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PM's 29th Annual Survey: Racing Ahead in the Post-Recession

Doctors surveyed report double-digit income increases in an economy struggling to move forward.

BY STEPHANIE KLOOS DONOGHUE

In an economy labeled sluggish at best, the respondents to this year's 29th annual survey pulled ahead of the pack, reporting double-digit gross and net income increases for the first time in nearly a decade. While many small businesses were hard hit by rising expenses and fewer customers during the post-recessionary economy, the 363 doctors surveyed beat the odds by attracting more patients, reducing expenses and becoming less reliant on managed care.

Meanwhile, doctors in three out of four regions reported that their median net income outpaced even the high gross income increases as they curtailed expenses. Yet many of these same DPMs carved out more for such practice-building and potentially income-generating categories as fixed equipment and products for sale.

Partnership/group practice gained in popularity after a dip in percentage reported last year—certainly an influence on the higher income figures. Expense sharing and increased potential for practice growth are just two of the many benefits of multi-doctor practices that have an impact on both top and bottom lines.

Here is a breakdown and analysis of these and other data collected for this year's survey, which was provided in 2011 (income information is from 2010).

RESPONDENT CHARACTERISTICS & TRENDS

California Tops State List This Year

The largest percentage of respondents were from California (12.9 percent), followed by New York (10.2 percent) and Pennsylvania (9.3 percent). The location of the nation's podiatry schools may have played a role in the state in which respondents chose to practice. More relevant to practice growth, however, is the location of prospective patients. While overall population numbers from the U.S. Census Bureau (USCB) put our top three states among the most populated in the U.S., the states with the highest number of residents *age 65 and older*—a targeted patient group—were California, Florida, New York, Texas and Pennsylvania. Florida was the state with the highest percentage of the population age 65 and older, according to these 2010 figures. For all age groups, the fastest growing states in terms of percentage of population growth from 2000 to 2010 were Nevada, Arizona, Utah, Idaho, Texas, North Carolina and Georgia.

Of additional importance to practice growth is the changing makeup of the patient base. For instance, 16.3 percent of the U.S. population was Hispanic or Latino (of any race) in 2010, up from 15.8 percent in 2009. New Mexico, California, Texas and Arizona had the high-

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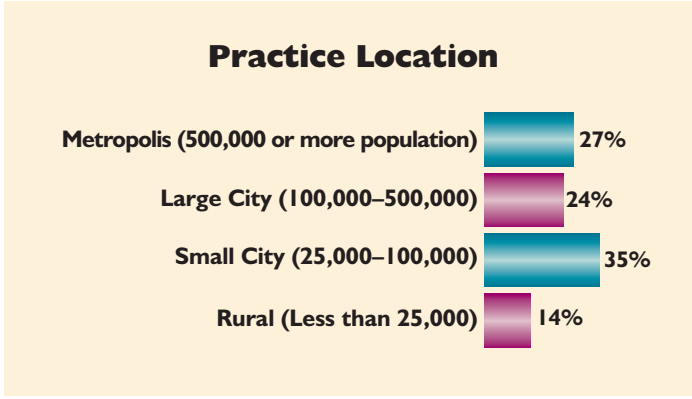
est percentage of Hispanics of all states, ranging from 29.6 percent to 46.3 percent. That is projected to grow to 17.7 percent by 2015, according to the USCB. To continue to attract patients for whom English is a second language, especially in the states mentioned above, practitioners can hire bilingual staff members and use such items as bilingual forms, brochures and reception room videos. Understanding cultural differences will help practitioners attract and keep these patients as well.



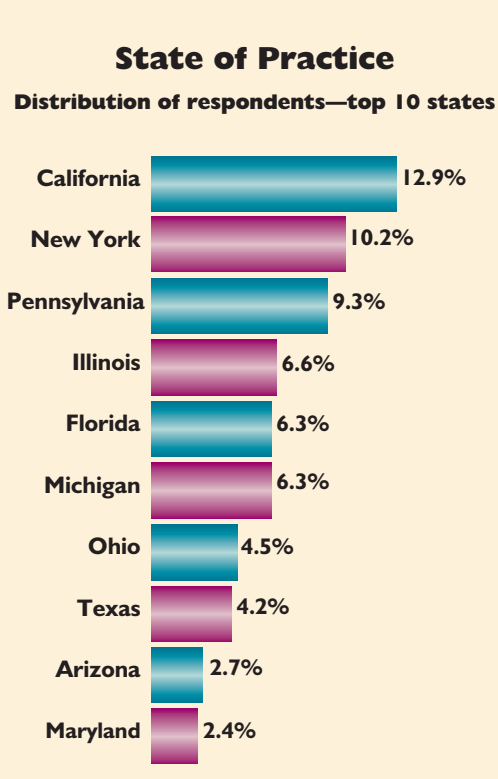
Small Cities Remain Most Popular

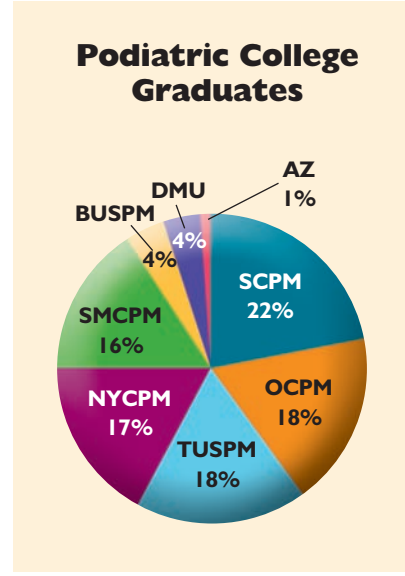
There was very little shift in practice location compared to last year's survey. The largest percentage of respondents practiced in small cities (populations of 25,000 to 100,000) at 35 percent, followed by a metropolis (populations of 500,000+ at 27 percent), large cities (populations of 100,000 to 500,000 at 24 percent) and rural areas (populations of less than 25,000 at 14 percent).

Small cities provide a major infrastructure and adequate population density to support DPM practices. Yet they often offer lower crime rates and business costs compared to more densely populated cities. In some areas, small cities are newer, so small businesses will find updated construction and high-tech office amenities. In older areas, small cities are going through a renaissance—getting facelifts to improve their image and attract new residents and businesses.

Despite the lure of small cities, urban centers are still strong, as indicated by USCB statistics, with densely populated areas growing faster than rural locations. Between 2000 and 2010, areas with populations of 50,000 or more grew at a much faster rate than less populated areas, according to USCB statistics. These areas grew by 10.8 percent vs. 5.9 percent for areas with populations from 10,000 to 50,000. Populations below 10,000 only saw a 1.8 percent population increase.

Which were the fastest-growing metropolitan areas from 2000 to 2010, according to USCB data? Palm Coast, FL, topped the list, followed by St. George, UT; Las Vegas; Raleigh-Cary, NC; and Cape Coral-Fort Myers, FL. Each of these areas grew by 40 percent or more.





More Experienced Respondent Pool

Doctors surveyed have been in practice longer, on average, than our previous respondents. One telling comparison is that 27 percent of the most recent respondents were in practice 10 years or less, while last year, nearly a third (32.8 percent) were in this new-practitioner category. This may be a contributing factor to the higher overall net and gross incomes in our most recent survey, since long-established practices tend to earn more than newly minted ones.

Fewer Solo, More Group Practitioners

The percentage of solo self-employed or professional corporation DPMs dropped from 52.8 percent in our last report to 49 percent of those surveyed most recently. Meanwhile, the percentage of doctors in partnership/group practice rose from 29.2 percent to 33 percent over that same period.

While solo practice still dominates podiatry, this move to multi-doctor practices may be a sign that the profession is following other physicians in creating healthcare teams. Single- and multi-speciality practices allow doctors to provide patients with more varied expertise and extended hours. Managed

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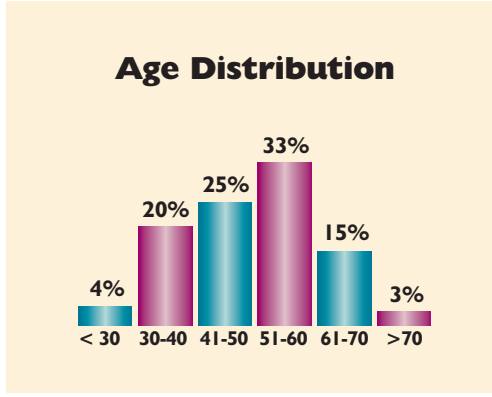

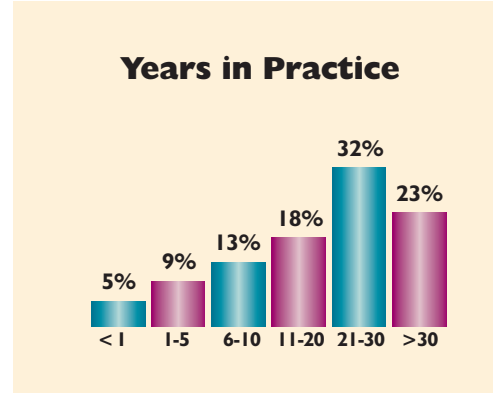

care organizations (MCOs) seek doctors who can provide service in a timely manner, which is easier to do in a group setting. Investments in new technologies, such as electronic health records (EHR) or new instrumentation, become less of a burden when the expenses can be divided among several doctors. Other practice benefits include the spreading of fixed costs; improved negotiating position with banks and MCOs; the potential for expanding into new areas, such as selling prescription pharmaceuticals and over-the-counter (OTC) items; and greater public relations and visibility potential. Doctors benefit from higher incomes (see "Gross Income" and "Net Income" sections) and, potentially, more flexible hours. They may also be able to pursue a specialty that would not be feasible in a solo practice setting.

The "super group" concept has also emerged. In this model, large groups of podiatrists or physicians in related specialties work together either under one roof or as a team of merged groups. This framework can be beneficial especially when negotiating contracts with third-party payers. (See "Managed Care Participation Drops" below.)

Drop in Percentage of Those Employing Other DPMs

A smaller percentage of doctors said they employ other DPMs compared to our last survey: 18 percent this year vs. 20 percent last year. Perhaps more doctors are in multi-specialty practices, employing non-DPM physicians. Many in this year's older respondent pool may have started as employees but now have bought into practices and are partners.

More In-Depth Look at Satellite Offices

Thirty-five percent of the doctors surveyed have satellite offices, which was not significantly different from the previous year. This is interesting given the fact that more partnership/group DPMs responded—perhaps indicating that the doctors expanded availability for podiatric care at a single location, rather than taking advantage of additional locations. It might also indicate respondents' reaction to business news in 2010, with many industries reporting that they were putting off expansion until the economy turned around.

For the first time, we asked *how many* satellite offices were owned by respondents who had them. Not surprisingly, the vast majority (71 percent) reported having a single additional office. However, nearly one in five (18 percent) had two additional offices, while 8 percent had three offices and 3 percent reported having four or more satellite offices. As the economy improves, we will be able to track these numbers, which generally indicate trends in demand for services in high-growth areas.

No Change in Gender Ratio

The male/female ratio was identical to that reported for the past two surveys: 77 percent male and 23 percent female. This leveling off is also reflected in data from the American Association of Colleges of Podiatric Medicine (AACPM), which reported the same percentage of female enrollment in 2009 to 2010 as it did for 2010 to 2011 at 39 percent. However, given the significant difference between our survey's 23 percent and AACPM's 39 percent, we project that the number of female survey respondents will begin to rise slightly in future surveys—especially if our sample is comprised of a large percentage of new practitioners.

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More Patients Seen

The average number of patients treated each week was 94.3, up from 93.4 patients in our previous survey. The increased percentage of doctors in partnership/group settings undoubtedly contributed to this increase. The efficiencies of patient flow in multi-doctor settings lend themselves to seeing more patients.

But practice setting is only part of the story. With patient numbers up each year since 2005, general population increases—and, more specifically, the rise in the age 65-and-older population—also come into play. In fact, the USCB projects that the percentage of the population age 65 and older will more than double *in number* by 2050. What's more, this age group will account for 20.2 percent of the U.S. population by then, up from 13 percent in 2010.

Doctors Worked Longer Hours

There was a slight shift toward working longer hours compared to last year's survey results. In fact, 28 percent of our recent respondents worked longer than 45 hours per week vs. 23.3 percent who worked these longer hours in our last report. A lower percentage of DPMs worked fewer than 25 hours as well compared to last year: 11 percent vs. 14.1 percent, respectively.

One factor impacting hours worked was likely the slightly higher number of patients seen, as previous mentioned. However, other factors may have caused the hours increase, including many practices' implementation of EHR and a greater focus on marketing and advertising.

Diabetic Patients and Trends

Practitioners in our most recent survey saw a lower percentage of diabetic patients, which reverses a trend we've covered over the past several years. In fact, 12 percent of those surveyed reported than one in 10 or fewer of their patients were diabetic. That compares to 8 percent who reported the same last year. The percentage of practices that saw a *high* volume of diabetic patients fell as well: last year, more than a quarter of the practices surveyed reported that more than 40 percent of their patients were diabetic, while only 20 percent reported this high volume of diabetic patients in our most recent survey. Paul Kesselman, DPM, who authors *PM*'s "DME for DPM's" feature in each issue, discusses other factors that may have contributed to this decrease in the accompanying question-and-answer sidebar.

The Centers for Disease Control and Prevention's (CDC's) *2011 National Diabetes Fact Sheet* estimated that 8.3 percent, or 25.8 million people, had diabetes in 2010. This number included 18.8 million who were diagnosed and 7 million who were undiagnosed. In addition, the CDC reported that 79 million people had prediabetes. (These figures used both fasting glucose and hemoglobin A1c levels to derive estimates for undiagnosed diabetes and pre-diabetes.) In people age 20 years and older in 2010, 1.9 million new cases of diabetes were diagnosed.

Age and ethnicity influenced the prevalence of diabetes, according to the CDC report. More than one in four (26.9 percent) of those age 65 years or older were diabetic (based upon 2005 to 2008 data), vs. 13.7 percent of those age 45 to 64 years. Compared to non-Hispanic

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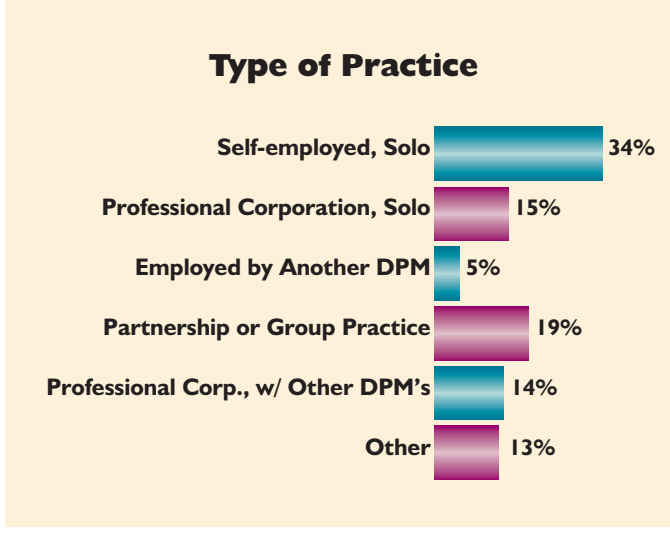

white adults, the risk of diagnosed diabetes was 77 percent higher among non-Hispanic blacks, 66 percent higher among Hispanics, and 18 percent higher among Asian Americans. Within the Hispanic population, the risk of diagnosed diabetes was 87 percent higher for Mexican Americans and 94 percent higher for Puerto Ricans compared to non-Hispanic white adults.

Research indicates that obesity (BMI > = 30) increases the risk of Type II diabetes. Thus the increasing obesity rates in the U.S. will likely keep diabetic patients numbers high well into the future. According to the CDC, about one-third of U.S. adults (33.8

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Insights into Diabetic Patients and Wound Care

We asked Paul Kesselman, DPM, author of *PM's* feature "DME for DPM's", to provide some insights into the drops reported in diabetic patients, wound care patients and participation in the Medicare Diabetic Shoe Program. He also offers some strategies to help practitioners become more successful in these areas.

Q: *In our latest survey, we found that there was a significant drop in the percentage of DPMs who participated in the Medicare Diabetic Shoe Program compared to last year. Can you explain this drop?*

A: The publicity surrounding prepayment audits is likely to be the largest single factor contributing to DPMs providing fewer products associated with the Therapeutic Shoe Policy for Patients with Diabetes. The average podiatrist should be aware that the quoted 90+ percent failure rate is not necessarily reflective of podiatry claims for therapeutic shoes. More than 90 percent of the claims appealed have resulted in a favorable outcome for the podiatrist, resulting in these claims being paid. The single most important item found missing from podiatric claims was a progress note from the physician treating the patient's diabetes containing a diabetes-related diagnosis.

I encourage podiatrists to develop a flow sheet for their office staff to follow prior to ordering any items covered by the Therapeutic Shoe Program for Patients with Diabetes. A checklist of what is required should also be clearly communicated to the physician treating the patient's diabetes. A one-to-one communication (either on the phone or face to face) between the podiatrist and MD/DO supervising the DM is highly recommended. Lastly, involvement of the patient in obtaining the required materials in a timely fashion is also highly suggested.

Q: *We also found a lower percentage of diabetic patients seen in respondents' practices. Do you think the environment you describe is a factor? Are there other factors?*

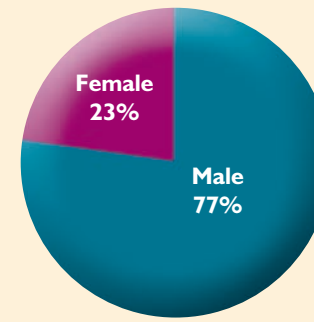
A: I believe that the audits are not the only factor influencing fewer diabetic patient visits. Most podiatrists who have abandoned dispensing shoes are now prescribing these items and referring them to other suppliers. The fewer diabetic patient visits are more likely related to other economic factors. Higher co-payments have resulted in patients spending less money on physician visits.

Q: *Along the same lines, why do you think we saw a slight drop in the number of wound care patients seen (diabetic and non-diabetic)?*

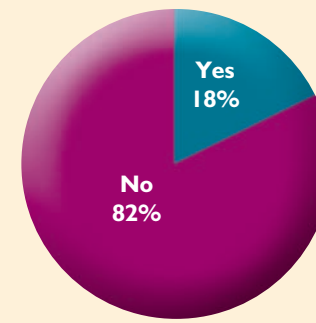
A: The overall effect of the economy has also led to more patients seeking treatment of wounds from their primary care physician for whom their co-payments are generally lower. Patients who are employed also tend to be wary of taking off too much time from work and are therefore seeking wound care from either their PCP or other specialists for whom they also seek care (e.g., endocrinologists, vascular specialists, etc.).

A recent study conducted by CMS economists published by *Medscape News* on January 9 confirmed that the greatest recession since the end of WWII has contributed to a significant reduction in healthcare expenditures by patients in both the private sector (covered by private third-party payers) and patients in the public sector (those covered by Medicare, Medicaid and other government third-party payers). The results of this study confirm that this reduction in spending is overall and not necessarily limited to podiatrists alone. •

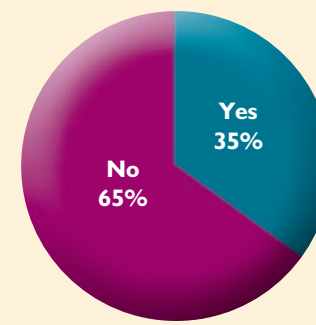
Distribution by Sex

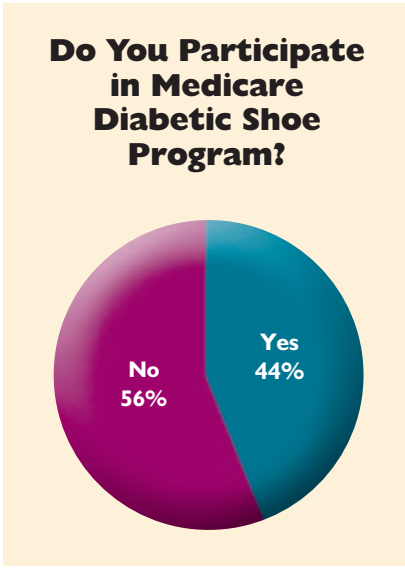


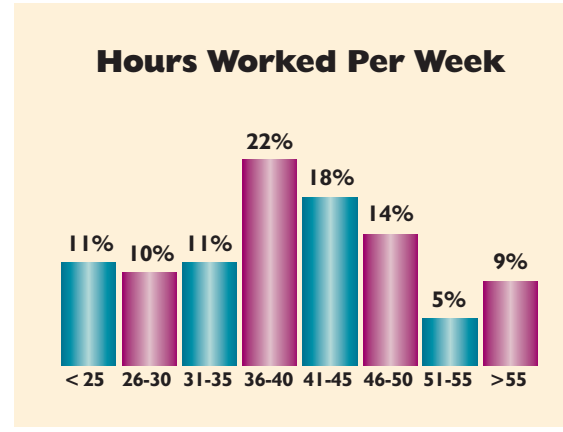
Do You Employ Other DPMs?



Do You Have Satellite Offices?







percent) were obese in 2010. No state had a prevalence of obesity less than 20 percent; 12 states (Alabama, Arkansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Oklahoma, South Carolina, Tennessee, Texas, and West Virginia) had a prevalence of 30 percent or more. Just 10 years earlier, *no* state had an obesity rate of 25 percent or more.

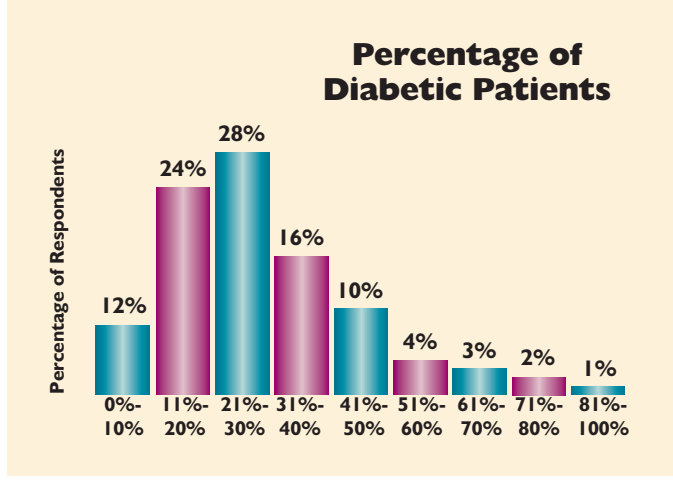
Reducing childhood obesity has been targeted over the past few years in an effort to curb this epidemic. For example, First Lady Michelle Obama's *Let's Move* campaign promotes such strategies as getting parents to cut down on the sugary drinks they serve to increasing opportunities for children and families to become more active.

Tech companies are also helping patients manage diabetes better. For example, the U.S. Food and Drug Administration (FDA)-approved Telcare BGM™ automatically uploads readings to the patient's online portal and, with permission, to family members and/or healthcare providers. The portal can be accessed via a password-protected website or iPhone app. Other companies reportedly have similar devices in development.

Drop in Participation in Medicare Diabetic Shoe Program

We saw a significant drop in the percentage of DPMs who participated in the Medicare Diabetic Shoe Program: only 44 percent vs. 65.2 percent in our previous survey. We would expect a small drop in this percentage due to respondents seeing fewer diabetic patients. But other factors are involved, according to Dr. Kesselman (see sidebar).

Meanwhile, footwear and practice management experts applaud the program as mutually beneficial to patients and practitioners: patients pay only 20 percent or less of the cost when they are deemed medically necessary, and practitioners create goodwill and future practice growth potential in other areas.



Wound Care Trends

Considering that a lower percentage of patients were diabetic, it is not surprising that the percentage of patients requiring wound care also fell. Sixty percent of the respondents reported that one in 10 or fewer of their patients required wound care, compared to 49 percent who reported the same in our last

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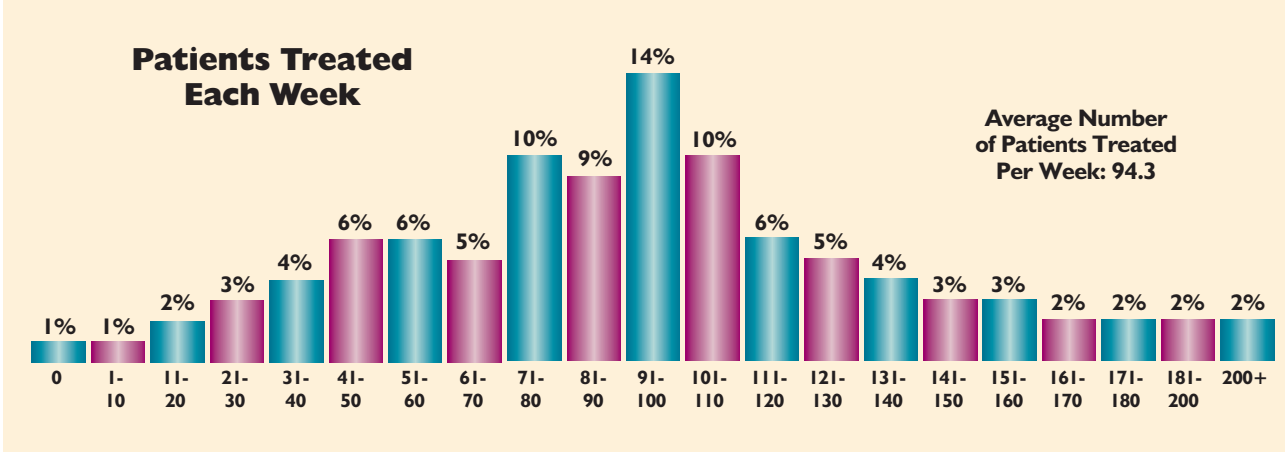


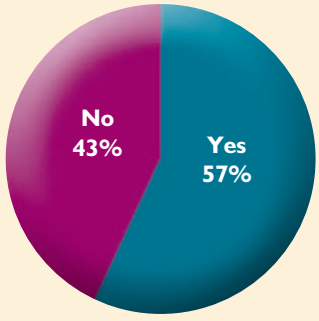
survey. While the question asked practitioners about wound care for both diabetic and nondiabetic patients, the prevalence of wounds among diabetic patients is undoubtedly a correlating factor in this decrease.

A slightly smaller percentage of doctors referred patients to wound care centers/clinics in our most recent survey—60 percent this year vs. 62.8 percent last year. However, since this percentage drop was not as dramatic as the drop in diabetic patients, the indication is that doctors may have more readily referred out their patients to these clinics. Perhaps doctors saw fewer wounds but these wounds were more complex and beyond the scope of care that the respondents could provide. According to TodaysWoundClinic.com, more than 800 wound care centers were operating in the U.S. in 2010, not including wound care provided in private doctors' offices.

According to the Center for Wound Healing, Inc., chronic wounds occur in over 2 percent of the general population with total costs exceeding $2 billion. Diabetic ulcers are expected to grow more than 9 percent annually through 2016, according to Patrick Driscoll of MedMarket Diligence (MMD), which covers trends, developments and outlook for advanced medical technologies. By etiology, diabetic ulcers are the fastest-growing wound category, followed by pressure ulcers at close to 7 percent annual growth and venous ulcers at about 6.75 percent annual growth. "Chronic wounds are growing in incidence due to the growing age of population, and due mostly to awareness and improved diagnosis," he writes on the MMD website. "At present, these factors are contributing to growth of this pool of patients faster than the new technologies are reducing the incidence of wounds by healing them."

MANAGED CARE GROUP PARTICIPATION

HMO



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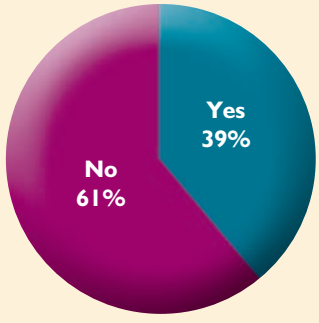

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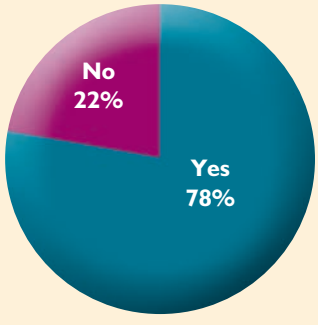
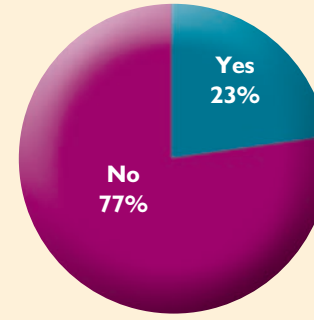
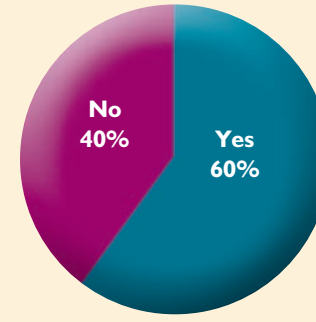


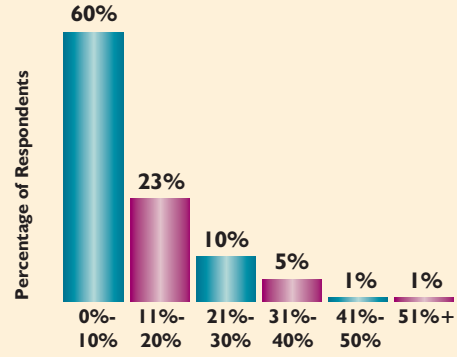
Work in Nursing Home



Refer Patients to Wound Care Centers/Clinics?



Patients Requiring Wound Care (Diabetic/Non-Diabetic)



Fewer Work in Nursing Homes

The percentage of DPMs that work in nursing homes fell from 26.2 percent last year to 23 percent in our most recent survey. Undoubtedly, our larger percentage of older practitioners may not have needed to use this as a supplementary source of income as might have younger colleagues. Indeed, while it may be lucrative, it has been targeted by the U.S. Dept. of Health & Human Services Office of Inspector General for auditing.

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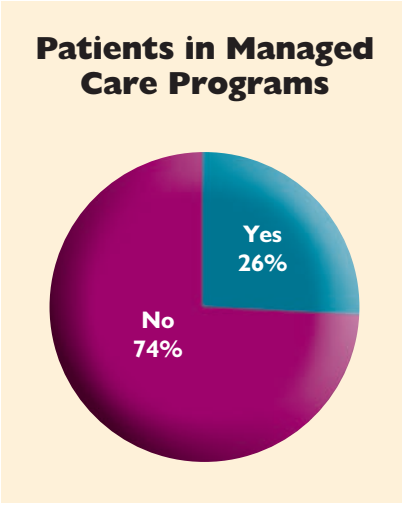

According to the U.S. National Center for Health Statistics' *Health, United States, 2010*, there were 15,700 nursing homes in the U.S., and the USCB estimates that there were 1.5 million nursing home residents. California and Texas had the largest number of facilities, followed by Illinois and Pennsylvania. Projections from the Centers for Medicare & Medicaid Services (CMMS) report *National Health Expenditure Projections 2010-2020* indicate that expenditures for nursing care facilities and continuing care retirement communities will grow from $137 million in 2009 to $218.4 million in 2020. Thus demand for podiatric care will likely continue to increase into the next decade.

Alternative Housing Options and Their Impact

The market for seniors who do not need skilled nursing yet want access to some services will boom in the next decade, according to industry analysts. While the demand for assisted living facilities spurs growth, alternative housing such as senior-style apartments and senior-focused communities are in the works to provide a more independent lifestyle for the active aging. Continuing care retirement communities provide multiple types of housing so residents can restructure their living arrangements as their needs change. The "aging in place" movement allows seniors to remain at home by providing access to a network of services they may need, such as grocery shopping and transportation to doctors' appointments. All of these options offer the potential for podiatric services as the networks and communities become established. Relatedly, the CMMS projects that the national health expenditures for home health services will nearly double from 2009's $68.3 million to $136.1 million by 2020—undoubtedly to include podiatric care.

Managed Care Participation Drops

The percentage of doctors surveyed who are on MCO panels dropped in two out of three types. The percentage on health maintenance organization (HMO) panels dropped slightly, from 57.2 percent to 57 percent of respondents. Seventy-eight percent of those surveyed were on preferred provider organization (PPO) rosters, down from 80 percent. The percentage of doctors on Independent Practice Associa-

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tion (IPA) panels was up from 35.1 percent last year to 39 percent in our most recent survey.

Overall, doctors said that MCO patients accounted for 23 percent of their practice income, down from 28 percent in our previous survey. Twenty-six percent of their total patient base was in MCOs, down from 38 percent. Respondents were members of an average of 3.2 plans, down from 5.9 plans in our last report.

For the first time, we broke down doctor responses to ascertain the impact of MCOs on some practices. Interestingly, 21 percent of those surveyed said the *majority of their income* came from MCO patients. That's in contrast to the 36 percent who reported that 10 percent or less of their income came from MCO patients.

Our new breakdown of MCO patient data revealed similar findings, with 24 percent reporting that the *majority of their patients* were in MCO plans.

The older respondent pool un-

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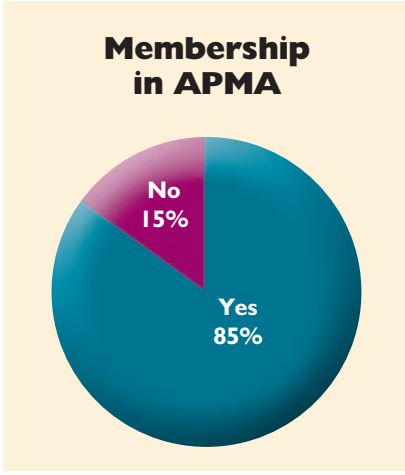
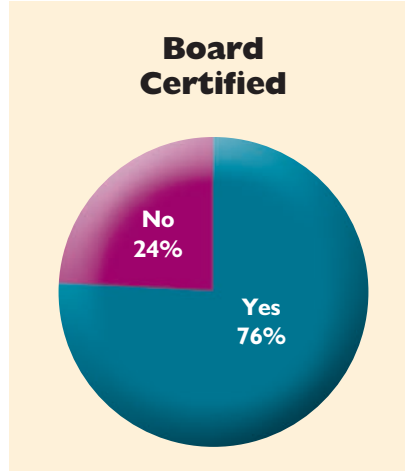
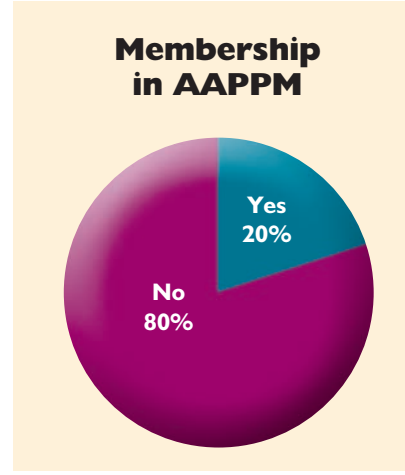






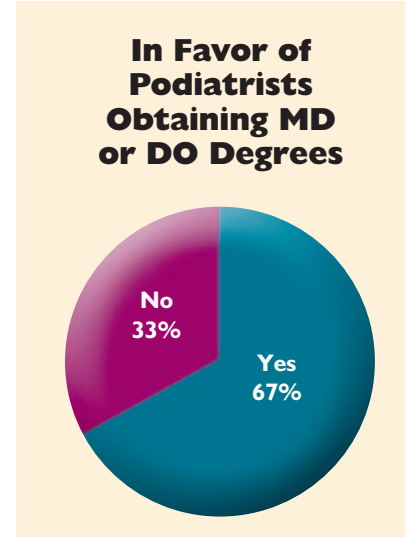
doubtedly was more savvy in selecting plans that provided both adequate patient numbers and profitable contract terms. Younger DPMs in startup practices may have been less discriminating as they tried to fill their appointment schedules. Practice management experts caution doctors to run the numbers before signing up for any MCO plan, especially to ensure that doctors don't lose fee-for-service patients at the expense of MCO members.

MCO enrollment was likely affected by the economy as well. Although the unemployment rate was lower than its peak of October 2009, it remained stubbornly high at 9.6 percent during 2010, according to the U.S. Bureau of Labor Statistics (BLS). In fact, the rate did not begin to drop steadily until December 2010. Even patients who gained employment at the end of the year may not have qualified for their employers' health insurance plans until 2011. (See discussion of health insurance trends below.)

According to Kaiser Family Foundation (KFF), PPOs dominated the employer market in 2010, enrolling 58 percent of covered workers. Among other plan types, KFF reported that consumer-driven plans (which are high-deductible plans that also include tax-preferred savings options such as a Health Savings Account or Health Reimbursement Arrangement) enrolled 13 percent of covered workers, up from 8 percent in 2009.

HMOs continued to cover proportionately large numbers of patients in states from Massachusetts west to Wisconsin, and in several highly populated southern and western states, including California, Florida, Texas, Arizona and Georgia, according to KFF data. The 452 HMOs in 2010 covered more than 68 million individuals nationwide.

IPAs, organizations of competing physicians seeking joint fee-for-service contracts with private payers or HMOs, remain popular and may become increasingly so, say industry experts. With a higher percentage of California DPMs responding this year, and more than 150 IPAs in the state with nearly 5 million enrollees (as reported by Cattaneo and Stroud, *#7: Active California Medical Groups by County by Line of Business, for Years 2004 through 2010, Sorted Alphabetically*, May 1, 2010),



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it's not surprising that we reported a higher percentage of IPA participation among those surveyed.

Trends in Health Insurance and PHR

From 2009 to 2010, the percentage of uninsured Americans grew 0.2 percent to 306,110, according to the USCB. Given the high unemployment rate and recessionary economy, that number would have undoubtedly been higher if not for the 2010 Patient Protection and Affordable Care Act, which was enacted by President Obama during the year of our survey. The Act provided for the phased introduction over four years of a comprehensive system of mandated health insurance and other reforms. With young adults age 23 to 26 now eligible for coverage under their parents' health plans, for example, the percentage of that age group covered *grew* during that year. On the flip side, the rate of those age 35 to 64 who were uninsured grew *four times* the national average, perhaps as a result of the high unemployment rate for that age group.

According the U.S. Dept. of Labor, the American Recovery and Reinvestment Act provided a COBRA premium reduction for eligible individuals who were involuntarily terminated from employment through the end of May 2010 and were not covered by another group health plan or Medicare. Lasting up to 15 months, these reduced premiums may have allowed many individuals and families to keep their health insurance while

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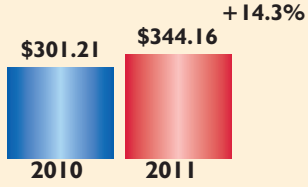
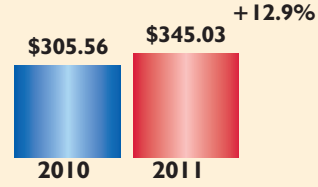
FEES

Matrixectomy, Partial Permanent (11750)

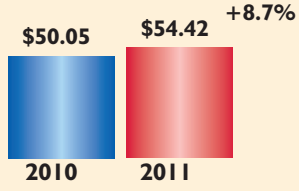


Matrixectomy, Total Permanent (11750)

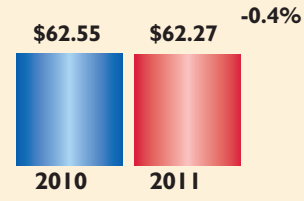


Orthoses *(Including Casting, Fabrication and Dispensing)* (L3000x2)

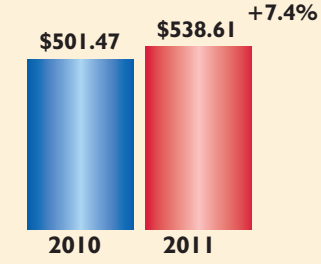
Strapping (29540)



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

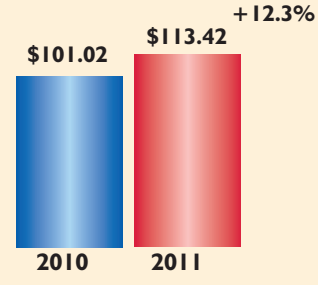


MPJ Capsulotomy/ Tenorrhaphy (28270)



Injection, Small Joint/Bursa (20600)

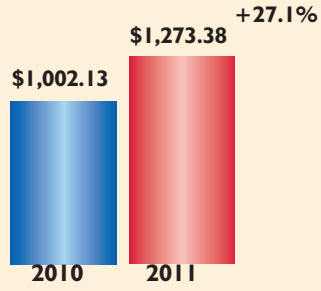
Initial Exam (99203)



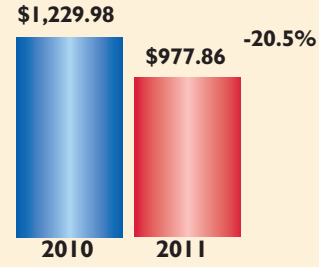
Subsequent Visit (99212)

FEES

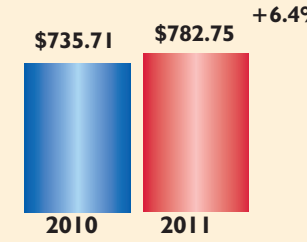
Osteotomy, 1st Metatarsal (28306)



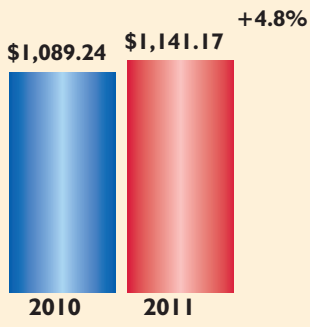
Osteotomy, Lesser Metatarsal (28308)



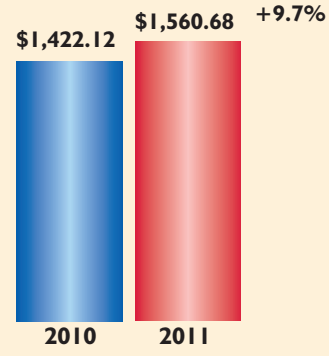
Hammertoe Surgery (28285)



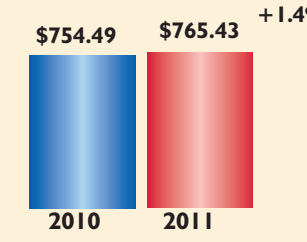
Bunionectomy (28292)



Bunionectomy with Osteotomy (28296)



Excision of Neuroma (28080)



they looked for work. According to the KFF, the average family health premium was $13,770 during 2010, which without the premium reduction may have been unaffordable by many families.

KFF also reported that many employers raised the annual deductibles employees must pay before their health plans begin to share most healthcare costs. In 2010, 46 percent of firms with three to 199 employees faced deductibles of $1,000 or more.

Meanwhile, expanding access to patient information has emerged in the healthcare debate and may lead to more expensive care. Personal health records (PHR) give consumers an Internet-based place to store and maintain health histories, among other benefits. According to Forrester Research, many of those surveyed on their interest in PHR were unclear of its benefits and cited privacy concerns.

APMA Membership Levels Off

No change was reported vs. our previous survey in the percentage of DPMs who are members of the American Podiatric Medical Association (APMA). Eighty-five percent of respondents were members, which remains the highest percentage in the past decade. According to the APMA website, membership supports such benefits as Federal and state advocacy; liaisons with other professional organizations; a "Find a Podiatrist" section on its website; public information via a public website, media relations and strategic advertising; and various journals and access to member-only webinars, presentations and news feeds.

APMA members earned considerably more than their nonmember colleagues: $17,500 more than non-members, according to survey results. Most notable is that this year's income difference between members and non-members was *$10,800 more* than it was in our last report. This indicates an increasing importance in maintaining membership and utilizing all of the benefits offered.

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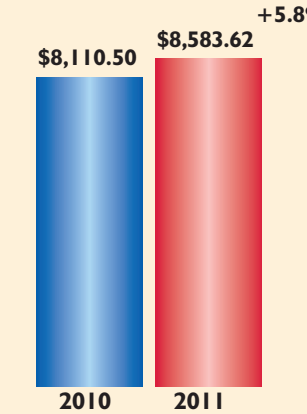
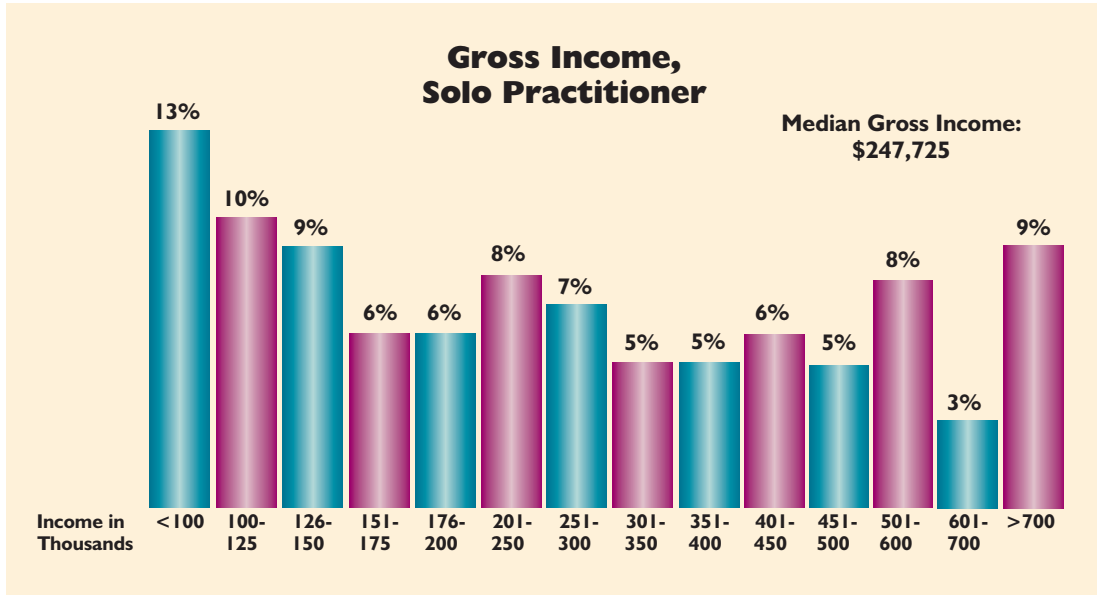
Average Fee Total

(for the 15 services listed)





More DPMs Were Board Certified

The percentage of respondents who were Board Certified rose from 71.6 percent in our last survey to 76 percent in our most recent one. Undoubtedly, the older make-up of the respondents contributed to this increase. Younger practitioners may have been more focused on initial practice startup and growth and lacked the time initially to pursue Board Certification. Or, they may have been in the process of attaining it but had not yet completed it. Many MCO provider panels require Board Certification, and it likely plays a role in doctor selection as today's patients choose from available providers from their online directories. ("Board Certified" is often labeled prominently.)

The economic value of Board Certification was evident in the survey results as well. Board Certified DPMs earned $26,100 more than respondents who lacked certification. While again this might be partially due to the number of years in practice (that is, a higher percentage of doctors in high-income practices may skew the median net higher), there is still undoubtedly a financial benefit to becoming Board Certified.

AAPPM Membership Down Slightly

One in five practitioners surveyed belong to the American Academy of Podiatric Practice Management (AAPPM), down from 23.7 percent in our previous survey. While younger DPMs may see an immediate benefit to joining, novice and experienced practitioners alike can harness the expertise provided by the AAPPM team. Membership benefits include a mentoring program; "Ask The Experts" assistance; weekly emailed practice management pearls; sample office forms, contracts and employee manuals; and other practice management-oriented features.

AAPPM membership pays off considerably on the bottom line, too, as revealed by survey results. AAPPM members netted $35,696 more than nonmember colleagues. As seen with APMA members, the income spread between members and non-members grew substantially—by $10,000—since our last survey. (See "Net Income" section for further income details regarding APMA membership, AAPPM membership, and Board Certification.)

Fewer Want Degree Change

Data indicates that slightly fewer DPMs surveyed were in favor of podiatrists obtaining MD or DO degrees: 67 percent in our latest survey vs. 69 percent last year. Perhaps the older respondent pool felt that there would be no significant advantage to changing at this stage in their careers. Some doctors who said they were in "other" practice settings may be in multidisciplinary locations where the DPM after their names clarified their expertise to patients in a sea of other MD specialists. "Currently, there is a great disparity between scope of practice laws in individual states," according to Dr. Barry Block, editor of this magazine, who offered his opinion on the topic in a recent round table. "An MD or DO degree can eliminate this disparity by redefining our scope to be limited only by a podiatrist's education and training. This is the same standard applied to other medical specialties."

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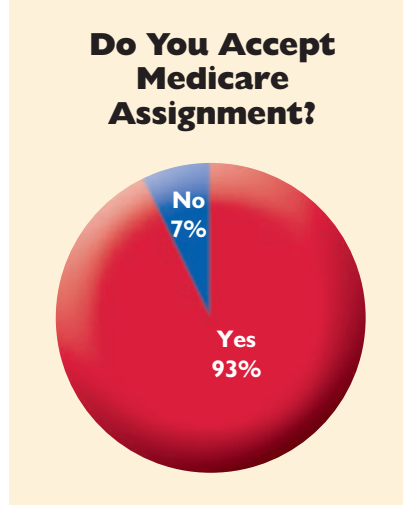

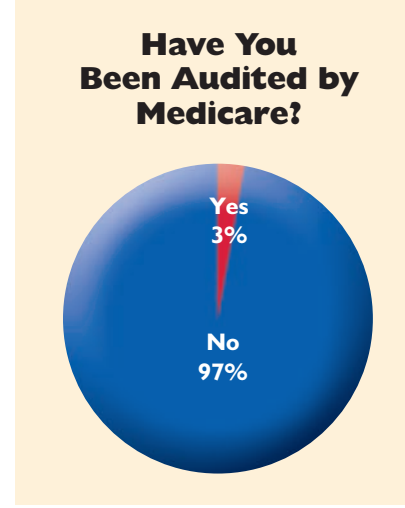

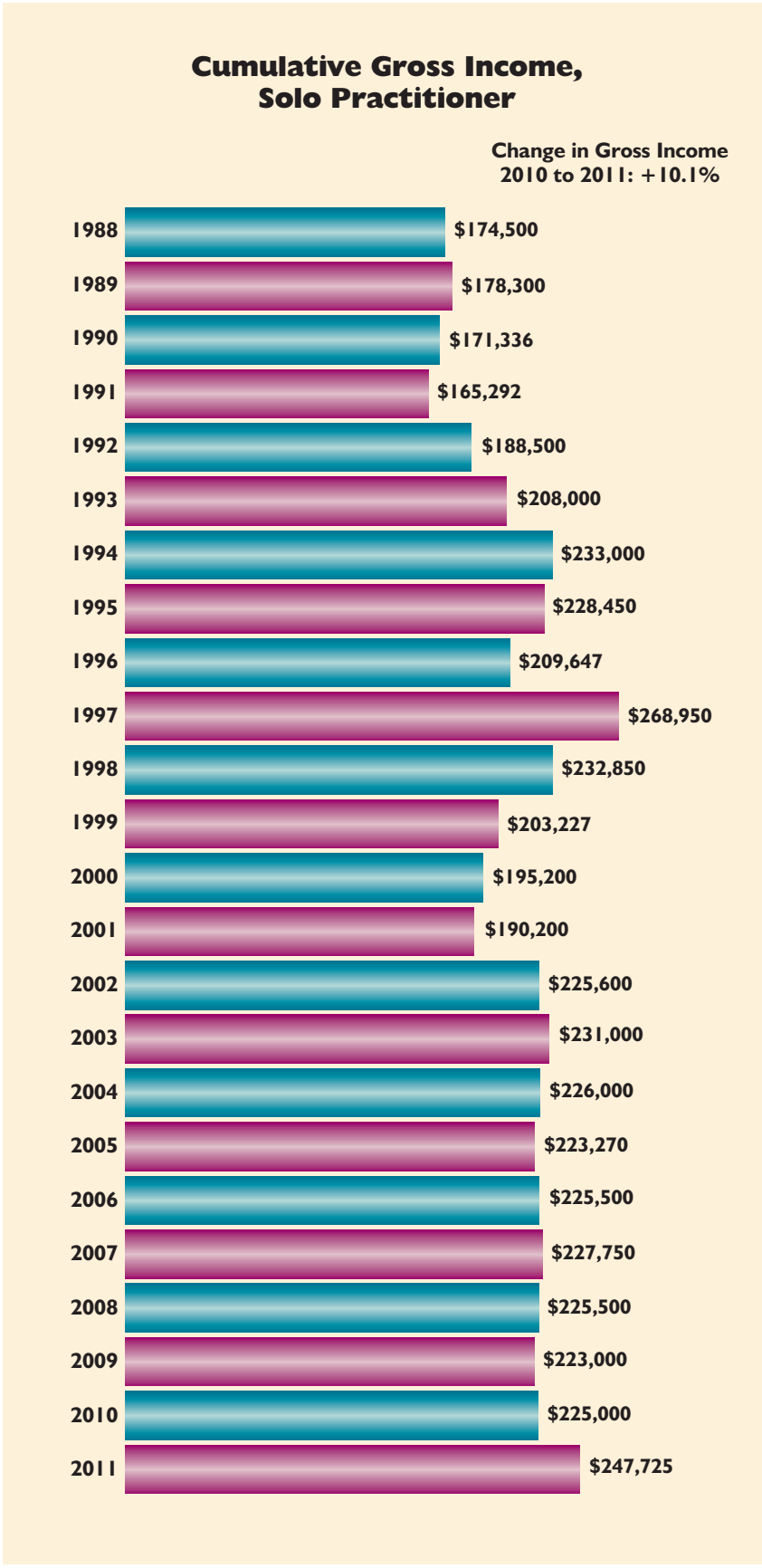

FEES, MEDICARE & AUDITS

Fees were up 5.8 percent overall compared to our previous survey. The biggest fee increase was reported for osteotomy, 1st metatarsal (28306), up 27.1 percent to $1,273.38. The fee for matrixectomy, partial permanent, rose 14.3 percent, to $344.16, and orthotics were up 13.4 percent to an average of $463.78. Exam fees rose substantially as well, up 12.3 percent to $113.42 for an initial exam and 9.2 percent more at $65.63 for subsequent visits.

Osteotomy, lesser metatarsal (28308) and x-rays were the only two fee categories for which respondents, on average, reported a lower fee than last year.

Given that respondents' net income grew substantially higher than fees, DPMs may have become more adept at weeding out MCO plans—or even eliminating some plans—that offered low reimbursement rates.

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

Medicare Acceptance and Audit Trends

Ninety-three percent of those surveyed accepted Medicare assignment, which was up from 92 percent in our previous survey. From 2009 to 2010, Medicare enrollment grew by 2.4 percent to more than 47.2 million enrollees, according to CMMS. That compares to an increase of only 1.3 percent from 2008 to 2009. We will watch enrollment numbers, and particularly year-to-year percentage increases, as they are impacted by the aging population.

While the percentage of those audited by Medicare dropped from 5.2 percent to 3 percent in our most recent survey, there was a big jump in the percentage of those who were required

Continued on page 114

to pay back large amounts. One in five of those surveyed who were audited by Medicare were required to pay back $10,001 to $100,000, compared to 7 percent who were ordered to pay that amount in our last survey. By contrast, only 30 percent were required to pay back $1,001 to $10,000 this year vs. 46 percent who were ordered to pay back that amount in our previous survey. Half of those audited paid back $0 to $1,000, up from 46 percent who reported the same last year. Federal agencies will likely continue to target abuse, especially among large doctor groups where the government payback would likely be substantial.

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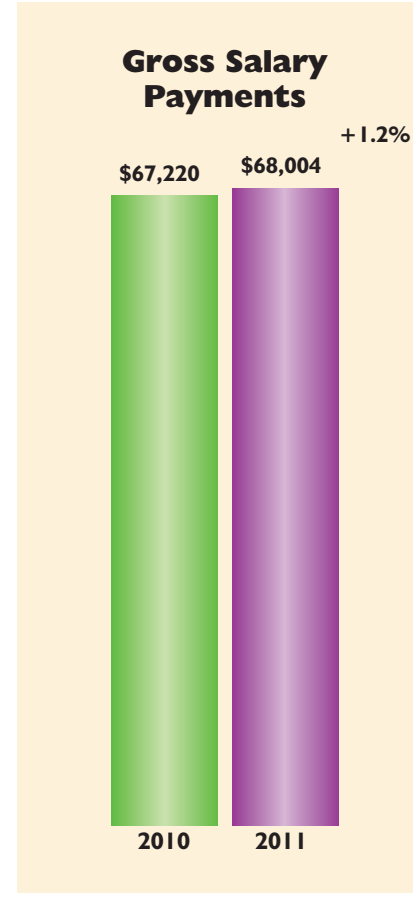
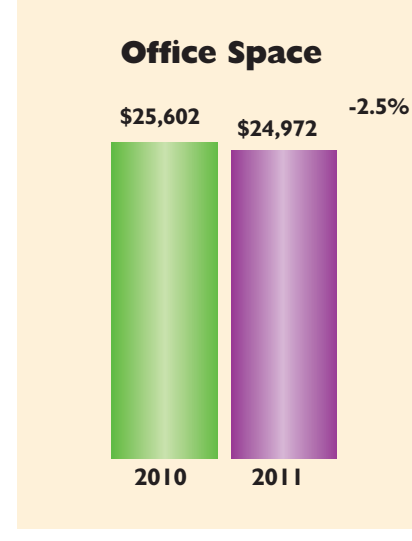
YOUR OVERHEAD EXPENSES





GROSS INCOME

Solo respondents' median gross income grew a whopping 10.1 percent to $247,725 in our most recent survey compared to last year's report. This increase follows a year when the median gross income rose in the U.S. less than 1 percent. Given that the economy was just pulling out of the recession, and news was bleak for many small businesses, this is a remarkable achievement.

Analyzing the breakdown of responses, we can see that a lower percentage of doctors took in $125,000 or less as compared with last year's figures. Many more practitioners seemed to have moved up into the $125,000 to $175,000 categories, since big growth was shown there. While a lower percentage reported a gross income of more than $600,000 compared to last year, still 20 percent grossed more than $500,000.

Regionally, the West reported the highest median gross income at $257,100 followed by DPMs in the East at $255,100. Practitioners in the North Central region grossed $242,500, while those in the South took in $237,200. Doctors in the West and East also saw their income grow at a faster rate than their colleagues, up 10.6 percent and 10.4 percent, respectively. In the South, the median gross income rose 9.1 percent, and North Central DPMs saw an 8.9 percent jump.

EXPENSES & TRENDS

More Selective Spending

DPMs reined in expenses, reporting a drop of 0.7 percent overall from our previous survey. That reduction was possible despite the BLS's reported 1.6 percent U.S. inflation rate for the same period (2010 vs. 2009). Here is a breakdown and analysis of some key practice expenses:

• ***Gross Salary Payments***—Gross salary payments rose 1.2 percent to an average of $68,004 per respondent. This was well below the 2.4 percent salary increase nationally over all non-union workers, according to *U.S. Salary Increase Survey* by Aon Hewitt, the global human resource consulting and outsourcing business of Aon Corp. But perhaps the forces of supply and demand kept increases low, given the high unemployment rate.

In addition, partnership/group doctors can spread these costs among all the physicians. Thus the average wage

Continued on page 116

may have gone up higher than that reported, but this expense was divided among all the doctors in the practice.

Respondents may have turned to their benefits mix to supplement compensation as well. Perhaps they gave additional time off or flex time in lieu of pay increases. They may have provided paid, off-site training, including transportation and hotel stays, as an added benefit.

According to employment projections in the BLS report *Industry output and employment projections to 2018*, offices of health practitioners is the industry with the second largest expected employment increase (after construction) through 2018. With an anticipated 1.3 million jobs added, competition for qualified staff will likely rise and result in more substantial salary and benefit increases in the future.

• ***Office Space***—Reflecting a trend in many areas of the country, the office space expense dropped 2.5 percent for an average of $24,972. The post-recession glut in real estate vacancies peaked during our survey period (2010), according to a recent *Wall Street Journal* report and data from Reis Inc., a real-estate research firm. Thus it was a renter's market in some areas, such as Las Vegas and Phoenix, where the housing crisis was particularly severe. Average office space rents fell during the first three months of 2010, providing a good platform for practitioners negotiating new leases or renewals. Some strong markets prevailed, however, with low vacancy rates reported in such markets as New York City and Washington, D.C.

Office space developers responded to softened demand with fewer building startups in 2011, the lowest in 15 years, according to Reis. If the economy improves and businesses start to expand, we foresee a drop in vacancy rates and rise in rents since less space will be available. This will likely trickle down to small businesses such as podiatric practices.

This decrease may also be the result of the larger percentage of partnership/group DPMs who answered the survey. They provided their *share* of the total expense, which is likely lower than the amount paid by solo colleagues.

• ***Fixed Equipment Expenses***—Respondents spent 9 percent more on equipment as reported in our most recent survey, for an average of $3,613 per DPM. This is the second year in a

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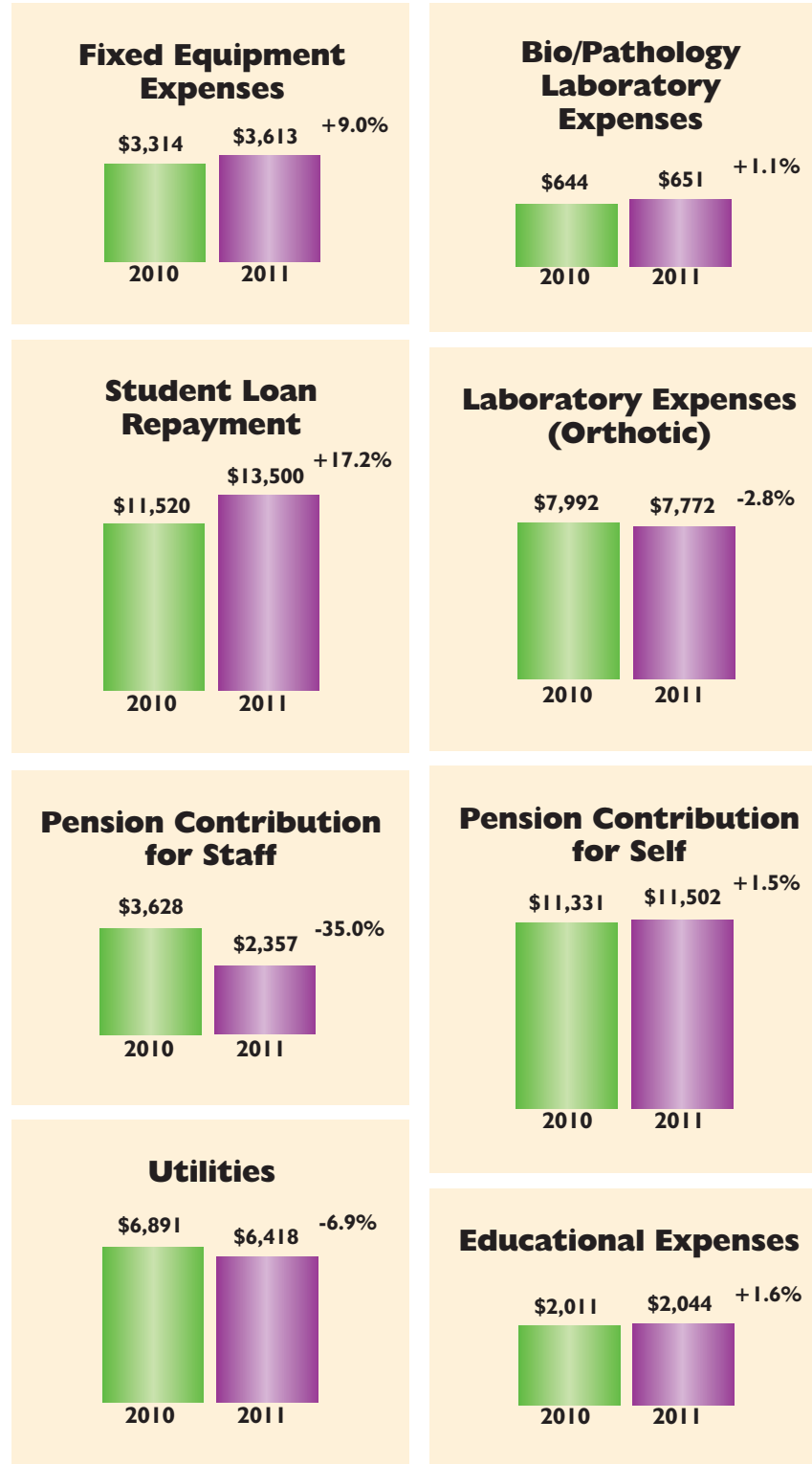
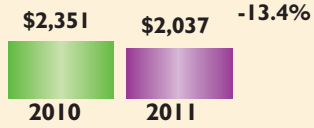
YOUR OVERHEAD EXPENSES

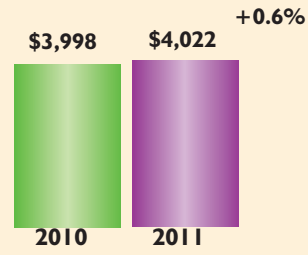


YOUR OVERHEAD EXPENSES

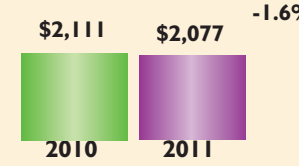
Professional Dues



Office Supplies (Non-Medical)

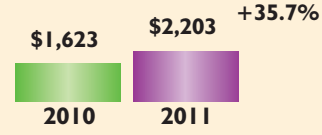


Non-Malpractice Insurance

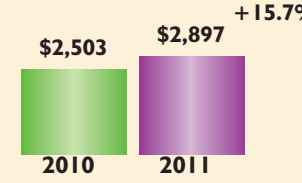


Disposable Medical Supplies

Cleaning & Office Maintenance



Legal & Accounting Expenses



row that respondents have spent substantially more in this category. This is encouraging especially because prices for many high-tech items dropped during this period. For example, the BLS reveals that the cost of computers and peripheral equipment dropped 7.2 percent from 2009 to 2010, which would make upgrading to EHR more affordable.

Doctors who purchased new equipment may have added diagnostic instruments such as the latest ultrasound devices or digital x-ray units. Forty-one percent of those surveyed incorporated digital x-ray technology in their practices, and another 41 percent of those who do not said they planned to incorporate it within the next two years. Twenty-two percent used foot measurement technology for prescribing orthotics, and of those who did not, 7 percent said they were considering purchasing this technology within the next 12 months.

• ***Computer Service/Maintenance and the Internet***—Doctors surveyed spent $2,026 on non-hardware-related computer expenses such as computer service and maintenance as well as the Internet. This amount dropped 32.2 percent from our last report. As a cost-saving measure, some DPMs may have cut or reduced regular maintenance contracts. Cloud servers allow multiple locations to access files and in some cases applications from a sin-

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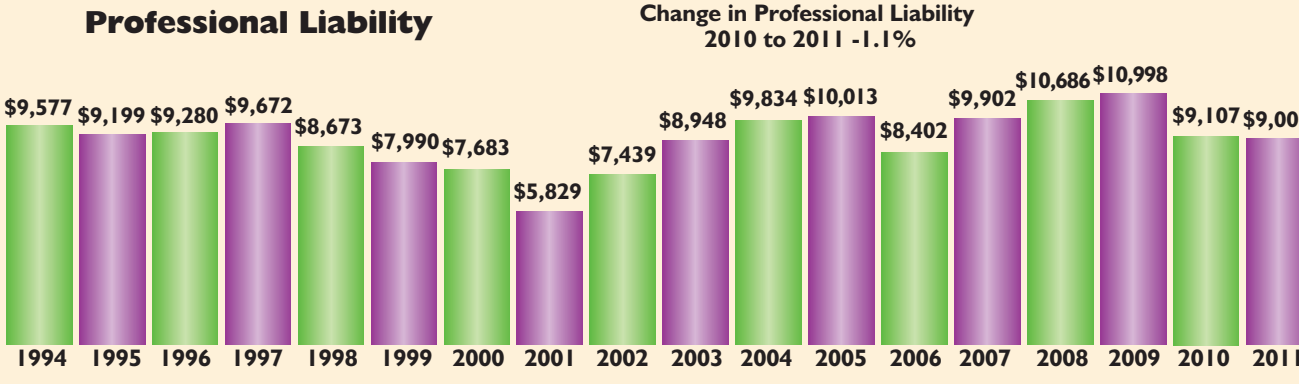
Professional Liability



gle source, which may have reduced maintenance and upgrade expense. The glut of unemployed tech experts may have been a boon to some practitioners, with these new consultants now competing with big firms by providing lower cost services. Even some retailers provide low-cost computer, maintenance and networking services, such as Staples' EasyTech and Best Buy's Geek Squad.

It's unlikely that the cost of Internet access itself dropped for those surveyed, considering that access was dominated primarily by several large cable service providers (especially in larger markets). However, some cable companies have allowed access to their subscribers' services from *multiple* devices for no additional cost. For example, doctors in some markets no longer need a separate cable box (and its associated charges) to provide Internet or TV access to patients in the reception room. Instead, WiFi-enabled devices such as iPads can be placed in the area (or elsewhere in the practice) for entertainment and/or instructional purposes, including the wide range of cable television stations available to the doctor subscriber.

• ***Utilities***—The cost for practice utilities dropped 6.9 percent to an average of $6,418. As discussed under other fixed cost categories, this decrease may be, at least in part, the result of the larger percentage of partnership/group DPMs who answered our survey. Here is an analysis of some of these related costs:

Energy: According to the BLS, overall energy costs rose 9.5 percent from 2009 to 2010. However, that varied by type. For example, according to the U.S. Energy Information Administration, the U.S. average price for heating oil and electricity rose by 17.9 percent and less than 0.1 percent, respectively, while natural gas prices dropped 7.7 percent. Our survey pool may have been more reliant on natural gas vs. last year.

Energy-saving measures by some practices may also have contributed to this cost reduction. Thermostat replacement was advised and well publicized, as was light bulb replacement to more cost-efficient fluorescent bulbs. Starting in 2012, new standards go into effect for reduced light bulb wattage, starting with the 100-watt bulb that is now required to draw only 72 watts of power. Meanwhile, alternative energy sources, such as wind, solar, ocean wave, tidal and conventional hydropower, have been more widely used but have yet to harness the output of older, more traditional sources. Of greater, more immediate impact on costs will likely to be the warmer winters we've experienced in recent years, causing a glut in natural gas and oil supply and lower costs for business and residential consumers.

Water: The larger percentage of California doctors surveyed may have had an impact on overall water cost. According to Circle of Blue, a news and communications organization focusing on water-related issues, the cost of water in the West in 2010 was relatively cheap compared to that of the North, despite the fact that some Western municipalities used up to four times the amount of water as some Northern states. The challenge continues, as areas such as Arizona, Southern California and Nevada continue to deal with finding adequate sources for their growing populations. Meanwhile, those in areas such as Boston and New York face an aging infrastructure with 100+-year-old pipes that are coming to the end of their useful life. Weather, of course, will continue to have an impact on supply as well, particularly in drier climates.

Municipalities also have to grapple with keeping drinking water safe. The Environmental Protection Agency has made this a priority, and published the final 2010 plan for improving water quality "by controlling discharges from industrial sources." Protecting the water system from terror threats is a continuing cost as well.

Continued on page 122

Telephones: Sophisticated, multiline systems have replaced the traditional single-line system in many practices, and retail costs for this technology continue to drop. Packages incorporating Voice over Internet Protocol (VoIP)—whereby the human voice is transmitted digitally over the Internet or other networks as an audio stream—are being marketed as a low-cost alternative to traditional telephone lines. Cable and telephone companies offer reduced-cost, bundled packages of telephone, Internet and TV, and aggressively market these plans to both residential and business customers. With greater reliance on mobile technology, it's likely that per-minute long distance costs have dropped as doctors increasingly use their cellular devices and email.

• ***Educational Expenses*—**Doctors surveyed spent $2,044 on educational expenses, up 1.6 percent from our previous survey. Despite the large percentage of older colleagues compared to last year, this amount remains at a high level, indicating that even experienced doctors are keeping up with clinical and practice management education.

Options abound, from destination meetings to webinars and even *PM*'s Continuing Medical Education (CME) program in this magazine. Onsite conventions with relevant clinical and practice management seminars provide not only required CME but the chance for doctors to see and test new products. Live colleague interaction in and outside of seminars can provide a fertile ground for idea sharing, resulting in practice development.

• ***Professional Dues*—**Surprisingly, the amount spent on professional dues dropped 13.4 percent to $2,037 compared to last year.

Membership in organizations such as the APMA and AAPPM offers benefits beyond those features promoted. As previously discussed, membership can lead to higher incomes—and the difference between the earnings of members and non-members far exceeds the dues charged in most cases.

• ***Professional Liability*—**Professional liability insurance dropped slightly (1.1 percent) to an average of $9,009 in our latest survey. This drop mirrors the softer market reported for other healthcare practitioners, such as internists, general surgeons and obstetrician/gynecologists, in *Medical Liability Monitor (MLM)*. The rate of decline it reported for 2009 to 2010 was 0.5 percent and seems to be a reflection of the seven-year decline in lawsuits, according to *MLM*. Medical malpractice reform has undoubtedly had a positive impact on rates.

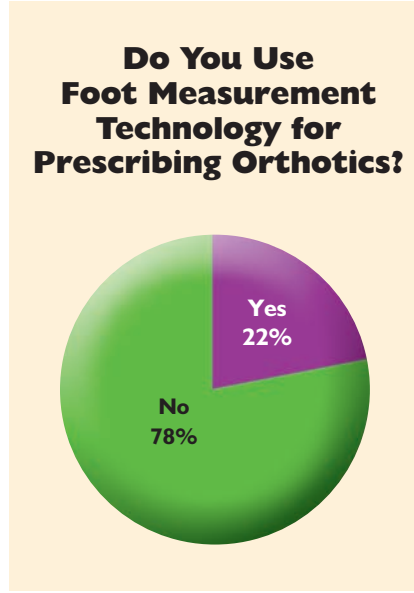
Continued on page 124

• ***Non-Malpractice Insurance—*** For the third year in a row, the amount spent on non-malpractice insurance was lower than the previous year. In our most recent survey, the doctors paid $2,077, which was 1.6 percent less than the average cited in last year's survey report.

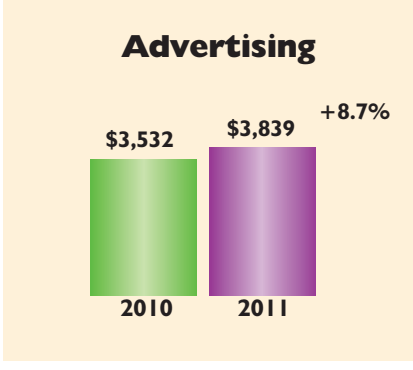
Premium rates nationally fell an average of 0.9 percent from 2009 to 2010, according to ISO, a member of the Verisk Insurance Solutions group at Verisk Analytics, which covers the insurance industry. As in other categories, this fixed expense could be divided among doctors in partnership/group practices, resulting in a lower per-doctor cost.

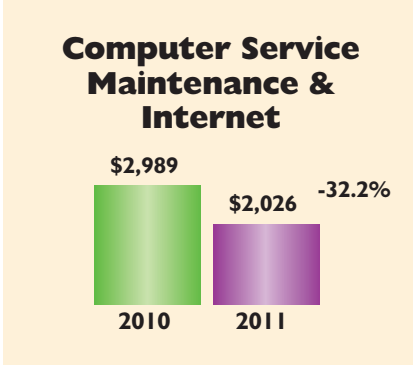
We expect rates to rise in our next survey since insurance companies had to grapple with the devastating natural disasters of 2011. This impact would likely be felt by all policy holders, regardless of whether or not they worked in affected areas.

• ***Legal and Accounting Fees—*** Legal and accounting fees rose 15.7 percent to an average of $2,897 compared to last year's survey. Much of this increase may be the result of the increasingly complex business tax and reporting situation in 2010. The Small Business Jobs Act of 2010, for example, included many provisions that went into affect during that calendar year. Tax issues that likely had an impact on some podiatry practices included expensing limitations, depreciation and health insurance deductions. We expect this area to increase in complexity as doctors follow the ping-pong of tax changes, such as a possible extension of the 2 percent drop in Social Security that, at press time, was scheduled to end on February 29, 2012.



YOUR OVERHEAD EXPENSES





Type of Advertising

	2010	2011
Yellow Pages	57%	61%
Internet	51%	57%
Newspapers	21%	26%
Mailings	15%	12%
Radio	6%	7%
TV Cable	3%	5%
TV Network	2%	3%
Other	14%	12%
Do Not Advertise	33%	31%

• ***Pension Contributions—***Pension contributions rose slightly for respondents themselves, up 1.5 percent to an average of $11,502. The older respondents likely had an impact on this increase, as did the higher gross income figure.

Respondents reported substantially lower average pension contributions for staff. This year's average contribution totalled $2,357, a 35 percent drop from last year's figures. As previously mentioned, the high unemployment rate in 2010 likely had an impact on this amount, with doctors perhaps finding it easy to attract and keep highly capable employees without offering this benefit. However, with as many as 21 million Americans planning to change jobs in 2012 (according to a study by Cornerstone OnDemand and Harris Interactive), practitioners should review this benefit annually and analyze its effect on employee hiring and retention.

Continued on page 126

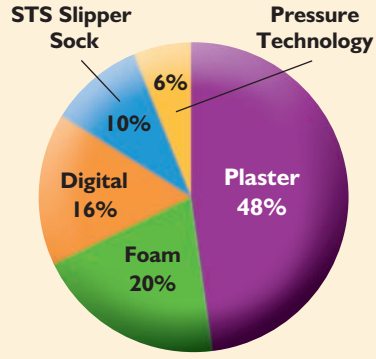
• ***Student Loan Repayment***—Student loan repayment rose 17.2 percent to an average of $13,500 in our most recent survey. This notable rise is surprising given the lower percentage of new practitioners surveyed (whose educational costs were higher than those of seasoned DPMs) and the historically low interest rates during the period. However, it's no secret that higher education costs have risen much faster than the low inflation rates we've experience in the past several years. According to the National Center for Education Statistics, the average cost of graduate tuition and fees rose 6.6 percent from 2008-2009 to 2009-2010. Podiatry was the fifth most expensive graduate study listed, after dentistry, osteopathic medicine, medicine and law.

Other factors that may have influenced this increase include the following:

More California DPMs—The higher cost of living in The Golden State may have forced some of California's doctors to borrow more for education.

Free up Cash—Some doctors may have taken on more educational debt, which was readily available at low interest rates, to free up money for future startup and practice growth. Now these same doctors are paying back these loans.

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



• ***Bio/Pathology Lab Expenses and Disposable Medical Supplies***—DPMs surveyed spent 1.1 percent more for bio/pathology lab expenses, for an average of $651.

The cost of disposable medical supplies dropped considerably vs. our last report: down 29.5 percent to an average of $6,111. With a higher patient count, we would have expected that amount to grow. It's conceivable that some practices cut back on bulk spending in anticipation of lower incomes. More likely is that this is an adjustment from an unusual rise in this expense in our last report and more in keeping with 2009 levels.

• ***Orthotics and AFOs***—Podiatrists surveyed spent $7,772 on orthotics and related lab expenses, down 2.8 percent from $7,992 last year. The number of true custom orthotics sent to an outside lab per week fell from 5.7 to 4.9 in our most recent survey. Doctors surveyed dispensed slightly fewer prefab orthotics as well, averaging 9.8 pairs vs. 10.1 pairs last year.

Perhaps this drop was some sort of correction after an unually large jump was reported last year. In fact, reviewing data from the last decade, we note the number of custom orthotics ranged from 4 to 4.6 except for last year. Respondents' 4.9 number in our latest survey seems more in line with earlier figures.

When asked for their preferred method of foot measurement for prescribing orthotics, plaster still topped the list with 48 percent. However, this percentage dropped from 53.5 percent last year. The next most popular was foam, with 20 percent of respondents using this method. The biggest gainer in this category was digital (optical or laser) measurement, which increased from 12.4 percent to 16 percent. STS Slipper Sock was used by 10 percent, and Pressure Technology was used by 6 percent of those surveyed. (See "Fixed Equipment Expenses" for further discussion.)

Doctors surveyed reported an increase in the average number of prescriptions per month of ankle-foot orthoses (AFOs). Gauntlet AFOs were again the most often prescribed, at an average of 2.7 per month (up from 2.5), followed by solid AFO at 2.2 (up from 2.1), functional-hinged AFOs (Richie-type) at 2.1 (up from 2), and Dorsiflex Assist AFO at 1.6 (up from 1.5).

For the first time, we asked respondents which

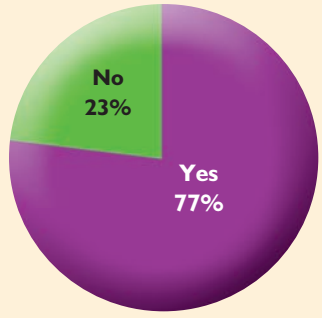
Continued on page 127

method they use when performing off-loading procedures. Eighty-one percent used a post-op shoe/boot/walker, 11 percent used TCC and 8 percent modified existing footwear.

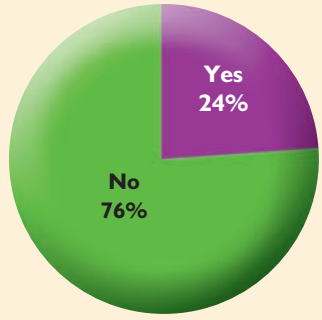
Also for the first time, we asked respondents what brand of athletic footwear they prescribed/recommended the most. New Balance topped the list, recommended by 62 percent of respondents, followed by Asics (10 percent), Brooks (8 percent), Nike (8 percent), Aetrex (2 percent) and Saucony (2 percent). The remaining 8 percent recommended brands not listed here.

• ***Office Supplies (Non-Medical)***—The amount spent on office supplies remained fairly steady, rising only 0.6 percent to $4,022 in our latest survey. The implementation of EMR should reduce this expense as doctors save on paper, ink/toner, file folders and other related supplies. Price-comparison websites allow staff to cut costs while comparing features and product reviews. Vendors often offer free shipping with a purchase minimum, online coupons, rebates, frequent-shopper cards and other tactics that can reduce this practice expense. Big-box retailers such as Staples and Office Depot have expanded their lower-cost, private-label brands, resulting in competitive pricing that benefits consumers. With big businesses and governments continuing to cut administrative costs, we expect to see more aggressive promotions by retailers to reach and retain small business customers.

Do You Dispense OTC Products from Your Office?



Do You Dispense Rx Products from Your Office?



• ***Products for Sale***—Respondents reported a substantial increase in the average amount spent on products for sale in their practices, up 36 percent from our previous report to an average of $2,970. The bene-

Continued on page 128

fits of this ancillary income stream have been covered in *PM* in recent years, as doctors aim to both increase patient compliance and boost their bottom lines. Prescription medications as well as over-the-counter (OTC) items such as insoles, comfort shoes, palliative supplies, post-surgical/injury-care items, diabetic socks and, of course, diabetic shoes and inserts under the Diabetic Shoe Bill can provide additional revenue.

We further asked respondents whether they dispensed OTC products in their practices. More than three out of four (77 percent) answered affirmatively, up from 73.6 percent in our last report. Of those who did not dispense OTC products, 44 percent said they planned to do so within the next 12 months. The last time we asked, 39.5 percent said they planned to add OTC dispensing—thus indicating increasing interest in this area.

• ***Advertising***—Respondents to our most recent survey spent $3,839 on advertising, which was 8.7 percent more than did respondents last year. Undoubtedly, doctors have begun to shift dollars from traditional to electronic media. Even more likely is that doctors are now putting more money into enhancing their online and offline presence, leaving less to chance and internal public relations. Here are some of the media used by respondents:

Yellow Pages—Use of Yellow Pages was higher than our previous report: 61 percent vs. 57 percent, respectively. The slightly older respondent pool may be a factor here, with some well-established practices remaining loyal to media that have proven themselves over time. With traditional print Yellow Pages capturing a smaller percentage of the marketing dollar, sales representatives may be using more aggressive tactics to attract new doctors and/or keep current customers, including free space with contract, larger space for price of smaller ones, free bold face or color and two-for-one paid listings, among others.

Internet—According to the USCB, 80.2 percent of U.S. households had Internet access during 2010, which was up from 68.7 percent the year before. Thus it's no surprise that podiatrists are increasingly using this medium for advertising, with 57 percent using Internet advertising in our latest survey, compared to 51 percent in our previous one. This may include paid banner ads, as well as costs for search engine optimization.

According to a report by Pew Research Center, online advertising revenue for any content surpassed spending on print newspaper advertising for the first time in 2010.

Mobile computing has provided new ways to reach patients wherever they are. In 2010, Nielsen reported that 28 percent of U.S. mobile subscribers had smartphones—cell phones with operating systems resembling those of computers. Practitioners undoubtedly started to unleash some of the power of these devices by reaching patients via email, Twitter and other emerging technologies. By the end of 2011, smartphones made up the majority of new phone purchases, with Apple as the top smartphone manufacturer and Android as the leading operating system. Neilsen research also indicated that the cost for data usage has fallen—in fact, it dropped from 14 cents to 8 cents per megabyte during the year of our survey. With continued cost savings, these devices will likely be used even more by consumers, and become more valuable tools for practitioners who want to reach them.

As online and mobile communications capabilities continue to expand, many physicians are using new media to connect with patients. Doctors of all specialties have begun to use practice websites for functions that range from providing staff biographies and office directions to appointment scheduling and form downloading.

To gauge the effect of new media on podiatry specifically, this year we asked respondents whether they had websites and about their presence on social media sites such as Facebook, LinkedIn and Twitter. Seventy percent of doctors surveyed had practice websites, while 27 percent said they used Facebook, 14 percent used LinkedIn, and 10 percent used Twitter. As the patient base becomes more adept at using these tools in a professional (rather than personal) environment, doctors who are already using these sites will have an advantage over those who are standing at the sidelines. We will use these figures as a baseline for comparison in future surveys to help determine their overall impact on practice growth.

Newspapers—Use of newspapers for advertising jumped from 21 percent last year to 26 percent in our most recent survey. While daily newspapers have been hard hit by online advertising media, they still prove to be an effective means to reach older patients.

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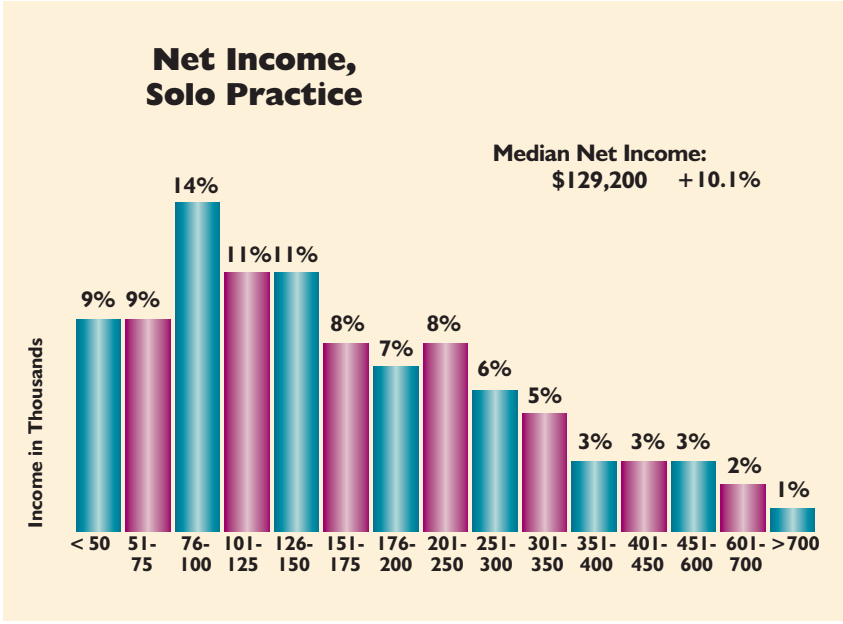
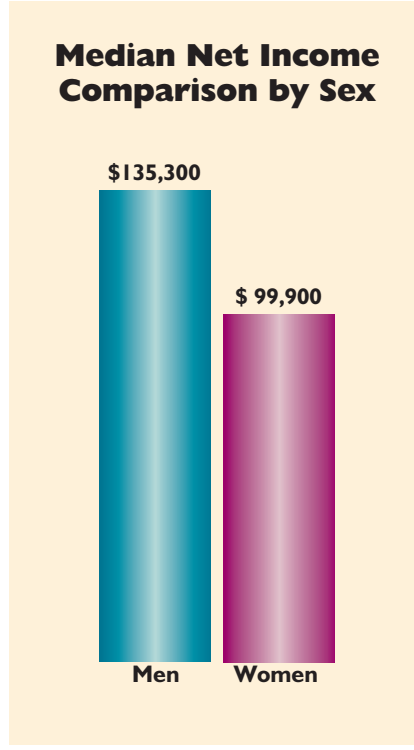
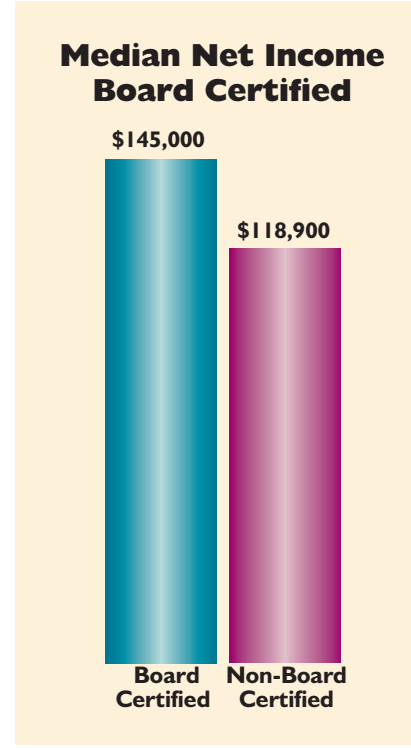


This is important especially as the active Baby Boomers age and become a bigger percentage of the DPM's patient base. With fewer advertisers overall, practitioners have a better chance of getting noticed by these individuals as well as other prospective patient groups. Weekly newspapers offer loyal readerships with their in-depth coverage of local people and events. Newspaper sections dedicated to health issues are especially good at showcasing specialties such as podiatry, often providing practitioners with both editorial and advertising space.

Mailings—Twelve percent of those who advertise use mailings, which was down from 15 percent in our previous survey. Undoubtedly, the increased use of Internet marketing has had an impact on this media. In addition, the increasingly high cost of postage has made mailings a more expensive option for such items as letters, newsletters, brochures, and the like.

To make mailings most effective and to supplement the electronic connections via doctor websites and emails, many practices have used personalization in their mailings. For example, printed newsletters and flyers peppered with the recipient's name are now feasible with today's advanced digital printing technology. Customized articles based on patient profiles (for example, including a large section on diabetes management to the diabetic patient base, or a pediatric section for parents of young patients) can be done more easily than ever before. Doctors can use customized web addresses allowing readers to request printed materials and/or can use QR codes in their mailings for patient access to selected website material.





Radio—Radio was used by 7 percent of those who advertise, which is up from 6 percent last year. The location of practitioners surveyed undoubtedly had an impact on this increase. California and Texas, for example, each contained two out of 10 of the top ranked radio markets in the country in 2010, according to Arbitron. New York/northern New Jersey and southern New Jersey/Pennsylvania were also among the top 10 and mirror our practitioner response. With 13,000 radio stations (AM and FM) reaching more than 94 percent of the U.S. population, radio may be good choice with the right message in the right market.

Sirius XM Radio, a single holding company that has two satellite radio services, offers some radio with commercials. But the national scope of its reach would not make sense for the average DPM. The impact of satellite can be seen on the number of average listeners, however. Prospective patients may be lured away from AM and FM radio, especially during drive time, as many new cars are equipped with satellite radios and free introductory service plans. As the country ages, we'll likely see a growing market share for satellite and declining numbers for AM and FM programming.

Television—Network TV advertising increased from 2 percent to 3 percent in our most recent survey. Cable

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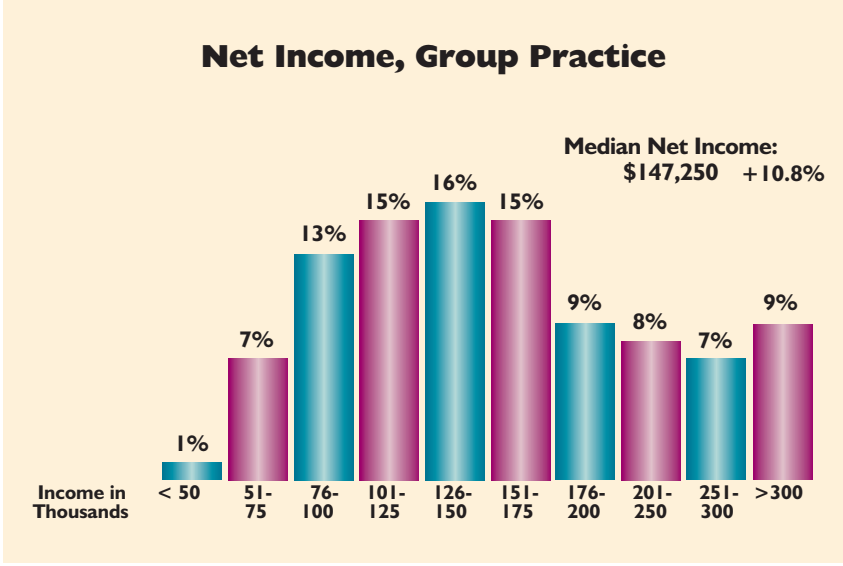
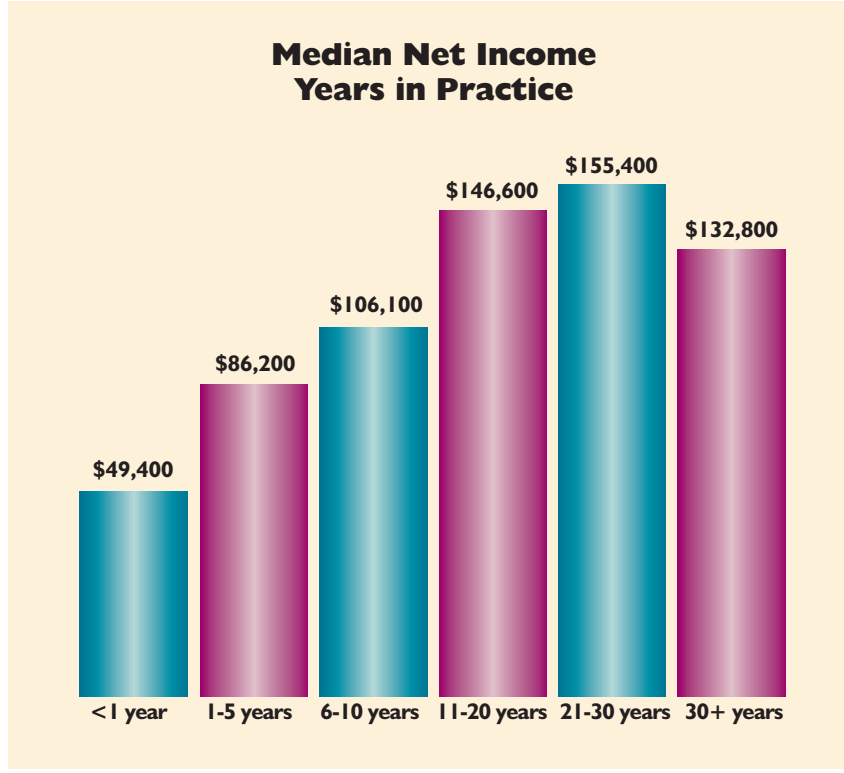
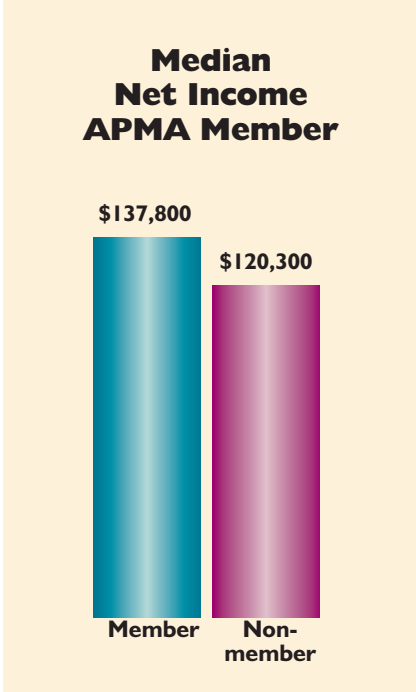


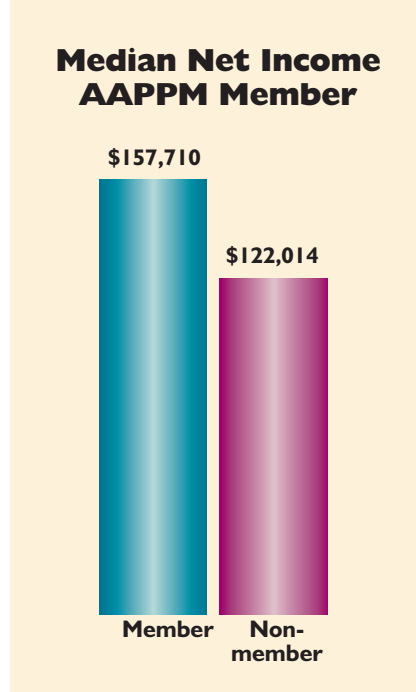
TV was used by 5 percent of those who advertise, up from 3 percent in last year's report.

These increases reflect the rates of viewership overall, especially for key target markets. According to the Nielsen report *State of the Media: TV Usage Trends*, television viewership was up 13 percent in 2010 compared to 2009. The report indicated that viewers age 65 and older—a target population for podiatrists—watched the most TV, averaging 210 hours and 34 minutes in fourth quarter 2010. Interestingly, Deloitte's study *State of the Media Democracy* found that the vast majority of TV viewers multitasked by going online (42 percent), talking on cellphones or mobile devices (29 percent) and/or sending text or instant messages (26 percent). This further emphasizes that the most effective patient marketing includes a multimedia approach.

Other—Twelve percent of those who advertised used other advertising methods not listed above, including coupon booklets, shopper guides, community/school newsletters, trade organization directories, church bulletins, and team sponsorships. Customized and/or podiatry-specific giveaways (pens, mugs, candy, etc.) made lasting impressions and could be purchased at a relatively low cost. Magnetic, personalized signage, which is adhered to the side of a car or van, as well as customized license plates and license plate holders, are other means that doctors may have used to reach their local audience.







• ***Cleaning and Maintenance***—Cleaning and maintenance fees grew 35.7 percent to an average of $2,203 by practice respondents. While the office cleaning market has become more competitive in some areas, especially regions with high unemployment, aging physical structures may have added to maintenance costs. Upgrades doctors put off in the previous year may have made the list in 2010. While 2011 has become known for its plethora of natural disasters, 2010 had its share as well, with tornadoes, floods and wildfires among the many calamities that plagued the U.S. and potentially added to this cost (either in preparation or recovery).

• ***Other***—Business travel, billing services, human resource outsourcing, consultants, signage, subscriptions, postage/shipping, cable television fees, security system fees, bank fees, and business use of automobiles are among other practice expenses. As these or others become a substantial practice cost, we will break them out separately.

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NET INCOME

The median net income for solo practitioners was $129,200. It grew at the same rate as the gross income—+10.1 percent—and was the biggest jump we've seen in 10 years. But partnership/group DPMs fared even better, reporting a median net of $147,250, which is 10.8 percent higher than our last report.

Earnings peaked at 21 to 30 years in practice for all practice types, reaching a median of $155,400, according to the data. Second-highest earners were in practice 11 to 20 years and reported a median net of $146,600.

Male practitioners still took home more than female colleagues, but the gap widened in our most recent survey. Men earned $135,300, an increase of 11.2 percent, and women earned $99,900, up 8.4 percent from the previous survey. Even comparatively matched women earned less than men at $117,400, an increase of 8.6 percent from the last report. Thus women DPMs earned 64.6 cents for every dollar a male colleague earned in our most recent survey, far below the 80.5 cents reported by the BLS for all full-time female workers in the U.S. during 2010.

Regionally, DPMs in the West took home the most, with a median net of $134,200 (+11.1 percent vs. last year's report). The South, which grossed the lowest of the four regions, took home the next highest net at $130,600 (+8.8 percent). Doctors in the East netted $127,800 (+10.6 percent), while those in the North Central region took home $125,000 (+9 percent). These figures seem even more remarkable considering that the median net incomes for all U.S. households, in all four regions, *fell* from 2009 to 2010, according to USCB data.

Regional data also reveals that three out of four regions held onto a larger percentage of their gross this year, perhaps by slicing some of the expenses detailed previously. Only in the South did the median net income rise at a lower rate than the gross income for the region.

Employed DPMs reported an average salary drop of 10.1 percent to $91,255. The range of salaries reported was $12,000 to $250,000. It's likely

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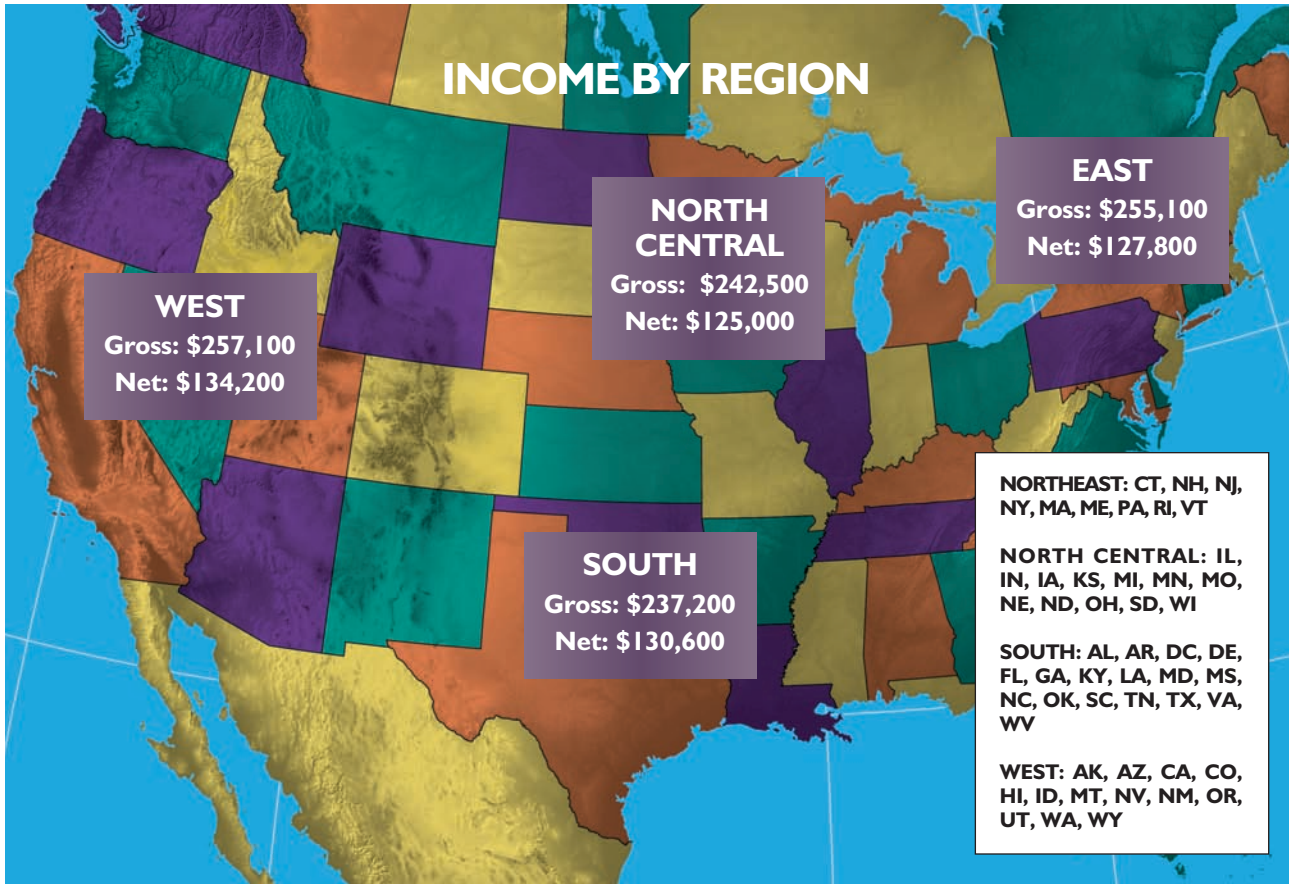
Average Salary of DPM Employed by Another DPM or Group:
$91,255

Median Salary:
$90,000

Range:
$12,000 – $250,000



Antiseptics/Topical Antibiotics

	2011	2010	2009
Neosporin	19%	26%	46%
Silvadene	16%	15%	10%
Bactroban	11%	16%	19%
Bacitracin	9%	10%	19%
Gentamicin	5%	9%	11%
Polysporin	5%	5%	2%
Betadine	5%	—	—
Amerigel	3%	9%	7%
Mupirocin	3%	4%	—
Triple Antibiotic	2%	8%	17%
Others	8%	—	—
Prescriptions per week	6.8	7.8	7.8
Prescribed (RX)	82%	Dispensed (D)	18%

Graft Products for Wounds

	2011	2010	2009
Dermagraft	28%	26%	6%
Apligraf	21%	21%	35%
Graft Jacket	9%	4%	11%
Oasis	6%	4%	7%
Integra	2%	3%	—
Others	5%	—	—
Prescriptions per week	2.3	1.9	1.8
Prescribed (RX)	100%	Dispensed (D)	0%

Topical Pain Relievers

	2011	2010	2009
Biofreeze	24%	40%	—
Voltaren Gel	22%	20%	—
Ortho-Nesic	10%	9%	—
Flector Patch	6%	7%	—
Lidoderm	5%	10%	—
Lidocaine	5%	5%	—
Capsaicin	2%	7%	—
Zostrix	2%	—	—
Others	6%	9%	—
Prescriptions per week	3.5	3.0	—
Prescribed (RX)	66%	Dispensed (D)	34%

Continued on page 138

that some employed doctors worked less than full time in these practices. Perhaps there were more of such part-timers in our most recent survey, which would account for the substantial drop in income despite a higher median gross income.

Respondents who were APMA members earned substantially more than non-members, as previous mentioned, and their net income grew at a

Continued on page 140

PRESCRIBING & DISPENSING

Analgesics, Oral

	2011	2010	2009
Vicodin	44%	54%	46%
Lortabs	14%	19%	21%
Percocet	14%	18%	25%
Tylenol #3	10%	9%	18%
Tylenol	8%	14%	—
Ultram	8%	—	—
Norco	6%	—	—
Hydrocodone	4%	4%	3%
Lorcet	3%	—	—
Motrin	3%	—	—
Others	6%	5%	4%
Prescriptions per week	4.9	5.2	5.7
Prescribed (RX)	98%		
Dispensed (D)	2%		

Anti Inflammatories

	2011	2010	2009
Naprosyn	30%	45%	36%
Ibuprofen	16%	25%	26%
Motrin	15%	16%	17%
Celebrex	15%	13%	17%
Mobic	12%	10%	9%
Advil	9%	4%	2%
Daypro	7%	3%	5%
Voltaren	7%	21%	9%
Aleve	3%	6%	5%
Nalfon	3%	5%	11%
Lodine	2%	4%	2%
Others	9%	8%	8%
Prescriptions per week	8.7	9.2	9.8
Prescribed (RX)	95%		
Dispensed (D)	5%		

Enzymatic Debriding Agents

	2011	2010	2009
Santyl	47%	47%	4%
Collagenase	10%	9%	—
Accuzyme	2%	8%	43%
Panafil	2%	6%	47%
Others	5%	7%	4%
Prescriptions per week	2.7	2.6	3.7
Prescribed (RX)	100%	Dispensed (D)	0%

Steroids, Topical

	2011	2010	2009
Topicort	21%	27%	29%
Lidex	12%	12%	9%
Triamcinalone	11%	16%	15%
Betamethasone	10%	10%	12%
Hydrocortisone	9%	18%	14%
Lotrisone	6%	5%	—
Diprolene	5%	3%	11%
Kenalog	2%	3%	4%
Temovate	2%	7%	7%
Others	7%	6%	5%
Prescriptions per week	1.9	2.0	1.9
Prescribed (RX)	99%	Dispensed (D)	1%

Antifungals, Oral

	2011	2010	2009
Lamisil	92%	86%	80%
Gris-PEG	3%	5%	7%
Others	2%	2%	3%
Prescriptions per week	3.4	3.5	3.6
Prescribed (RX)	99%	Dispensed (D)	1%

faster rate. These DPMs reported an 11.7 percent increase to $137,800 compared to an increase of 6.8 percent to $120,300 for non-APMA members. Similarly, members of the AAPPM saw their income rise 13.3 percent to $157,710 compared to an increase of only 6.9 percent to $122,014 for non-AAPPM members.

PRESCRIBING, DISPENSING & TRENDS

DPMs surveyed indicated which pharmaceuticals, by brand name, they prescribed and dispensed most in several categories (see charts). Also reported was the average number of Rxs they prescribed and dispensed each week. For wart medications, nail treatments, drying agents/odor absorbents and emollients/moisturizers, we broke down

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PRESCRIBING & DISPENSING

Antibiotics, Oral

	2011	2010	2009
Keflex	71%	62%	58%
Augmentin	19%	21%	14%
Cephalexin	10%	18%	13%
Bactrim	7%	9%	—
Cipro	4%	3%	3%
Duricef	3%	7%	9%
Septra DS	3%	—	—
Omnicef	3%	4%	5%
Zithromax	3%	3%	—
Others	9%	5%	6%
Prescriptions per week	5.6	4.7	4.4
Prescribed (RX)	100%	Dispensed (D)	0%

Antifungals, Topical (Skin)

	2011	2010	2009
Naftin	48%	60%	51%
Spectazole	15%	22%	21%
Lamisil	15%	14%	20%
Loprox	13%	11%	18%
Ertaczo	10%	14%	10%
Tineacide	10%	14%	8%
Clotrimazole	9%	7%	8%
Oxistat	4%	10%	5%
Formula 3	4%	6%	—
Lotrisone	4%	4%	4%
Others	5%	—	—
Prescriptions per week	5.2	5.7	5.5
Prescribed (RX)	86%	Dispensed (D)	14%

Wound/Ulcer, Topical (Non-Graft)

	2011	2010	2009
Amerigel	28%	35%	23%
Silvadene	14%	11%	15%
Iodosorb	7%	5%	4%
Bactroban	4%	3%	—
Aquacel	3%	5%	2%
Promogran	3%	3%	3%
Triple Antibiotic	2%	—	—
Neosporin	2%	3%	3%
Others	12%	9%	7%
Prescriptions per week	3.8	3.9	3.8
Prescribed (RX)	76%	Dispensed (D)	24%

Topical Dressings for Matrixectomies

	2011	2010	2009
Amerigel	51%	59%	47%
Silvadene	16%	8%	19%
Cortisporin Otic	7%	8%	3%
Neosporin	4%	10%	6%
Bacitracin	4%	5%	5%
Gentamicin	4%	5%	2%
Triple Antibiotic	2%	3%	4%
Others	8%	7%	9%
Prescriptions per week	3.7	3.9	4.0
Prescribed (RX)	58%	Dispensed (D)	42%

dispensing figures to determine the products "most prescribed" and those "most dispensed in-office."

Twenty-four percent of those surveyed said they dispensed Rx products from their offices, which was up from 18.7 percent in our last report. Of those who did not dispense Rx products, 11 percent said they planned on dispensing them in the next 12 months.

While direct-to-consumer (DTC) pharmaceutical advertising dropped 8.5 percent from 2009 to 2010, according to Kantar Media, it remained the tenth largest category in terms of media dollars spent at $3.16 billion. DTC advertising often heightens awareness of available medications and can be used as a springboard for patient-doctor communication. The U.S. Food and Drug Administration's website *Be Smart About Prescrip-*

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PRESCRIBING & DISPENSING

Wart Medications

	2011	2010	2009	RX	Disp.
Salicylic Acid (Sal Acid Plaster)	16%	17%	10%	96%	4%
Cantharone	15%	11%	2%	0%	100%
Verucide	14%	11%	4%	0%	100%
Duofilm	10%	9%	11%	100%	0%
Aldara	9%	14%	8%	100%	0%
Lazerformalyde	5%	12%	12%	100%	0%
Cantharidin	4%	—	—	38%	62%
Gordofilm	4%	6%	6%	11%	89%
Mediplast	2%	5%	8%	55%	45%
Plantarstat	2%	5%	2%	0%	100%
Efudex	1%	5%	11%	100%	0%
Others	3%	6%	5%	69%	31%
Prescriptions per week	3.9	4.3	4.1		

Prescribed (RX) 76%
Dispensed (D) 24%

Most Prescribed:
1. Salicylic Acid
2. Duofilm
3. Aldara

Most Dispensed In-office:
1. Cantharone
2. Verucide
3. Gordofilm

Nail Treatments: Topical Antifungals and Keratin Debris Exfoliants

	2011	2010	2009	RX	Disp.
Formula 3	38%	42%	11%	8%	92%
Tineacide	12%	10%	11%	9%	91%
Penlac	5%	8%	9%	100%	0%
Carmol	5%	—	—	100%	0%
Gordochom (Gordon)	4%	4%	4%	0%	100%
Fungoid Tincture (Pedinol)	4%	4%	4%	100%	0%
Mycocide (Woodward)	3%	3%	4%	0%	100%
Keralac Nail Gel	2%	7%	10%	100%	0%
Naftin	2%	3%	—	100%	0%
Others	3%	10%	8%	34%	66%
Prescriptions per week	6.0	6.4	4.9		

Prescribed (RX) 42%
Dispensed (D) 58%

Most Prescribed:
1. Penlac
2. Carmol
3. Fungoid Tincture

Most Dispensed In-office:
1. Formula 3
2. Tineacide
3. Gordochom

tion Drug Advertising, A Guide for Consumers gives instructions to consumers on viewing DTC advertising and discussing it with healthcare professionals. Doctors who dispense pharmaceuticals directly from their offices are better able to ensure prescriptions are filled, perhaps improving compliance rates. Of course, dispensing Rxs in-office provides an additional revenue source as well.

According to the CMMS report *National Health Expenditure Projections 2010-2020*, spending on prescription drugs will increase from the 4.2 percent reported in 2008-2009 to 7 percent in 2019-2020. Thus the impact of pharmaceutical prescribing on patient management and practice income will likely be felt well into the next decade. PM

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PRESCRIBING & DISPENSING

Drying Agents/Odor Absorbents

	2011	2010	2009	RX	Disp.
Drysol	34%	50%	44%	100%	0%
Certain Dry	12%	14%	12%	100%	0%
Tineacide Shoe Spray	10%	11%	2%	0%	100%
Formadon (Gordon)	7%	7%	7%	0%	100%
Lazerformalyde	6%	13%	16%	100%	0%
Bromi Lotion	4%	3%	3%	0%	100%
Zeasorb	2%	3%	3%	50%	50%
Onox	1%	1%	1%	0%	100%
Others	5%	9%	7%	31%	69%
Prescriptions per week	3.8	3.7	3.7		

Prescribed (RX) 76%
Dispensed (D) 24%

Most Prescribed:
1. Drysol
2. Certain Dry
3. Lazerformalyde

Most Dispensed In-office:
1. Tineacide Shoe Spray
2. Formadon
3. Bromi Lotion

Emollients/Moisturizers

	2011	2010	2009	RX	Disp.
Amlactin	20%	24%	25%	95%	5%
Eucerin	12%	10%	9%	92%	8%
Revita Derm	11%	12%	—	8%	92%
Lac-Hydrin	10%	12%	11%	100%	0%
Amerigel Lotion	6%	—	—	0%	100%
Gormel	5%	8%	6%	0%	100%
Foot Miracle	5%	4%	6%	20%	80%
Urea 40%	5%	3%	3%	100%	0%
Carmol 40	3%	7%	7%	80%	20%
Lactinol E Creme	3%	5%	5%	100%	0%
Kerasal	3%	4%	6%	20%	80%
Lactinol Lotion	2%	5%	7%	100%	0%
Others	8%	11%	14%	16%	84%
Prescriptions per week	6.0	6.6	5.8		

Prescribed (RX) 66%
Dispensed (D) 34%

Most Prescribed
1. Amlactin
2. Eucerin
3. Lac-Hydrin

Most Dispensed In-Office
1. Revita Derm
2. Amerigel Lotion
3. Gormel