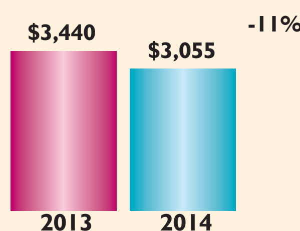

### Student Loan Repayment



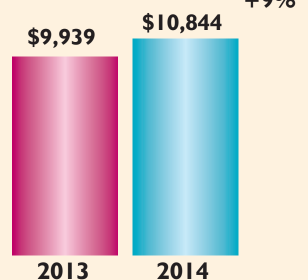

### Laboratory Expenses (Orthotic)



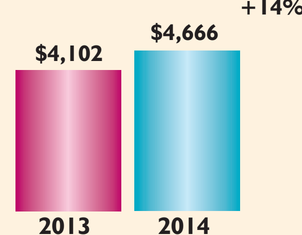

### Pension Contribution for Staff



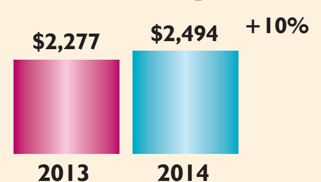

### Pension Contribution for Self



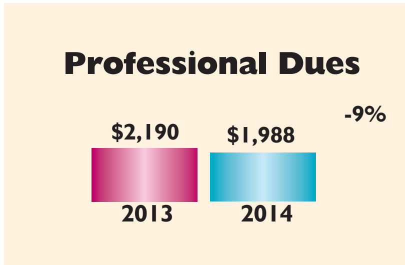

### Utilities

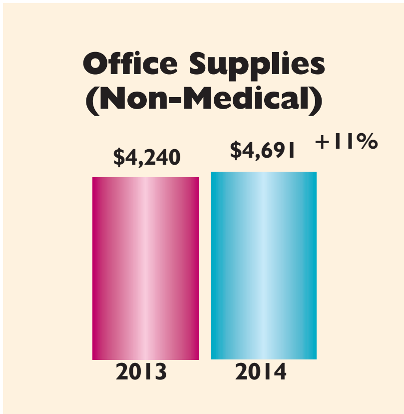


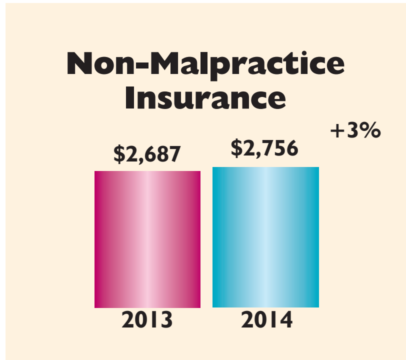

### Educational Expenses

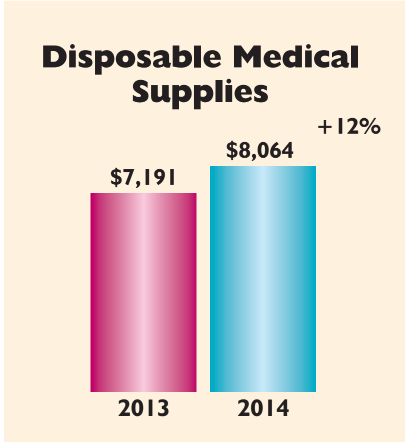


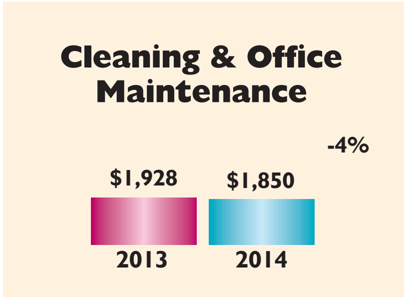
## YOUR OVERHEAD EXPENSES



*Survey* *(from page 104)*

6.6 pairs in our previous survey.

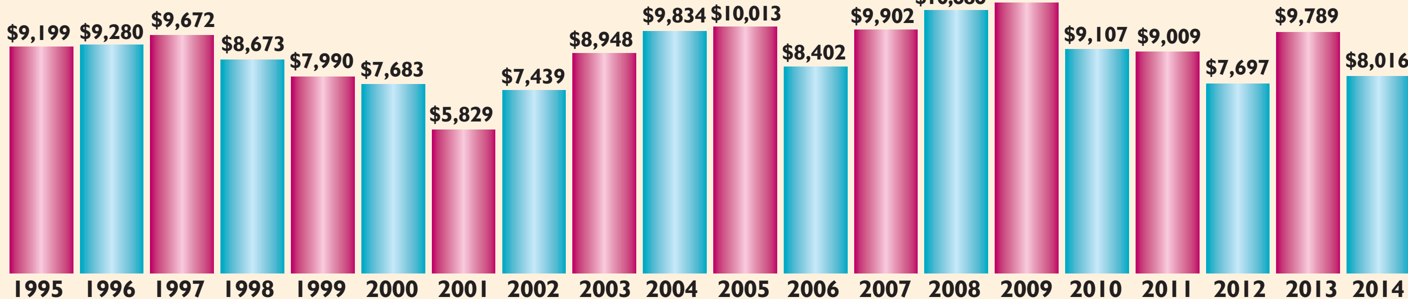
Marketing and management strategies for building this practice area are covered repeatedly in this magazine. Tactics for communicating the value of custom orthotics include having samples in the office, disseminating brochures that describe their function, and using a bone model to explain the patient's problem. Staff should also have a basic understanding of biomechanics and orthotics therapy to ensure that information shared with patients is consistent.

One emerging technology that may have a wide impact on custom orthotics is 3D printing. Already in use for prosthetic prototypes in the U.S., 3D printers have been used to create custom orthotics in Australia, and we are beginning to see orthotics made from these devices on U.S. websites. We will watch as this technology becomes more mainstream in the U.S.

Eighteen percent of those surveyed used foot measurement technology for prescribing orthotics, which was up from 17 percent last year. Another 5 percent said they were considering purchasing that technology within the next 12 months.

Plaster remained the most widely preferred method of foot measurement for prescribing orthotics. However, its popularity dropped several percentage points while other methods increased. Specifically, 50 percent cited that preference, down from 57 percent last year. Use of foam, the second most-preferred method, rose from 18 percent last year to 25 percent this year. Digital (optical or laser) mea-

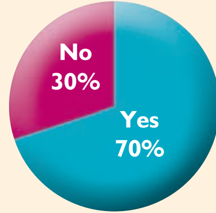
*Continued on page 108*



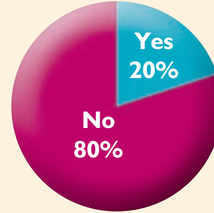
*Survey* (from page 106)

surement was the top choice by 14 percent of respondents, up from 11 percent. And pressure technology was the preferred method by 3 percent during this period, up from 2 percent last year. STS Slipper Sock was the only other method to show a decrease, preferred by 9 percent of respondents vs. 11 percent in our previous survey.

**Do You Dispense OTC Products from Your Office?**




**Do You Dispense Rx Products from Your Office?**




The most widely prescribed AFO, according to survey results, was the gauntlet AFO and 3.4 per month (up from 3.2), followed by functional hinged AFOs (Richie type) at 2.1 (down from 2.4), solid AFOs at 2.0 (down from 2.6), and Dorsiflex Assist AFOs at 1.9 (down from 2.5).

Respondents' choice of off-loading procedures showed little change, with a slightly lower percentage (77 percent vs. 79 percent) using a post-op shoe/boot/walker, 12 percent modifying existing footwear (up from 11 percent), and 11 percent using TCC (up from 9 percent).

More than three out of four doctors prescribed/recommended either New Balance or Asics the most among athletic footwear choices. New Balance remained on top with 56 percent of doctors choosing that brand, up from 52 percent last year. Asics gained two percentage points, with 20 percent of this year's respondents prescribing/recommending that brand. Other brands listed included Brooks (9 percent), Nike (3 percent), Aetrex (3 percent), and Saucony (2 percent). Eight percent of respondents indicated their most prescribed/recommended brand as "other."

• ***Office Supplies (Non-Medical)***—Doctors surveyed spent 11 percent more on office supplies compared to last year's report. This was the first significant increase we have seen in more than five years and the highest level since its peak in our 2005 report. Up from $4,240 to $4,691, this category includes such items as copy paper, printer cartridges, pens, and pencils. Doctors surveyed also may have tacked

*Continued on page 109*

*Survey* (from page 108)

on non-service costs associated with cleaning and maintenance, such as paper towels, disinfectant sprays and cleaning utensils (mops, brooms, etc.).

The satellite office boom may be one reason for the large increase, as noted with disposable medical supplies. Doctors may have replenished inventories after a few years of reduced buying.

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

| | 2014 |
|---|---|
| New Balance | 56% |
| Asics | 20% |
| Brooks | 9% |
| Nike | 3% |
| Aetrex | 3% |
| Saucony | 2% |
| Others | 8% |

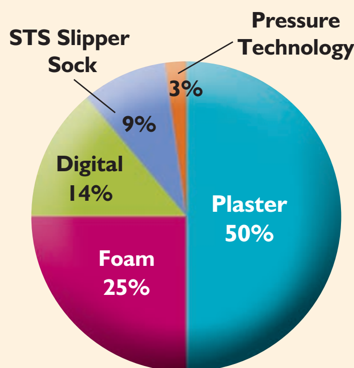
At presstime, merger talks were underway between office supply giants Staples and Office Depot. According to IBISWorld, these two companies accounted for approximately 68 percent of the office supply market as of 2014. Higher prices may result with the reduced competition. However, online retailers, warehouse clubs, discount stores, and supercenters that provide similar goods may be practical alternatives for doctors, keeping prices in check even if the merger takes place.

• ***Products for Sale***—The amount spent on products for sale in the office rose 10 percent, topping $4,000 (up from $3,666 to $4,044) for the first time since we added this line item to our survey and the second double-digit percentage increase in a row. Doctors seemed to increasingly embrace product sales for its many benefits, including patient compliance and convenience as well as its attractiveness as an alternative revenue source.

Seven out of 10 doctors dispensed over-the-counter (OTC) products from their offices, down from 74 percent in our last report. However, eight percent who did not dispense said they planned on doing so within the year. Podiatrist-recommended products sold included comfort shoes, sandals, insoles, palliative supplies, post-surgical/injury-care items, diabetic socks, foot creams, scrubbers, and nail pol-

*Continued on page 110*

### What Is Your Preferred Method of Foot Measurement for Prescribing Orthotics?



*Survey* *(from page 109)*

ish. Some doctors have found that private labeling, available for some products, can reinforce the practice brand.

Displays and kiosks are available for a variety of practice layouts, and it is likely that this year's larger practices were well suited for selling a wider variety of products. Some OTC product manufacturers offer virtual ordering, allowing patients to purchase products directly while tying the patients to the practice.

• ***Advertising***—Doctors surveyed spent an average of 15 percent more on advertising—$5,413 vs. $4,706—the second highest increase by percentage of all of the expense categories listed. Here is a breakdown of some of the most common advertising vehicles used.

• *Yellow Pages (print and web)*—For doctors who advertise, a smaller percentage used either print or web Yellow Pages to do so. The percentage of doctors using the print medium dropped from 43 percent in last year's survey to 37 percent this year. Even the newer medium of web Yellow Pages lost some of the momentum we have seen in recent years, dropping in usage from 19 percent of those surveyed to 15 percent.

• *Internet*—Despite the prevalence of Internet advertising, we have seen a decreasing percentage of doctors who reported using the Internet to advertise. Forty-three percent of doctors most recently use this medium vs. 44 percent last year and down from 57 percent three years ago.

This negative trend is counter to industry-wide increases in advertising revenue as reported by Kantar Media, which reported a 15.7 increase in ad expenditures for Internet display advertising during the same period as our survey. Paid advertising might include display ads, paid search, classifieds, video and podcasts. One reason for fewer respondents indicating their use of this form of advertising might be that doctors shifted their efforts to what they perceived of as "free" forms of promotion via social media, especially in light of reduced revenues. In fact, doctors surveyed increasingly used Facebook and Twitter for their practice, with Facebook use up from 35 percent to 37 percent, and Twitter use up from 12 percent to 14 percent. In addition, 72 percent had a practice website, up from 71 percent in our previous survey, which doctors may not have considered to be "advertising" when completing the survey. LinkedIn was the only social media platform that saw a decrease—from 28 percent of respondents last year to 22 percent this year. Conceivably, some doctors may have used this vehicle on a personal and professional level and not to promote the practice as they did with Facebook and Twitter.

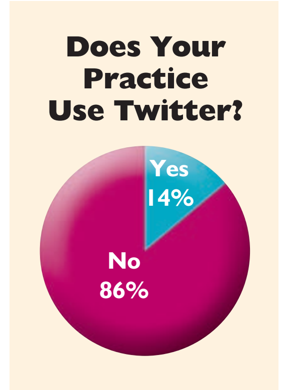
Mobile computing and use of apps have exploded in recent years,

*Continued on page 112*

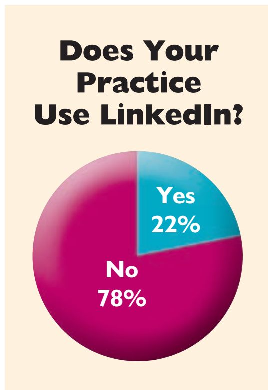
**Do You Have a Practice Website?**

**Is Your Practice Listed on Facebook?**

**Does Your Practice Use Twitter?**

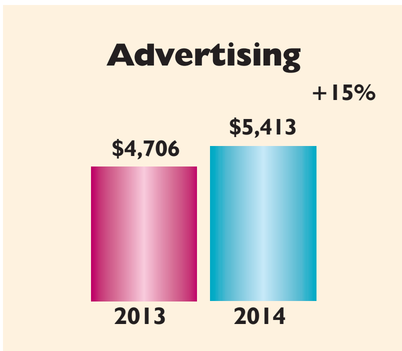



**Does Your Practice Use LinkedIn?**




## YOUR OVERHEAD EXPENSES

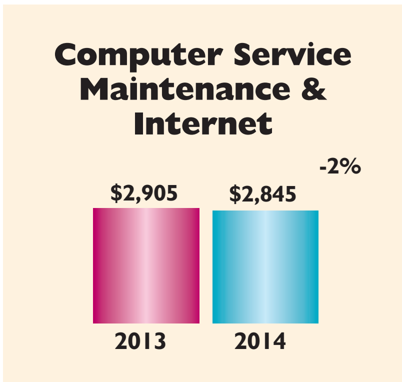
**Advertising**



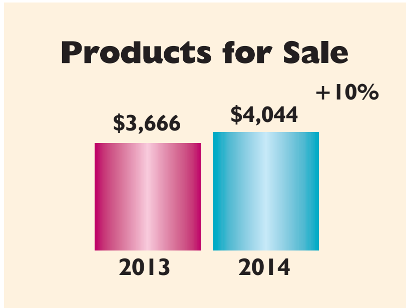

**Type of Advertising**

| | 2013 | 2014 |
|---|---|---|
| *Yellow Pages* (Print) | 43% | 37% |
| *Yellow Pages* (Web) | 19% | 15% |
| Internet | 44% | 43% |
| Newspapers | 19% | 21% |
| Mailings | 13% | 12% |
| Radio | 4% | 6% |
| TV Cable | 4% | 4% |
| TV Network | 2% | 2% |
| Other | 11% | 11% |
| Do Not Advertise | 19% | 20% |

**Computer Service Maintenance & Internet**

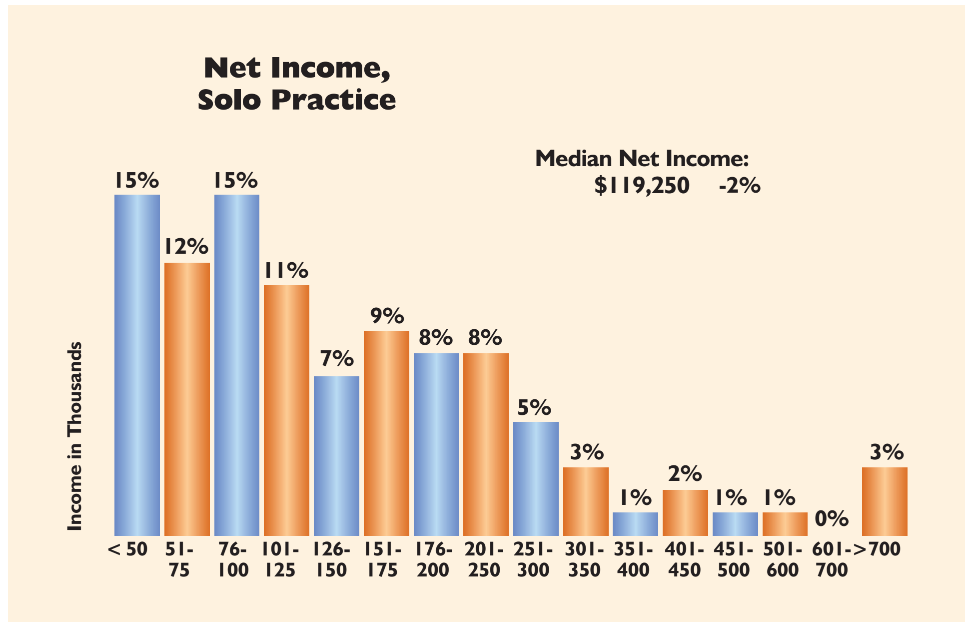



**Products for Sale**



*Survey* *(from page 110)*

allowing companies (including doctors) to target users on a more personal level. During our survey period, the percentage of Americans who own smartphones increased from 46 percent to 61 percent, according to Pew Research Center (PRC). As a first step in tapping the marketing potential of these ubiquitous devices, some practices have made their website mobile-optimized.

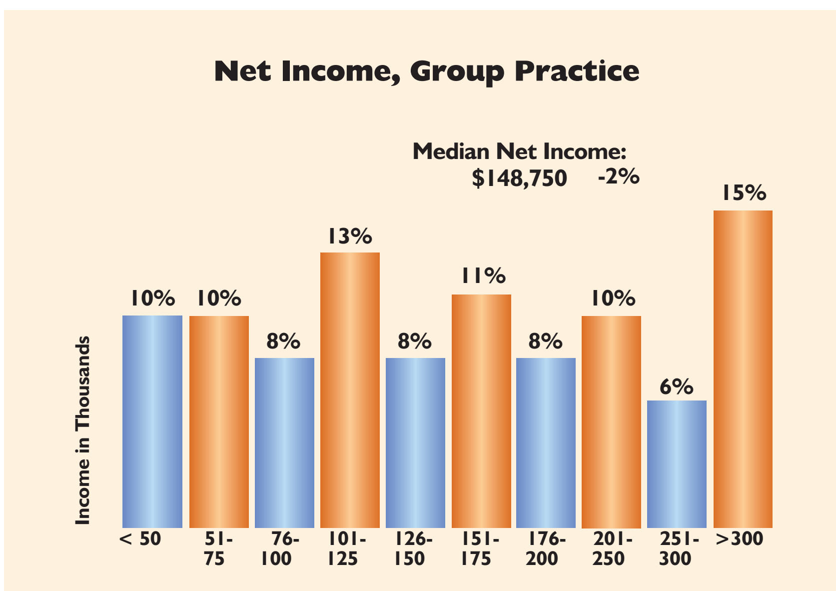



• *Newspapers*—Twenty-one percent of doctors who advertised used newspapers, up from 19 percent last year. This increase was counter to overall ad spending in the newspaper category as reported by Publicis Groupe's ZenithOptimedia, which indicated an 8 percent drop in newspaper advertising spending from 2012-2013.

More doctors may have advertised in local community weeklies, which traditionally have loyal readerships and include periodic small business spotlights and health care sections.

• *Mailings*—Advertising via traditional mailings dropped slightly, from 13 percent of those who advertised to 12 percent this year. Despite the higher postage rates, doctors continued to use this medium. Some doctors have found that the use of personalized mailings sets them apart from others who rely solely on electronic marketing. Targeting certain patient groups, such as diabetics or parents of pediatric patients, is effective in building patient relationships with the practice. Valpak and other coupon mailers can target specific demographics, reaching prospective and current patients with offers specific to their needs.

**Targeting certain patient groups, such as diabetics or parents of pediatric patients, is effective in building patient relationships with the practice.**




• *Radio*—Radio was used by a larger percentage of those who advertised, up from 4 percent last year to 6 percent in our most recent survey. While traditional radio reached 91 percent of Americans 12 and older during our survey period, "online listening is where the growth is," according to PRC's "Key Indicators in Media & News." Its 2013 research indicates that 33 percent of Americans reported listening to online radio, up from 29 percent in the previous year. Online radio listening in cars hit 21 percent, up from 17 percent in 2012.

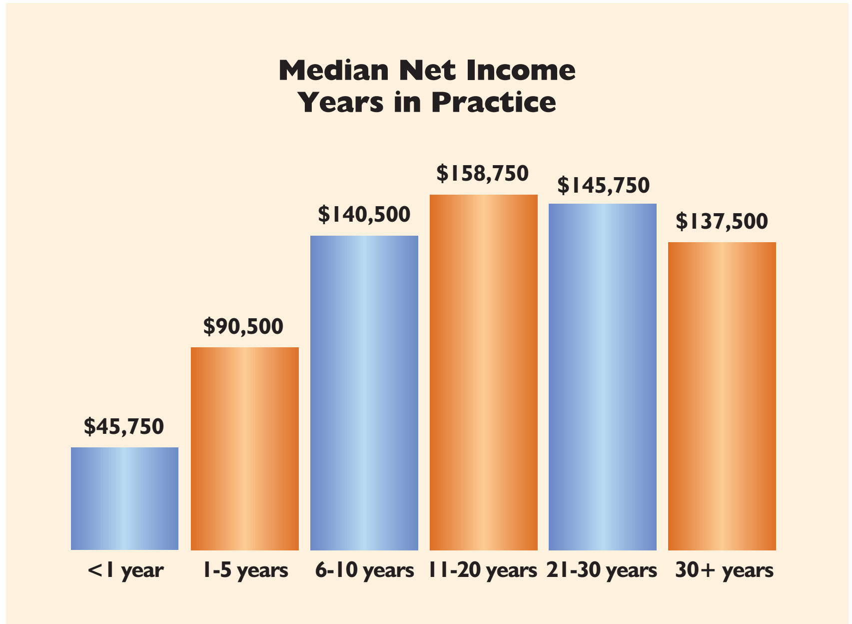
Satellite radio subscriptions "saw moderate growth" as well, according to PRC. Subscriber numbers grew from 23.9 million to 25.6 million during our survey period.

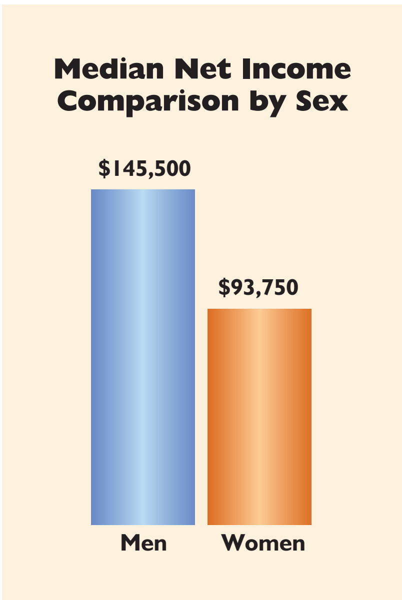
*Continued on page 114*

*Survey* *(from page 112)*

• *Television*—Both network and cable TV advertising percentages remained the same, used by 2 percent and 4 percent, respectively, of those who advertise. Ad Age DataCenter figures showed a 5.6 percent decrease in network advertising during our survey period, while cable TV ad revenue jumped 7 percent. It is likely that practitioners who choose this expensive medium are part of larger practices that have more substantial advertising budgets.

• *Other advertising*—Eleven percent indicated that they used other forms of advertising not listed here, including billboards, church bulletins, flyers, local/regional magazines, Pennysavers, Little League sponsorships and restaurant table mats.



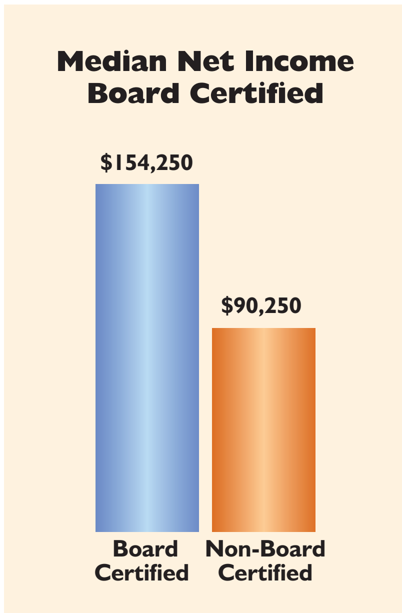
• ***Cleaning and Maintenance***—Doctors surveyed spent 4 percent less on cleaning and maintenance fees, down from $1,928 to $1,850. This is a leveling off after a huge jump in this expense last year. We expect this cost to remain unchanged barring another natural, widespread disaster like Superstorm Sandy, which could cause a spike in this category.

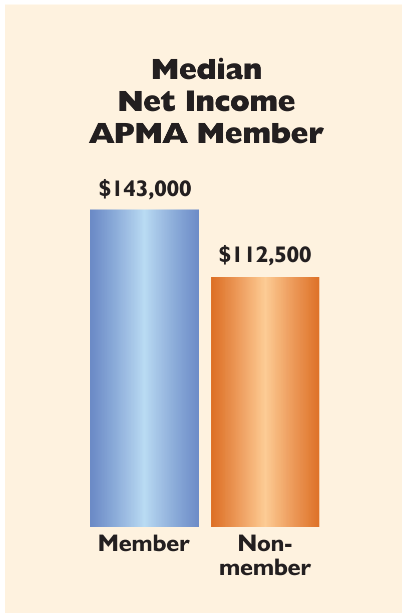
• ***Other Expenses***—Expenses not listed previously include business travel, business-related automobile expenses, shipping/postage and bank fees, credit card fees, employee health insurance, workman's compensation, billing agency fees, and business loan repayments.

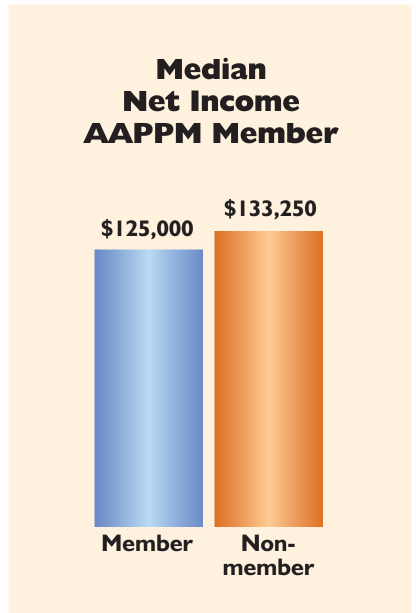
## NET INCOME

Median net income for solo, self-employed practitioners dropped

*Continued on page 115*



*Survey (from page 114)*

2 percent to $119,250 from $122,000. While there was a slight increase in the percentage of doctors netting more than $250,000 (16 percent vs. 14 percent last year), there was also big increase in the percentage of solo doctors earning less than $50,000 (15 percent vs. 10 percent last year).

Partnership/group practitioners fared far better than their solo colleagues. While they also experienced a 2 percent drop in median net income, their share of the partnership/group's total income was $148,750 (down from $151,750), or 24.7 percent higher than solo DPMs.

Mirroring the gross income section, the South reported the highest income levels and was the only region to show an increase in median net income. It hit $153,000, a 20 percent jump since our last report.

The West was a close second in median net income at $150,000 (down 3 percent). Then there was a huge income gap for the other two regions, with the North Central states earning just $118,000 (down 18 percent) and the East reporting $115,500 (down 9 percent).

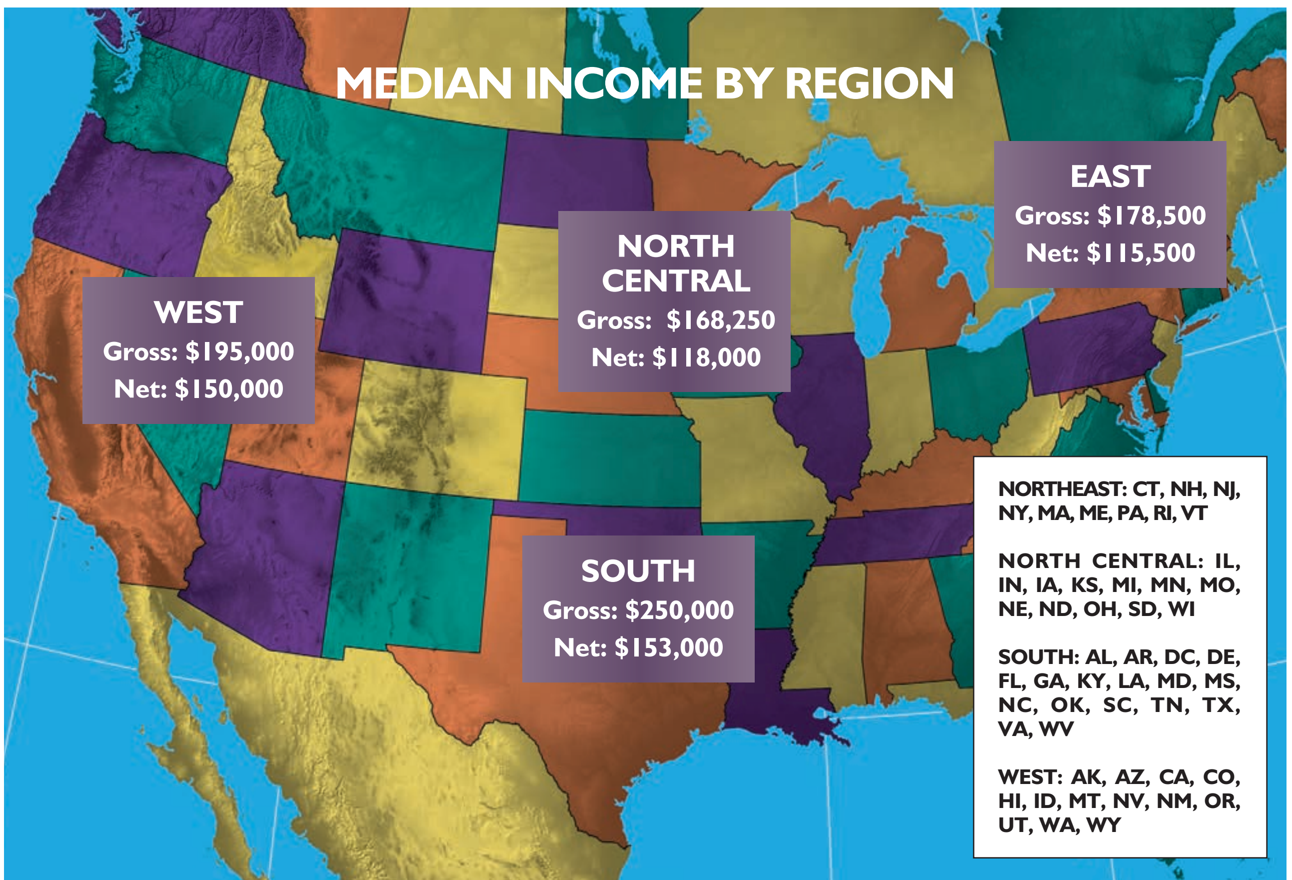
Although Southern respondents reported the highest median net income, they actually took home the lowest percentage of median gross income as net pay: 61.2 percent. By contrast, Western doctors kept the highest percentage—76.9 percent of their gross—while North Central doc-

*Continued on page 116*

## Inflation and Income: What the Numbers *Really* Mean

*Podiatry Management's* surveys compare respondents' gross and net incomes annually and suggest regulations, trends, and business practices that might impact those numbers. It should be noted that year-to-year comparisons do not take into account the inflation rate—so any gains are actually less than they appear.

For instance, in some previous surveys, we may have noted a net income increase of 2.8 percent from one year to the next. However, if the inflation rate for the same period was 2.3 percent, the net increase was only 0.5 percent. With an inflation rate of 1.5 percent in our current survey year, a 2 percent decrease in net income translates into a true 3.5 percent loss in buying power. Doctors should take this into account in all areas of the practice, but most especially in setting fees (for such items as ancillary products and services), determining staff raises/bonuses and evaluating practice spending on supplies. •



*Survey* *(from page 115)*

tors kept 70.3 percent and Eastern DPMs held onto 64.7 percent.

The gender gap became more pronounced in our latest report compared to last year, with women earning just 64.4 percent of male DPMs. Women's median net income dropped 11 percent, from $104,750 to $93,750, while men's median net income dropped 2 percent, from $149,000 to $145,500.

Age was a factor in net income as well. Peak earners had been in practice 11-20 years ($158,750), followed by those in practice 21-30 years ($145,750).

APMA membership and Board Certification had a positive impact on net income, as seen through our cross-tabulations. In our latest survey, APMA members reported a median net income of $143,000 vs. $112,250 for non-APMA members. The income gap was even larger for Board-Certified DPMs, who earned $154,250 vs. $90,250 for those without Board certification. Most notable in this latter set of numbers is the fact that net income for Board-Certified doctors *rose* 2 percent since our last report, while the income for non-Board-Certified doctors *dropped* by 13 percent.

## PRESCRIBING & DISPENSING

### Graft Products (for Wounds)

| | 2014 | 2013 |
|---|---|---|
| Apligraf | 13% | 17% |
| Dermagraft | 8% | 14% |
| EpiFix (Mimedx) | 7% | 3% |
| Oasis | 6% | 7% |
| Graft Jacket | 3% | 3% |
| Integra | 3% | 2% |
| Acell | 1% | 1% |
| Others | 4% | 3% |
| Prescriptions per week | 2.3 | 3.3 |

## PRESCRIBING & IN-OFFICE DISPENSING

Respondents indicated which pharmaceuticals, by brand name, they prescribed and dispensed most in

*Continued on page 118*

## PRESCRIBING & DISPENSING

### Antiseptics/ Topical Antibiotics

| | 2014 | 2013 |
|---|---|---|
| Neosporin | 15% | 13% |
| Bacitracin | 13% | 13% |
| Bactroban | 12% | 12% |
| Triple Antibiotic | 12% | 13% |
| Silvadene | 10% | 8% |
| Amerigel | 9% | 8% |
| Betadine | 6% | 7% |
| Gentamicin | 3% | 4% |
| Mupirocin | 3% | 4% |
| Povidone-Iodine | 3% | 5% |
| Iodosorb | 2% | 2% |
| Polysporin | 1% | 3% |
| Others | 1% | 2% |
| Prescriptions per week | 5.8 | 7.5 |
| Prescribed (RX) | 81% | 84% |
| Dispensed (D) | 19% | 16% |

### Topical Pain Relievers

| | 2014 | 2013 |
|---|---|---|
| Voltaren/Voltaren Gel | 27% | 24% |
| Biofreeze | 21% | 23% |
| Capsaicin | 8% | 7% |
| Lidoderm | 5% | 6% |
| Flector Patch | 5% | 4% |
| Lidocaine | 3% | 5% |
| Emla Cream | 1% | 2% |
| Ortho-Nesic (Blaine) | 1% | 3% |
| Solaraze Gel | 1% | 1% |
| Ben Gay | 0% | 1% |
| Viscous Xylocaine | 0% | 1% |
| Others | 12% | 7% |
| Prescriptions per week | 4.2 | 4.5 |
| Prescribed (RX) | 84% | 78% |
| Dispensed (D) | 16% | 22% |

*Survey (from page 116)*

several categories (see charts) using pull-down menus we incorporated for the first time last year. Our report includes the average number of Rxes DPMs prescribed and dispensed each week. Several categories use expanded charts to highlight the "most prescribed" and "most dispensed in-office" pharmaceuticals (categories: wart medications, nail treatments, drying agents/odor absorbents and emollients/moisturizers).

*Continued on page 120*

## PRESCRIBING & DISPENSING

### Topical Dressings for Matrixectomies

| | 2014 | 2013 |
|---|---|---|
| Amerigel | 23% | 27% |
| Bacitracin | 11% | 9% |
| Neosporin | 10% | 9% |
| Silvadene | 9% | 10% |
| Triple Antibiotic | 8% | 8% |
| Cortisporin Otic | 6% | 6% |
| Bactroban | 3% | 2% |
| Betadine | 3% | 3% |
| Band-Aid | 3% | 2% |
| Gauze | 3% | 2% |
| Gentamicin | 1% | 3% |
| Polymem | 1% | 2% |
| Dermagraft | 0% | 1% |
| Others | 2% | 3% |
| Prescriptions per week | 5.1 | 6.5 |
| Prescribed (RX) | 69% | 69% |
| Dispensed (D) | 31% | 31% |

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

| | 2014 | 2013 |
|---|---|---|
| Silvadene | 17% | 13% |
| Amerigel | 14% | 15% |
| Santyl | 11% | 10% |
| Bactroban | 6% | 11% |
| Iodosorb | 5% | 4% |
| Neosporin | 4% | 4% |
| Medihoney | 4% | 4% |
| Regranex | 3% | 1% |
| Triple Antibiotic | 3% | 4% |
| Gentamicin | 3% | 3% |
| Hydrogel | 3% | 2% |
| Prisma | 3% | 4% |
| Aquacel | 2% | 4% |
| Betadine | 2% | 3% |
| Polymem | 2% | 2% |
| Silvasorb | 2% | 1% |
| Saline | 1% | 2% |
| Oasis | 1% | 1% |
| Others | 1% | 3% |
| Prescriptions per week | 5.2 | 6.6 |
| Prescribed (RX) | 80% | 80% |
| Dispensed (D) | 20% | 20% |

### Antibiotics (Oral)

| | 2014 | 2013 |
|---|---|---|
| Cephalexin | 28% | 25% |
| Augmentin | 20% | 19% |
| Keflex | 20% | 22% |
| Bactrim | 8% | 7% |
| Cipro | 3% | 2% |
| Duricef | 3% | 5% |
| Amoxicillin | 3% | 5% |
| Doxycycline | 3% | 4% |
| Clindamycin | 2% | 2% |
| Ceftin | 1% | 1% |
| Omnicef | 1% | 1% |
| Cleocin | 1% | 0% |
| Dicloxacillin | 1% | 0% |
| Levaquin | 0% | 1% |
| Others | 2% | 3% |
| Prescriptions per week | 4.4 | 4.2 |
| Prescribed (RX) | 98% | 98% |
| Dispensed (D) | 2% | 2% |

### Antifungal (Topical) (Skin)

| | 2014 | 2013 |
|---|---|---|
| Naftin | 16% | 16% |
| Spectazole | 15% | 15% |
| Lamisil | 14% | 14% |
| Lotrisone | 8% | 6% |
| Formula 3 | 6% | 7% |
| Lotrimin | 6% | 5% |
| Loprox | 5% | 7% |
| Clarus (Bako) | 3% | 5% |
| Fungi-Foam | 3% | 4% |
| Ertaczo | 3% | 7% |
| Nizoral | 3% | 2% |
| Oxistat | 2% | 1% |
| Luzu | 1% | — |
| Cidacin | 1% | — |
| DermaTAF | 0% | 1% |
| Others | 7% | 8% |
| Prescriptions per week | 6.5 | 7.3 |
| Prescribed (RX) | 83% | 84% |
| Dispensed (D) | 17% | 16% |

*Survey* *(from page 118)*

One-fifth of DPMs surveyed dispensed prescriptions from their offices, down from 22 percent last year. Of those who did not dispense, 4 percent indicated that they planned to dispense Rx products from their offices within the next 12 months. Dispensing these items offers the same benefits as OTC selling, namely patient convenience, added compliance and increased revenue.

During our survey year, di-

*Continued on page 122*

## PRESCRIBING & DISPENSING

### Analgesics (Oral)

| | 2014 | 2013 |
|---|---|---|
| Percocet | 14% | 11% |
| Norco | 13% | 6% |
| Hydrocodone | 13% | 11% |
| Vicodin | 12% | 18% |
| Tylenol | 10% | 11% |
| Aleve | 8% | 7% |
| Ibuprofen | 7% | 8% |
| Advil | 6% | 9% |
| Tylenol #3 | 6% | 5% |
| Ultram | 5% | 4% |
| Motrin | 3% | 3% |
| Lortabs | 1% | 4% |
| Vicoprofen | 1% | 0% |
| Others | 1% | 1% |
| Prescriptions per week | 5.4 | 6.3 |
| Prescribed (RX) | 99% | 99% |
| Dispensed (D) | 1% | 1% |

### Anti Inflammatories (Oral)

| | 2014 | 2013 |
|---|---|---|
| Naprosyn/Naproxen | 22% | 18% |
| Ibuprofen | 13% | 13% |
| Advil | 9% | 7% |
| Meloxicam | 9% | 10% |
| Mobic | 8% | 6% |
| Aleve | 8% | 8% |
| Motrin | 7% | 5% |
| Diclofenac | 6% | 7% |
| Celebrex | 4% | 5% |
| Voltaren | 3% | 5% |
| Feldene | 2% | 3% |
| Relafen | 2% | 2% |
| Anaprox | 1% | 1% |
| Duexis | 1% | 1% |
| Daypro | 0% | 1% |
| Others | 1% | 4% |
| Prescriptions per week | 8.6 | 8.6 |
| Prescribed (RX) | 98% | 98% |
| Dispensed (D) | 2% | 2% |

### Enzymatic Debriding Agents

| | 2014 | 2013 |
|---|---|---|
| Santyl | 57% | 44% |
| Amerigel | 3% | 3% |
| Panafil | 2% | 3% |
| Medihoney | 2% | 5% |
| Accuzyme | 2% | 3% |
| Elase | 1% | 2% |
| Kerasal | 1% | 2% |
| Papain | 0% | 1% |
| Others | 1% | 4% |
| Prescriptions per week | 2.7 | 2.9 |

### Steroids (Topical)

| | 2014 | 2013 |
|---|---|---|
| Betamethasone | 21% | 14% |
| Hydrocortisone | 13% | 11% |
| Triamcinalone | 12% | 14% |
| Lidex | 9% | 9% |
| Topicort | 9% | 11% |
| Lotrisone | 8% | 8% |
| Diprolene | 3% | 5% |
| Temovate | 3% | 5% |
| Kenalog | 3% | 3% |
| J+Kera HC (Bako) | 1% | 2% |
| Aristocort | 1% | 2% |
| Others | 2% | 4% |
| Prescriptions per week | 2.7 | 3.3 |
| Prescribed (RX) | 96% | 98% |
| Dispensed (D) | 4% | 2% |

### Antifungal (Oral)

| | 2014 | 2013 |
|---|---|---|
| Lamisil | 79% | 78% |
| Gris-PEG | 3% | 2% |
| Diflucan | 2% | 2% |
| Others | 1% | 2% |
| Prescriptions per week | 3.8 | 4.0 |
| Prescribed (RX) | 99% | 97% |
| Dispensed (D) | 1% | 3% |

*Survey (from page 120)*

rect-to-consumer advertising in the U.S. continued unabated. According to Ad Age DataCenter, $8.2 billion was spent on advertising medicine and remedies in 2013, up 5.8 percent from the previous year. It was the sixth largest product category in terms of media spending. The impacts on doctors' practices include increased demand from patients for advertised products and the need to educate consumers beyond a 30-second-commercial advertising pitch.

The recent resurgence of compounding pharmacies has been discussed as a method to customize pharmaceutical treatments to the doctor's exact specifications. Benefits include allowing several medications to be combined in a single treatment,

*Continued on page 124*

## PRESCRIBING & DISPENSING

### Wart Medications

| | 2014 | 2013 | 2014 RX | 2014 Disp. | 2013 RX | 2013 Disp. |
|---|---|---|---|---|---|---|
| Cantharidin/Cantharone | 18% | 18% | 66% | 34% | 70% | 30% |
| Salicylic Acid/Sal Acid Plaster | 16% | 17% | 73% | 27% | 75% | 25% |
| Duofilm | 8% | 8% | 96% | 4% | 88% | 13% |
| Mediplast | 5% | 3% | 59% | 41% | 60% | 40% |
| Aldara | 5% | 4% | 100% | 0% | 100% | 0% |
| Verucide | 3% | 5% | 17% | 83% | 20% | 80% |
| Formadon | 3% | 3% | 36% | 64% | 25% | 75% |
| Efudex | 3% | 3% | 100% | 0% | 100% | 0% |
| Canthacur | 3% | 6% | 56% | 44% | 45% | 55% |
| Compound W | 3% | 3% | 100% | 0% | 100% | 0% |
| Virasal | 2% | 2% | 67% | 33% | 100% | 0% |
| Wartpeel | 2% | 3% | 100% | 0% | 100% | 0% |
| Lazerformalyde | 1% | 2% | 80% | 20% | 83% | 17% |
| Plantarstat | 1% | 2% | 0% | 100% | 60% | 40% |
| Vircin | 1% | — | 50% | 50% | — | — |
| Others | 8% | 6% | | | | |
| TOTAL | | | 72% | 28% | 75% | 25% |
| Prescriptions per week | 3.7 | 4.3 | | | | |

**Most Prescribed:**
1. Cantharidin/Cantharone
2. Salicylic Acid/Sal Acid Plaster
3. Duofilm

**Most Dispensed In-office:**
1. Cantharidin/Cantharone
2. Salicylic Acid/Sal Acid Plaster
3. Verucide (Blaine)

### Antifungal (Topical) and Keratin Debris Exfoliants (Nail)

| | 2014 | 2013 | 2014 RX | 2014 Disp. | 2013 RX | 2013 Disp. |
|---|---|---|---|---|---|---|
| Formula 3 | 23% | 26% | 22% | 78% | 21% | 79% |
| Urea 40% | 11% | 9% | 78% | 22% | 83% | 17% |
| Clarus (Bako) | 10% | 8% | 29% | 71% | 19% | 81% |
| Penlac | 10% | 7% | 100% | 0% | 96% | 4% |
| AmLactin | 5% | 6% | 100% | 0% | 79% | 21% |
| Clotrimazole | 4% | 3% | 93% | 7% | 91% | 9% |
| Lamisil | 3% | 3% | 100% | 0% | 100% | 0% |
| Gordochom | 3% | 1% | 40% | 60% | 0% | 100% |
| Tineacide | 3% | 6% | 40% | 60% | 21% | 79% |
| Jublia | 3% | — | 100% | 0% | — | — |
| Carmol | 2% | 2% | 87% | 13% | 100% | 0% |
| Kerasal | 2% | 3% | 100% | 0% | 100% | 0% |
| Molecular AF | 1% | 1% | 25% | 75% | 0% | 100% |
| Naftin | 1% | 3% | 100% | 0% | 88% | 13% |
| Fungi-Foam | 1% | 1% | 0% | 100% | 25% | 75% |
| Nonyx | 1% | 1% | 50% | 50% | 100% | 0% |
| RevitaDerm | 1% | 1% | 0% | 100% | 25% | 75% |
| Terpenicol | 1% | — | 0% | 100% | — | — |
| Others | 4% | 8% | | | | |
| TOTAL | | | 62% | 38% | 56% | 44% |
| Prescriptions per week | 6.9 | 6.8 | | | | |

**Most Prescribed:**
1. Penlac
2. Urea 40%
3. AmLactin

**Most Dispensed In-office:**
1. Formula 3
2. Clarus (Bako)
3. Urea 40%

*Survey (from page 122)*

removal of ingredients to which a patient may be allergic, and the ability to change the delivery method based upon patient preferences. Podiatric conditions treated include pain management as well as plantar fasciitis, diabetic neuropathy, hyperhidrosis, and onychomycosis. We will continue to cover this trend in future issues. **PM**

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Data was compiled and tabulated by Thomas Lewis of Hartsdale, NY. Lewis is a research professional with extensive experience in the planning and implementation of research programs designed to gauge audience and information delivery across all print media platforms. He currently serves as the Editor-in-Chief and Primary Media Analyst for the Housing and Urban Development Daily News Brief, TechMIS LLC. His 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)

| | | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | RX | Disp. | RX | Disp. |
| Drysol | 30% | 29% | 91% | 9% | 96% | 4% |
| Certain Dry | 13% | 14% | 84% | 16% | 93% | 7% |
| Betadine | 7% | 6% | 96% | 4% | 83% | 17% |
| Bromi Lotion | 7% | 5% | 58% | 42% | 29% | 71% |
| Formadon | 6% | 6% | 40% | 60% | 26% | 74% |
| Lazerformalyde | 6% | 8% | 95% | 5% | 84% | 16% |
| Tineacide Shoe Spray | 2% | 3% | 17% | 83% | 13% | 88% |
| On Your Toes | 1% | 2% | 60% | 40% | 43% | 57% |
| Onox | 1% | 0% | 0% | 100% | 0% | 100% |
| Others | 8% | 7% | | | | |
| TOTAL | | | 81% | 19% | 79% | 21% |
| Prescriptions per week | 2.6 | 3.5 | | | | |

**Most Prescribed:**
1. Drysol
2. Certain Dry
3. Betadine

**Most Dispensed In-office:**
1. Formadon (Gordon)
2. Drysol
3. Bromi Lotion (Gordon)

### Emollients/Moisturizers

| | | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | RX | Disp. | RX | Disp. |
| AmLactin | 18% | 15% | 87% | 13% | 94% | 6% |
| Urea 40% | 13% | 17% | 89% | 11% | 75% | 25% |
| Lac-Hydrin | 9% | 12% | 97% | 3% | 97% | 3% |
| Eucerin | 7% | 7% | 100% | 0% | 95% | 5% |
| Kera-42 (Bako) | 6% | 4% | 25% | 75% | 25% | 75% |
| Carmol 40 | 5% | 6% | 94% | 6% | 100% | 0% |
| RevitaDerm | 4% | 6% | 0% | 100% | 25% | 75% |
| Foot Miracle | 3% | 4% | 33% | 67% | 36% | 64% |
| Cerave | 3% | 4% | 45% | 55% | 38% | 62% |
| Amerigel | 3% | 3% | 30% | 70% | 30% | 70% |
| Kerasal | 2% | 2% | 87% | 13% | 100% | 0% |
| Gormel | 2% | 2% | 17% | 83% | 29% | 71% |
| Kera-HC (Bako) | 1% | — | 20% | 80% | — | — |
| Aquaphor | 1% | 2% | 75% | 25% | 100% | 0% |
| Flexitol Heel Baum | 1% | 1% | 75% | 25% | 100% | 0% |
| Kamea | 1% | — | 25% | 75% | — | — |
| Lactinol Lotion | 1% | 2% | 75% | 25% | 60% | 40% |
| MD Private Label | 1% | — | 0% | 100% | — | — |
| Gilden Tree | 1% | — | 0% | 100% | — | — |
| Others | 8% | 6% | | | | |
| TOTAL | | | 71% | 29% | 73% | 27% |
| Prescriptions per week | 7.3 | 6.9 | | | | |

**Most Prescribed**
1. AmLactin
2. Urea 40%
3. Lac-Hydrin

**Most Dispensed In-Office**
1. Kera-42 (Bako)
2. RevitaDerm (Blaine)
3. Amerigel