

PM's 28th Annual Survey: Keeping What You Earn: Strategic Decision-Making and Spending Pay Off

DPMs surveyed showed strong net income gains while investing in equipment and staff.

By Stephanie Kloos Donoghue



While the National Bureau of Economic Research ruled that the recession that began late 2007 had officially ended by mid-2009, the state of the economy felt anything but. Unemployment was at 9.5 percent, banks were tightening credit and the stock market was at its lowest level in years. That was the backdrop for *Podiatry Management's* (PM's) latest annual survey. Yet the 581 DPMs who responded reported small gains in gross income and—more importantly—larger increases in their net. What's more, they proved to make strategic choices that would keep their practice strong without eroding the bottom line.

The impact of technology—from new clinical equipment to the proliferation of social media—not only had an impact on the way doctors practiced, but on earnings as well. Board certification proved to have quantifiable advantages for respondents, as did membership in key associations.

While fees were down overall, the initial exam fee topped \$100 for the first time. Doctors dispensed more custom and prefab orthotics, and many found selling products profitable. Respondents were less reliant on managed care programs and reduced spending on advertising. Instead, they upped their investments in equipment and pensions, especially for staff.

Here is a breakdown of our survey data, including analysis of new questions just added this year. Let the facts and figures serve as benchmarks for your own practice. In addition, some of doctors' "best practices" are highlighted here along with trends that may have an impact upon your bottom line in the future.

RESPONDENT CHARACTERISTICS & TRENDS

State Breakdown Mirrors U.S. Population Figures

The largest percentage of doctors surveyed practiced in New York during our survey period, followed by California, Florida and Pennsylvania. Our respondent pool by state nearly mirrored the top states by popula-

tion, according to the U.S. Census Bureau (USCB). Four of the top five states by population—California, New York, Florida and Texas—were among the top five in our survey. The top five states in terms of percentage of residents age 65 and older were Florida, West Virginia, Maine, Pennsylvania and Iowa.

The 13 states listed in the chart accounted for 72.1 percent of all respondents. Not surprisingly, five of the top seven are locations of colleges of podiatric medicine, with New Jersey situated midway between

NYCPM and TUSPM.

Which states offer the best prospects for growth? The USCB reported the biggest population increases during our survey period in Texas, California, North Carolina, Georgia and Florida. By 2030, the USCB predicts an 82.2 percent increase in the number of 65-year-old-and-older U.S. residents compared to 2009 levels. In addition, the states predicted to increase most in population are Florida, California, Texas, Arizona and North Carolina.

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Most Popular: Small Cities

More DPMs seem to be choosing higher population areas to practice, as suggested by survey results. The biggest change was the movement out of rural areas, which in some cases included suburbs of major cities. Here's the breakdown by practice location size:

Metropolis: The percentage of DPMs who practice in the nation's largest cities (populations of 500,000+) remained nearly level at 27.4 percent compared to last sur-

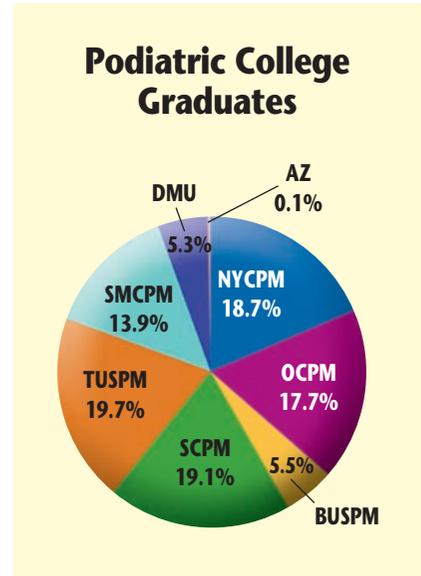
vey's 27 percent.

Many doctors apparently see the benefit of practicing in high-density populations. Filled appointment books may be the result of locating in areas that have the greatest need and offer active referral networks. High vacancy rates may have lured prospective tenants, now able to negotiate on their own terms due to the enormous supply of professional office space. In its report "Downtowns Get a Fresh Lease," the *Wall Street Journal* notes that "suburban office markets were hit harder by the recession than their downtown counterparts and are recovering more slowly."

Not all metropolises are booming, however. According to a recent USCB report, in the decade that ended in 2010, Chicago's population fell 6.9 percent to a level not seen since 1920. Other cities that saw a drop in population included New Orleans; Buffalo-Niagara Falls, N.Y.; Cleveland; and Pittsburgh.

As the nation's largest cities look to recoup budget deficits via service cuts and higher taxes, more metropolises may lose their appeal over the next several years. Education cuts potentially will make classrooms more crowded, police and firemen layoffs may heighten safety concerns, and transit cuts may have an impact on mobility in and around these urban areas. We will see if a patient and practitioner exodus follows.

Large Cities: Slightly fewer doctors surveyed practiced in large cities (populations of 100,000-500,000) compared to last year, now at 22.2 percent from 23.6 percent. These areas have many of the same pros



and cons as a metropolis. They may, however, offer a preferred lifestyle for those who seek the culture and accessibility of an urban environment with less dense housing and (potentially) fewer competitors.

Small Cities and Rural areas: The largest percentage of those surveyed (36.7 percent) practice in small cities with populations of 25,000 to 100,000. This is up from 30.9 percent in our previous survey. "Americans may not be headed to small towns or back to the farms, but they are migrating to smaller cities," according to a recent report in *Forbes*. This is certainly reflected in our survey results. Notably, many small cities have grown as a result of migration away from rural areas. Our respondent pool reflects this trend, with the percentage of respondents practicing in rural areas (populations of less than 25,000) dropping significantly this year to only 13.7 percent of the total respondent pool.

Some of the change can be attributed to the growth of the suburbs into small cities. Thus doctors who said they practiced in a rural area in our previous survey may have responded "small city" this year without having relocated.

Today's Booming Small Cities

Fastest-growing cities on *Forbes'* list include Austin and San Antonio, Texas; Salt Lake City; and Raleigh-Durham, N.C. Much of their appeal stems from affordable housing prices, which larger cities

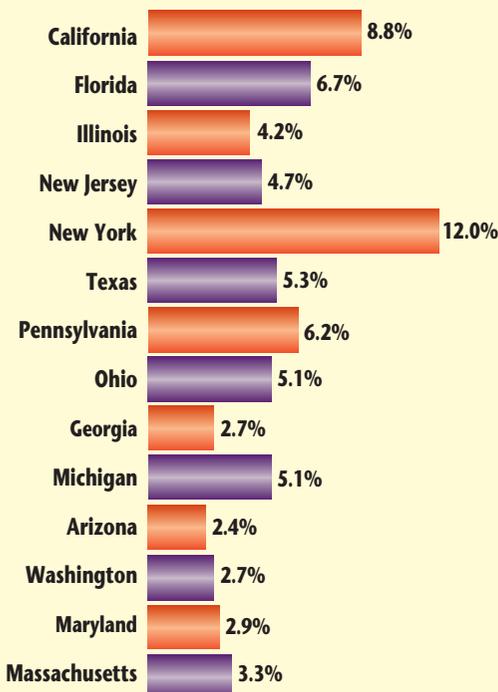
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Practice Location

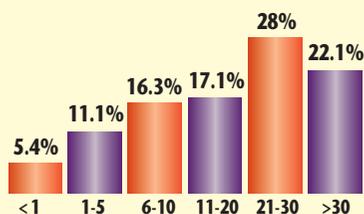


State of Practice

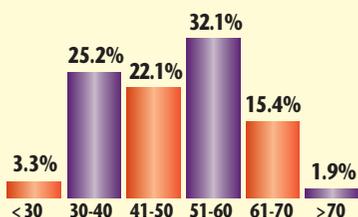
Distribution of respondents—top 14 states



Years in Practice



Age Distribution



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may not be able to offer.

The cities in *Money* magazine's most recent annual listing of best small cities to live in "boast plenty of jobs, great schools, safe streets, low crime, lots to do, charm, and other features." They include Eden Prairie, Minn.; Columbia/Ellicott City, Md.; Newton, Mass.; Bellevue, Wash.; McKinney, Texas; Fort Collins, Colo.; Overland Park, Kan.; Fishers, Ind.; and Ames, Iowa.

Fewer New Practitioners Again

Our respondent pool was slightly older, on average, than previously surveyed doctors. A smaller percentage of respondents have been in practice five years or less,

while there was a significant jump in the percentage of DPMs who were in practice more than 20 years. Undoubtedly, the higher percentage of more seasoned professionals contributed to the higher gross and net income levels in our latest survey (see Net Income and Gross Income sections).

Recent graduating classes have finally begun to increase in size. This trend should continue as the recent entering class was the largest in many years. If it does, look for more new practitioners in future reports.

Solo Still Dominant; Fewer in Groups

Self-employed, solo practice remained the top choice, with 37.4 percent of respondents indicating this type of practice organization. Another 15.4 percent were in solo professional corporations. What was particularly significant was that the percentage of doctors in these

two modes of practice was up slightly from last year.

Partnership/group practice, on the other hand, was down to 17.5 percent from 21.9 percent. Professional corporations with other DPMs remained virtually flat at 11.7 percent of respondents. More than one in 10 doctors surveyed (11.5 percent) practiced in other types of arrangements not mentioned here.

Solo practice's dominance remains. Over the past decade, the percentage of solo respondents has gone slightly up and down but continues to hover around half of those surveyed (when combining self-employed and corporate forms). Technology has likely played a big role in allowing solo DPMs to become more efficient and build practices without the need for adding an associate or partner. Practice management offerings, including seminars, webinars and other training, have made solo doctors much more business-savvy than ever. Articles and PM News exchanges in *PM* further expand the ability for solo practitioners to start and maintain thriving practices. In addition, the weak economy in recent years may have caused the group/partnership trend to stagnate or resulted in solo doctors taking a "wait-and-see" approach before partnering with another colleague.

Partnership/group practice, however, offers many benefits—most notable being higher income levels for each individual doctor in the practice as compared to solo practitioners (see Net Income and Gross Income sections for details). Patient benefits in-

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Type of Practice



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clude the ability to receive new skills and treatments and the potential for increased hours of operation. Practice benefits include the spreading of fixed costs; the pooling of funds for expansion, staffing and developing ancillary sources of income; the ability to secure financing, if needed, due to the division of risk and larger amount of collateral; enhanced visibility; and, in some cases, the ability to negotiate higher fee schedules from insurance companies. Personal benefits beyond income include the ability to discuss cases on an as-needed basis; potentially more flexible scheduling; and the ability to pursue specialties, if desired.

More Doctors Employing Colleagues

One-in-five respondents employed other DPMs, according to survey results. That was up from 15.7 percent of those surveyed last year. We had more older doctors in our survey pool, which may have ac-

counted for this percentage change since well established practices are more likely to hire associates.

Little Change in Satellite Offices

The percentage of DPMs surveyed who had satellite offices remained relatively unchanged from last year's report. While historically hovering around the 35-40 percent range, it has dropped slightly over the past several years to its current rate of 35.6 percent. This percentage perhaps stagnated due to the recession, especially with tighter lending practices by banks.

Doctors who reported having a satellite office most likely had one or two, with an average of 1.7. That was up slightly from 1.6 satellite offices in our previous survey, and may again be the result of the older respondent pool.

No Change in Gender Breakdown

Twenty-three percent of those surveyed were women, exactly the

same percentage as in our previous survey. This percentage was still far less than the percentage of women who graduated in 2009—45.8 percent—yet the percentage of female graduates seems to be decreasing, according to data from the American Association of Colleges of Podiatric Medicine. Its survey of college registrars tallied an even smaller percentage of female graduates in 2010, down to 44.1 percent. We do not anticipate gains in female participation in future surveys as dramatic as we saw in the past given the apparent leveling off of female graduates.

More Patients Seen Per Week

Doctors surveyed saw an average of 93.4 patients per week, up from 92.6 patients in our previous survey. While there has been a significant decrease in high-volume practices (those with more the 130 patients per week), we also note a drop in the percentage of low-volume practices as well. About half (46.5 percent) of all

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doctors surveyed see between 81 and 130 patients per week.

Practice-efficient techniques and better use of staff likely contributed to this small gain. Our more established respondent pool had referral networks in place and years of practice management training and experience, allowing them to maximize the efficiency of patient encounters.

Undoubtedly, doctors have become more adept at eliminating no-shows as well. Web-based appointment confirmations, text messaging and cell phone reminders are being used successfully in many practices, and are particularly effective for non-elderly patients. Effective phone reminder systems for the geriatric patient base can boost the bottom line, especially since memory issues may play a role in missed appointments. Many practitioners use a combination of strategies to ensure that the appointment schedule actually matches the number of patients seen.

For trends that may have an im-

pact on patient numbers in the future, see the sidebar "Trends Impacting Tomorrow's Patient Base."

Shorter Days Indicated by Many

While respondents saw a slightly higher number of patients, there was a significant movement in the curve toward working *fewer hours*. In fact, the percentage of respondents in every category over 40 hours per week (41-45, 46-50, 51-55 and >55 hours) reported a decrease. The most popular work hours remain 36-40 hours per week, with 25.6 percent of doctors reporting in at that level. However, there was a rather significant jump in the percentage of those who practice 26-30 hours per week. Given higher patient counts, strategies described above presumably allowed doctors to reduce time in the office.

More Patients Were Diabetic

More of respondents' patients were diabetic, as indicated by survey results. Particularly significant was the increase in percentage of doctors

reporting that 31-80 percent of their practice was diabetic.

The prevalence of diabetes continues unabated. The Centers for Disease Control and Prevention's (CDC's) "2011 National Diabetes Fact Sheet" estimates that 8.3 percent, or 25.8 million people, have diabetes. This number includes 18.8 million who are diagnosed and 7 million who are undiagnosed. (The latest figures use both fasting glucose and hemoglobin A1c levels to derive estimates for undiagnosed diabetes and prediabetes.)

Certain ethnic groups have higher incidences of diabetes as well. The CDC's report found that compared to non-Hispanic 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 American and 94 percent higher for Puerto Ricans compared to non-

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Trends Impacting Tomorrow's Patient Base

A proactive approach to patient base development can lead to long-term profitability. Here are two trends to watch that may impact your patient base—and bottom line—in the future.

• **More Active Elderly**—Today's Baby Boomers are a new generation of emerging elderly. Those born between 1946 and 1964 are more likely to remain active (through sports, exercise activities and travel) and are working longer than the generation before them. They may be accustomed to a high disposable income and may continue to spend—a far cry from the Depression-generation mentality of previous generations. A recent *Wall Street Journal* report on marketing to Boomers cautioned, "Don't remind them that they've aged."

Increasingly active elderly may expand the need for podiatric care as these patients' aging bodies struggle to keep up with Boomers' physical demands. The future elderly may be more willing to spend money on custom orthotics, as many have focused their spending as adults on finding the best solution to their needs regardless of cost.

Office design may wisely reflect the interests of the new aging patient base. Instead of reading *AARP* magazine, Boomers may prefer sports and travel publications. They may not want to read at all and will be more interested in playing games on your waiting room laptop or using their own WiFi-enabled devices. Less hospital-looking decor and more fresh, vibrant color may

make them feel more comfortable. Wheelchairs, canes, crutches and other devices that Boomers associate with getting old might be best put out of sight if the office setup permits.

• **More Potential Hearing Loss**—The iPod generation of today may be the hard-of-hearing masses of tomorrow. As patients live longer, there is a likelihood that a higher percentage will have hearing problems. The big shift is that it will not just be the elderly—MP3 and other earbud usage will have a permanent impact on hearing far younger than is normally seen due to aging and genetics. Already a notable increase in hearing loss of 12-19 year olds was reported last year in the *Journal of the American Medical Association*, based upon a comparison of data sets from 1988-1994 and 2005-2006. Moderate hearing loss at a young age increases the chance for progression of the loss with age, according to clinical experts.

The hearing impaired can have an impact on your procedures (more repetition of instructions, for example) and can wreak havoc on scheduling, potentially resulting in necessarily longer timeslots and fewer patients seen.

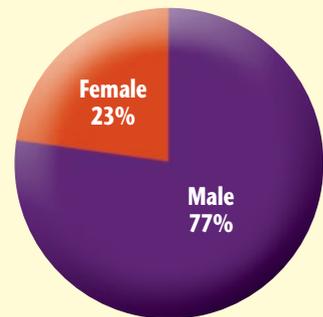
In addition, hiring the right staff to deal with the hard of hearing may become more important. For example, a soft-voiced assistant may be inadequate in a practice where hearing loss is prevalent. Extra patience in dealing with these patients is a must, and not every staffer may have the right personality for the job. ■

Hispanic white adults.
Recently released CDC projec-

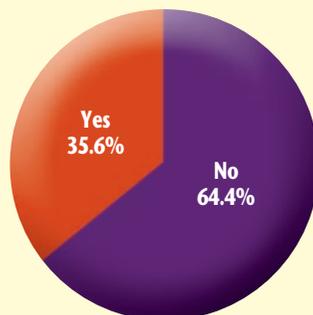
tions published in the journal *Population Health Metrics* indicate that if current trends continue, as many as one in three adults could have diabetes by 2050. The prevalence is expected to rise sharply over the next four decades due to an aging population more likely to develop type 2 diabetes, increases in minority groups that are at high risk for type 2 diabetes, and people with diabetes living longer, according to the report. These projections are higher than previous estimates because the study factored in aging, minority populations and lifespan.

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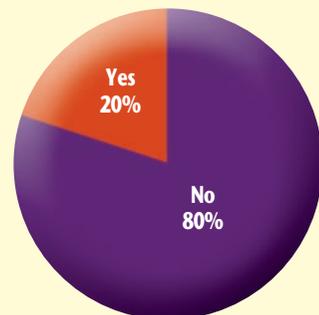
Distribution by Sex



Do You Have Satellite Offices?



Do You Employ Other DPMs?



Survey...

The Diabetic Shoe Program

Participation in the Medicare Diabetic Shoe Program remains virtually unchanged from last year, with 65.2 percent of respondents participating. Since 1994, Medicare benefits have included 80 percent of the cost of therapeutic footwear. Footwear and practice management experts applaud the program as mutually beneficial to patients and practitioners.

More Patients Need Wound Care

Paralleling the increase in diabetic patients was the rise in percentage of wound care patients seen by respondents. More than half (51 percent) of those surveyed reported that at least one in 10 of their patients required wound care. In fact, 18 percent of respondents said that at least half of their patient base required wound care.

Clinical advances and technology put practitioners in a better position to treat wound care patients

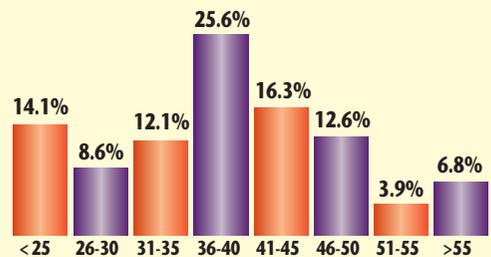
successfully. *PM* articles have covered such advances as platelet-derived growth factor; low-frequency, low-intensity ultrasound devices; pulsed radio frequency energy; gene therapy; intermittent pneumatic compression pumps; low-level laser therapy; cyanoacrylate (monomer) skin protectant barriers; polyacrylate debriding systems; nano-pharmaceuticals, cell therapy; low-level laser; Sensilase; Vashe Wound Therapy; MicroVas; and pneumatic compression.

More doctors were referring patients to wound care centers/clinics as well. Last year, 58.9 percent referred patients to these facilities vs. 62.8 percent in our most recent survey.

New This Year: APWCA Membership

With wound care becoming an increasingly important issue, we added a question on membership to the American Professional Wound Care Association (APWCA). Eighteen percent of the respondents were APWCA members during our

Hours Worked Per Week



survey period.

The APWCA is a 2,700-member interdisciplinary association for all specialties involved in treating various forms of non-healing wounds, including diabetic, vascular, ischemic, pressure ulcers, burns and cancer, according to its website. It offers national and regional conferences, certification courses, seminars, newsletters and other resources. It also offers credentialed membership designations, including Fellow, Diplomate and Associate.

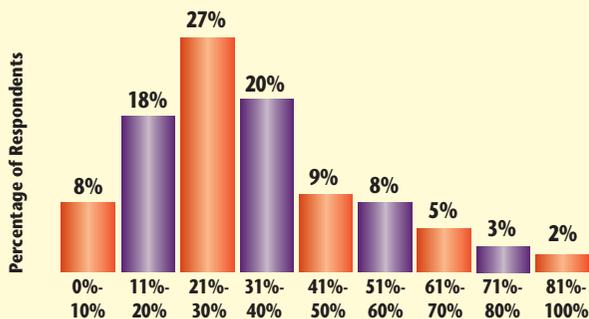
APWCA membership's impact on the bottom line was evident from survey results. Members earned, on average, \$9,100 more than non-members in our most recent survey.

Trends in Nursing Homes, Senior Housing Alternatives and Offsite Care

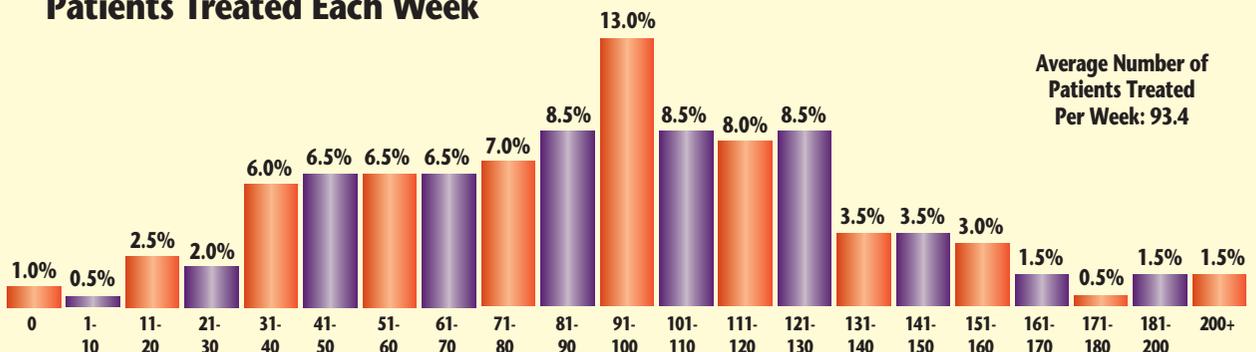
The percentage of doctors practicing in nursing homes dropped from 30.4 percent in our previous survey to 26.2 percent in our most recent one. The larger percentage of more established practices may be one reason for this decrease. While this can be a highly lucrative area, it

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Percentage of Diabetic Patients



Patients Treated Each Week



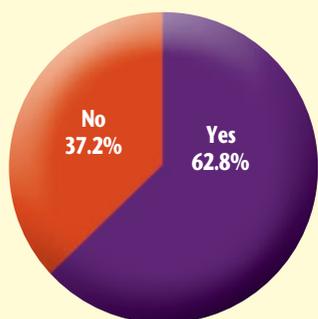
Average Number of Patients Treated Per Week: 93.4

Survey...

has been targeted by the U.S. Dept. of Health & Human Services (HHS) Office of Inspector General for auditing.

There were 15,700 nursing homes for 1.4 million residents in 2009, according to "Health, United States, 2010" from the CDC. California topped the list of states with the largest number of nursing homes

Refer Patients to Wound Care Centers/Clinics?



(1,252), followed by Texas (1,165), Ohio (955), Illinois (794) and Pennsylvania (711).

While the percentage of DPMs working in nursing homes continues to decline, there is a trend toward alternate care delivery models, taking patient care out of the doctors' offices and into retail locations and worksites. In addition, the "aging in place" concept—allowing seniors to stay in their homes rather than move to a monitored facility—will proliferate with new technology available to both residents and doctors. In fact, an AARP Research & Strategic Analysis study of adults age 45 and older released last year suggests that "wanting to remain in one's home and one's community as one ages continue to be paramount," with 75 percent of the respondents strongly agreeing with the statement, "What I'd really like to do is stay in my current residence for as long as possible."

Senior Housing News notes that new senior-friendly gadgets and home retrofitting will proliferate, making this choice more practical. It also suggests that other alternative senior housing options will continue to grow, including small group living, cooperatives, home sharing and time sharing/fractional

ownership concepts. Apartments may become larger and senior-friendly amenities may increase.

Technology will have an impact on patient care for these offsite locations as well. "Home health care services also will prosper, driven largely by adoption of telehealth and remote patient monitoring technologies," according to Healthcare Technology Online. Cloud computing (see Expenses section) will make clinical management of offsite patients more feasible as well.

Managed Care Participation Continues to Drop

Doctors reporting on their managed care organization (MCO) participation indicated a declining interest in joining provider rosters or maintaining their participation. For each of the three MCO categories in our survey—health maintenance organizations (HMOs), preferred provider organizations (PPOs) and independent practice associations (IPAs)—a smaller percentage of respondents participated compared to last year.

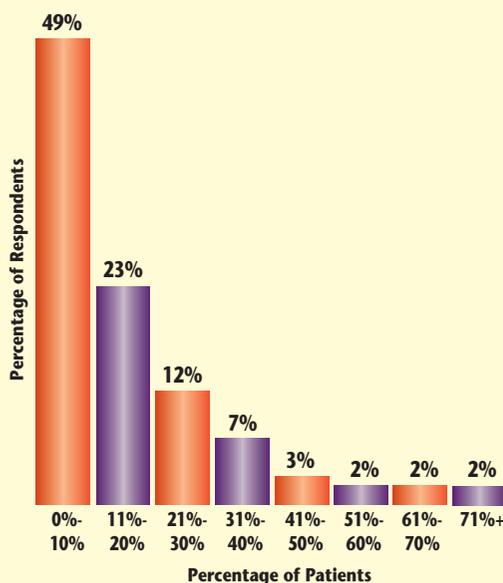
Specifically, HMO participation dropped from 61 percent last year to 57.2 percent in our most recent survey. IPA participation dropped from 37 percent to 35.1 percent, and PPO

participation fell from 83 percent to 80 percent. Respondents participated in an average of 5.9 plans, down from 6.6 plans from the previous year. Only 38 percent of their patients were in managed care programs, down from 41 percent previously.

One reason for the MCO participation drop may be that fewer *new* practitioners were surveyed. Older, more established practitioners may have been more selective in joining provider panels, or may have not renewed contracts for plans that they found unprofitable. Slow payments and un-

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Patients Requiring Wound Care (Diabetic/Non-Diabetic)



Survey...

wieldy paperwork are other reasons doctors cite for eschewing MCO plans.

High unemployment during the survey period could have had an impact on these statistics as well. With fewer employees covered by plans (see below), MCO sign-up may have become less attractive to providers.

Trends in Health Insurance; Strategies to Maximize Returns

The percentage of those without health insurance coverage rose from 15.4 percent in 2008 to 16.7 percent in 2009, according to the USCB. During this same period, unemployment rose from 5.8 percent to 9.3 percent, according to the U.S. Dept. of Labor's Bureau of Labor Statistics (BLS), which likely had an impact on the rising percentage of uninsured. In addition, "Health, United States, 2010" indicated that only 58 percent of the U.S. population under 65 had private health insurance coverage through their workplace, and that this percentage had fallen steadily since 1998. The number of insured declined despite the fact that premiums fell by 3.2 percent during our survey period as well, according to the BLS.

Membership rolls at nine major managed care companies declined during our survey period, according to the "2010 Managed Care Industry Report" from the KPMG Healthcare & Pharmaceutical Institute. Negative press re-

garding MCOs also emerged during the survey period. For example, *Consumer Reports* released a study on PPO members that indicated satisfaction complaints among members.

Practice management experts suggest that to maximize returns on MCO plans, DPMS should personally monitor Explanation of Benefits periodically to ensure that proper payments are being made.

APMA Membership Up

A higher percentage of respondents than last year were members of the American Podiatric Medical Association (APMA). The jump from 80.4 percent to this year's 85 percent was particularly significant as the percentages had dropped slightly over the past few years.

According to APMA President Kathleen Stone, DPM, in a recent interview with *PM*, "APMA's focus continues to be making sure that doctors of podiatric medicine are recognized as physicians and surgeons within their education, training and experience." The benefits to membership are two-pronged, according to the APMA website: "Nationally, the association provides members with a cohesive platform from which to advocate for podiatric physicians on all issues affecting foot and ankle health. Locally, membership provides a network of peers and resources offered by each state component society." It uses such vehicles as Twitter to promote conversations on key issues. The APMA maintains liaisons with other professional organizations, including the American Medical Association, American Osteopathic Association, the American Diabetes Association, and the American Public Health Association.

In addition to the professional component, the organization uses press releases and advertising to promote the profession to consumers. Its public education mission includes a "Find a Podiatrist" section and numerous online resources for foot-related questions.

Membership in the APMA has an impact on respondents' bottom line, as indicated by survey results. APMA members earned 9.6 percent more than non-members (see Net Income section for details).

Board Certification Up

The percentage of respondents who were Board Certified was up significantly from our previous survey, with 71.6 percent reporting that they were Board Certified compared to 66 percent in our previous survey.

Obviously, the older respondent pool contributed to this higher percentage. New practitioners may not have the experience or the time to attain Board Certification status or may just have begun the process. From economic and professional viewpoints, however, Board Certification pays off. Certification through such organizations as the American Board of Podiatric Orthopedics and Primary Podiatric Medicine, The American Board of Multiple Specialties in Podiatry (ABMSP), the American Board of Podiatric Surgery, the American Board of Lower Extremity Surgery (ABLES) and others provide a competitive advantage to practitioners in today's healthcare market. The ABMSP, for example, accredits doctors in three areas: Primary

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Care in Podiatric Medicine, Podiatric Surgery and Diabetic Foot Wounds & Footwear. While not a guarantee of competence, Board Certification is regarded positively by hospitals and MCOs, as well as by patients who can view Board Certification status via online provider panel rosters.

Board Certified DPMs earned approximately \$20,000, or 18.7 percent, more than their non-Board Certified colleagues (see Net Income), which in itself is a major incentive for seeking certification status.

AAPPM Membership Up

There was a significant increase in the percentage of respondents who belonged to the American Academy of Podiatric Practice Management (AAPPM) compared to our last survey. Nearly one-in-four of our respondents (23.7 percent) were members, up from 19.6 last year, which was the first year we added this survey question.

According to its mission statement, the AAPPM's goals are "to positively change the lives, practices and communities of podiatric physicians through leadership education, practice management education and sharing knowledge." It is currently celebrating its 50th year and has nearly 1,500 members.

There may be a correlation between the increase in income

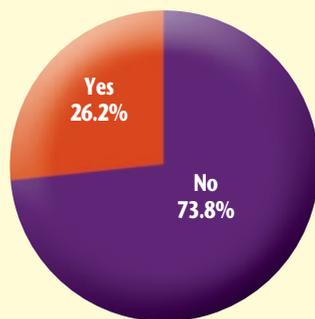
levels due to the higher percentage of doctors who have put AAPPM's practice-building and efficiency strategies in place. Because we have a larger percentage of solo doctors, these strategies might be considered even more vital for practice growth, especially as the economy just began to pull out of the recession during our survey period. In our latest survey, AAPPM-member doctors netted approximately \$25,000, or 22 percent, more than nonmembers (see Net Income for details).

Degree Change

Sixty-nine percent of those surveyed support a change in degree to MD or DO, down slightly from 70 percent last year. Possibly the larger percentage of older colleagues feels they have less to gain from a degree change at this point in their careers than do less experienced DPMs. However, it is a constant topic among PM News participants and any updates will be covered in future issues of *PM*.

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Work in Nursing Home



Survey...

FEES, MEDICARE & AUDITS

Fees reported by respondents were lower than our last survey in many categories, and down 3.2 percent overall. The biggest drops were for osteotomy (28308), which was down 6 percent to \$1,229.98 and Neuroma, down 5.8 percent to \$754.49.

A few fee categories were higher, however. The average fee for x-rays rose 8.8 percent to \$62.55. Initial exams averaged \$101.02, up 5.2 percent from last year. There was also a small increase for orthotics, up 0.8 percent to \$408.90.

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 payer to payer.

Medicare Acceptance and Audit Trends

Medicare acceptance by respondents was up slightly from 90.9 percent to 92 percent in our most recent survey. During our survey period, there were 45.9

Patients in Managed Care Programs



million Medicare enrollees, 38.3 million of whom were aged with the remainder disabled, according to the U.S. Centers for Medicare and Medicaid Services (CMMS). By population, CMMS reports the highest Medicare enrollment in California, Florida, New York, Texas and Pennsylvania.

As mentioned in previous reports, inclusion in Title XIX (Medicaid) continues to be a legislative priority of the APMA. We will continue to monitor changes on this front.

The percentage of those audited by Medicare remained the same as last year, with about one in 20 (5.2 percent) reporting that they had been audited. Ninety-three percent of those audited had to pay back less than \$10,000; 47 percent of those audited paid less than \$1,000.

The percentage of those audited may increase in the near future due to the Obama adminis-

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tration's focus on reducing Medicare and Medicaid fraud. Already their efforts have recouped hundreds of millions of dollars, including several well-publicized cases in New York, Miami and Los Angeles. The latest Obama

plan just released is to increase spending on fraud and abuse enforcement to \$581 million from its current rate of \$311 million. Regardless of what the final price tag will be, we will likely see a broadening of audits, especially in cities where, historically, abuse has been rampant.

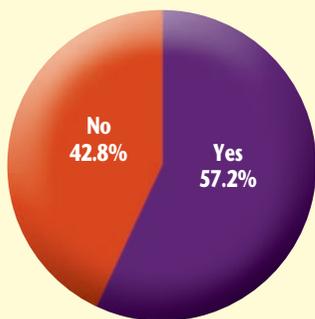
GROSS INCOME

Respondents' median gross income rose 0.9 percent compared to last year, from \$223,000 to \$225,000.

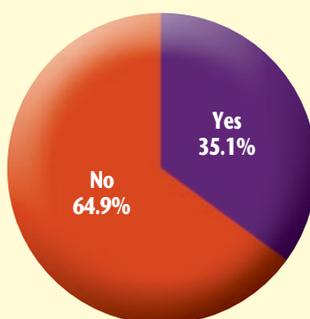
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MANAGED CARE GROUP PARTICIPATION

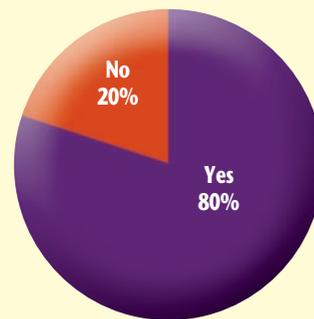
HMO



IPA



PPO



Survey...

Gross income levels have hovered around the \$225,000 for the better part of a decade. It is positive to note that there was a dramatic decrease in the percentage of doctors who grossed between \$100,000 and \$175,000. On the other end of the spectrum, a higher percentage of respondents reported gross incomes of more than \$400,000—31 percent in our latest survey vs. 26 last year.

By region, the West again topped the list with a median gross income of \$232,500, followed by the East at \$231,100. The North Central reported in at \$222,600, and the South grossed \$217,500. The region with the largest percentage gain vs. our previous survey was the East, which was up 1 percent.

EXPENSES & TRENDS

DPMs surveyed continued the strategic spending approach they started at the beginning of the recession. Technological advances helped them become more efficient as well.

Here are some typical podiatric expenses and what surveyed doctors spent on them in 2009. Trends affecting these costs are also explored.

• **Gross Salary Payments**—Gross salary payments to staff rose 1.6 percent to an average of \$67,220. While not a huge increase from our previous survey, it is considerably higher than inflation, with the Consumer Price Index *falling* 0.4 percent

between 2008 and 2009. This may indicate a desire for savvy practitioners to hold onto key employees during this tough economic period, despite the enormous number of unemployed at the time. The amount spent in this category was also notable, however, because there was a lower percentage of responses from doctors in states with high business costs—such as New York and New Jersey—where salaries are typically higher than average.

According to a GfK Employee Engagement Pulse Survey last year, 21 percent of those surveyed were willing to change jobs if given the opportunity. Thus, providing a great place to work with fair salary and benefits will be even more vital to practice stability as the economy rebounds.

• **Office Space**—The average amount spent on office space fell 3.4 percent from our previous survey to \$25,602, or just more than \$2,000 per month. This decrease is in line with national statistics, which showed higher vacancy rates in com-

mercial and professional buildings during this period. Doctors were likely able to negotiate good/better rates due to this abundance of available space. In addition, since a lower percentage of respondents came from high-cost states, this may have had an impact on this average cost.

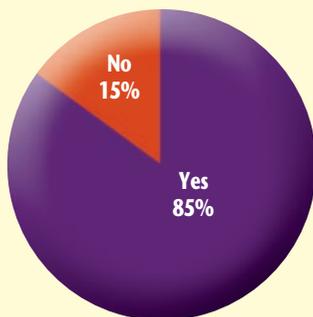
As the economy continues to turn around, it's expected that rates will begin to inch up again. We'll follow the trends in future surveys.

• **Fixed Equipment Expenses**—DPMs surveyed spent 10.1 percent more than our previous survey on fixed equipment, for a total of \$3,314. That is a positive sign given the state of the economy during our survey period as well as the tightened credit requirements at banks.

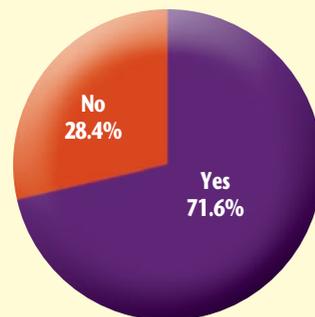
Doctors purchasing new equipment may have added diagnostic instruments such as the latest ultrasound devices or digital x-ray units. In our latest survey, 43.3 percent of those surveyed incorporate digital x-ray technology in their practices, and

Continued on page 126

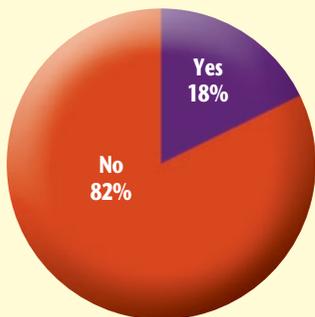
Membership in APMA



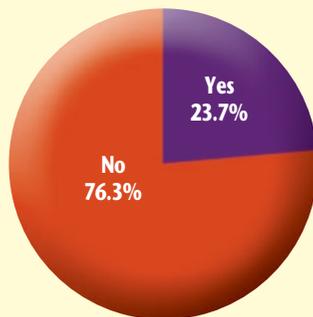
Board Certified



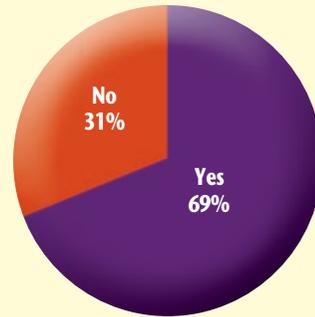
Membership in APWCA



Membership in AAPP



In Favor of Degree Change to M.D.



Survey...

38.6 percent of those who do not say they planned to incorporate it within the next two years.

As diabetic management and wound care proliferate, look for increased spending on the latest technology in this area, including those mentioned previously in the section "More Patients Need Wound Care."

Doctors are incorporating foot measurement technology for prescribing orthotics as well. About one in five (22 percent) currently incorporate this technology, while another 11 percent planned to incorporate the technology within the following 12 months.

• Computer Service and

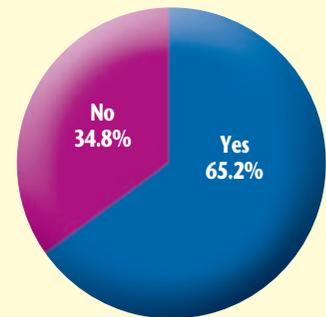
Maintenance and the Internet—

For the first time, we broke out computer maintenance and Internet expenses as a separate line item. Not surprisingly, it was a relatively costly expense, with respondents reporting an average of \$2,989.

Computer consultant fees for software installation, upgrades, and network management likely contributed to this cost. Internet service, which is sometimes bundled with telephone and other services, undoubtedly contributed to this expense. It may have also included website management and fees for such services as Constant Contact, an email marketing company used by many small businesses for newsletters and email announcements.

Electronic Health Record software

Do You Participate in Medicare Diabetic Shoe Program?



smartphone) devices. This may expand capabilities within the office as well as during offsite patient encounters.

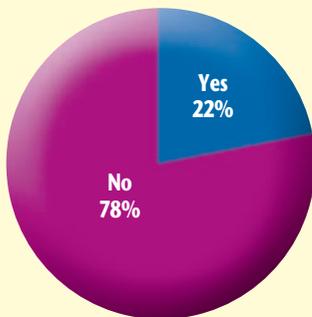
• **Utilities**—Doctors surveyed paid considerably less for their utilities compared to our last survey: \$6,891 vs. \$8,497, or a reduction of 18.9 percent. This is surprising considering the higher percentage of solo practitioners surveyed, who have to bear the cost for utilities singlehandedly. However, it does indicate lower costs and some money-saving strategies that respondents may have incorporated into their practices.

Energy: The BLS reported an 18.4 percent drop in energy costs from 2008-2009. Specifically, the U.S. Energy Information Administration (EIA) reported that the cost of natural gas and heating oil dropped considerably, while electricity prices were slightly higher. In addition, prices varied by parts of the country. The West, for example, had the highest heating oil prices, while the Midwest had the lowest. Natural gas was cheapest in the North-West Central region and highest in New England.

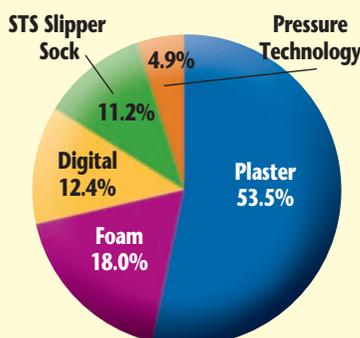
Energy-efficient equipment and lighting were much talked about during the survey period, especially when President Obama announced mid-year new Federal efforts to promote energy efficiency through stricter standards on fluorescent and incandescent light and other measures. This was on the heels of Walmart's efforts to promote compact fluorescent bulbs, making this choice

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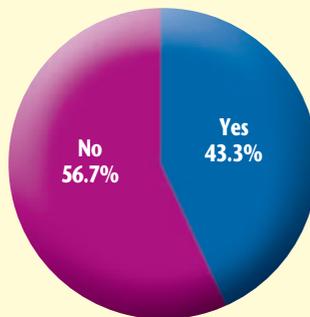
Do You Use Foot Measurement Technology for Prescribing Orthotics?



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



Do You Incorporate Digital X-ray Technology into Your Practice?



implementation is another potential current and future cost. Customizing and modifying software can add up, as can software training. If initial implementation fails, the process must start again. In addition, the HITECH Act of 2009 and other legislation may heighten security requirements. For example, security keys, hard drive encryption and more sophisticated passwords may be required. For laptops, tracking software may need to be installed in case of theft.

Cloud computing will likely have an impact on technology use in the practice and may require setup and maintenance. Cloud computing allows doctors to access vital information through a global mesh of shared servers, facilitating the use of smaller (e.g., tablet) and more mobile (e.g.,

Survey...

more affordable for the average consumer nationwide.

In addition, the U.S. Environmental Protection Agency and the Department of Energy changed the Energy Star product certification process in 2010 "to ensure that only products meeting the program requirements can receive the Energy Star label," according to the joint announcement. Stricter standards may begin to have a positive economic impact on energy costs, as practitioners purchase equipment and products that meet these higher standards.

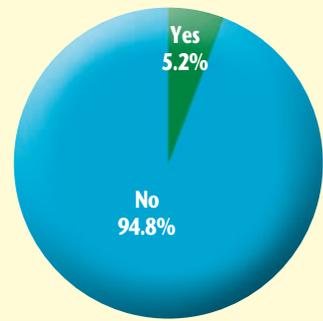
Water: Municipalities continue to seek ways to pass on infrastructure costs to consumers. The result has

Do You Accept Medicare Assignment?



been higher water costs in a number of areas of the country, especially municipalities where water systems are 100 years old or older. In addition,

Have You Been Audited by Medicare?



tion, post-9/11 securing of water supplies has been costly and will continue indefinitely.

Continued on page 130

FEES

Ingrown Nail, Partial (11750)



Ingrown Nail, Total (11750)



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



Strapping (29540)



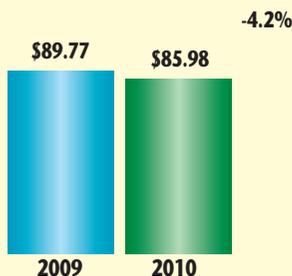
X-Rays (1 Plate) 2 Views (73620)



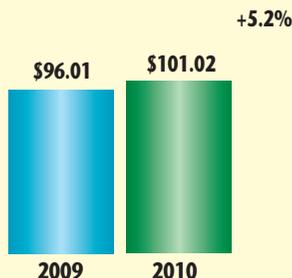
MPJ Capsulotomy/Tenorrhaphy (28270)



Injection, Small Joint/Bursa (20600)



Initial Exam (99203)

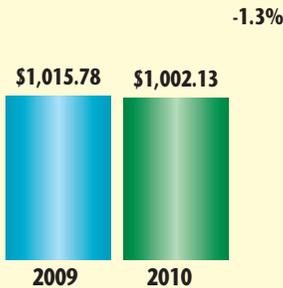


Subsequent Visit (99212)

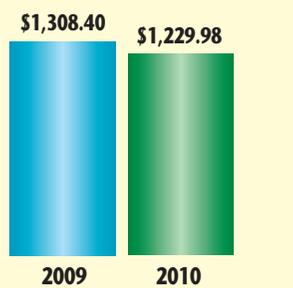


FEES

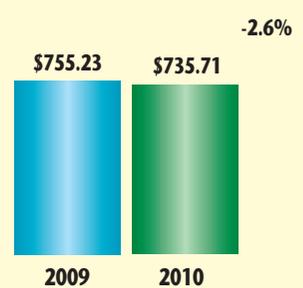
Osteotomy, 1st Metatarsal (28306)



Osteotomy, Lesser Metatarsal (28308)



Hammertoe Surgery (28285)



Survey...

While building slowed in more arid areas of the country during the survey period (such as Las Vegas and Phoenix), an economic turnaround may bring the issue of ample water supply to the forefront once again in these dry climates.

Telephones: Landline access charges generally have remained level over the past several years, including our

survey period, according to the report "Trends in Telephone Service" from the Federal Communications Commission. The report credits increased competition among providers (such as from cable companies) with keeping these

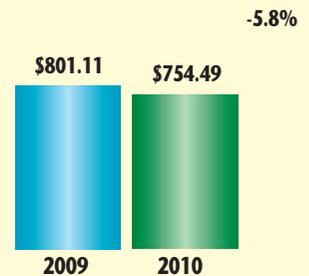
fees down. The residential erosion of landline use has had its impact as well, with many cancelling their landline service and using their cellular service instead.

Smartphone usage will undoubtedly rise in future surveys with the February 2011 introduction of the iPhone on the Verizon network. Published reports indicated that many would-be cell phone buyers in the fourth quarter of 2010 held off their purchase pending the Verizon release. These and other application-rich smartphones and

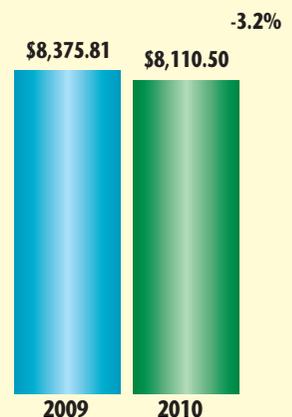
personal digital assistants provide users with an increasing number of features that have practice-related benefits, including access to drug reference information, medical news and procedure codes; tracking patient records; and generating prescriptions. As previously mentioned, the growth in

Continued on page 131

Neuroma, Excision (28080)

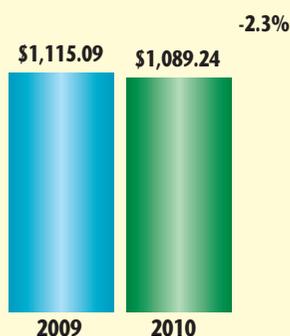


Average Fee Total (for the 15 services listed)

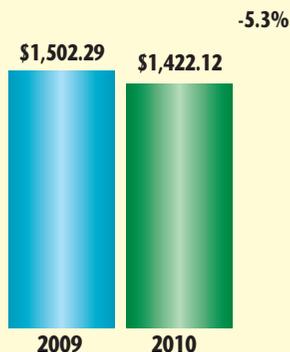


FEES

Bunionectomy, Simple (28292)



Bunionectomy, Radical (28296)



Rates may continue to drop. According to a study "Medical Profession Liability in a Changing Health Care Environment: The New Story Unfolds," which was released last year by Conning Research & Consulting (CRC), "Competition [in the medical professional liability industry] has begun already, with price-cutting, acquisitions, new entrants, and continued growth of self-insured vehicles."

Strides in medical malpractice reform may keep rates stable as well. President Obama expressed his openness to medical malpractice reform measures in his most recent State of the Union address. He is launching a drive to overhaul state medical malpractice laws and "cut down on wasteful tests doctors perform because they fear lawsuits," according to an Associated Press report. Justice Department grants totalling \$250 million

popularity of Cloud computing coupled with clinical- and business-related applications will likely expand the use of this mobile technology.

- **Educational Expenses**—Educational expenses remained virtually the same from our previous survey, dropping only \$11 (or 0.5 percent) to an average of \$2,011.

Doctors continue to make a healthy investment in continuing medical education and business training. With competitive forces at work and new technology entering the marketplace, DPMs surveyed apparently made the investments needed to stay abreast of changes in the profession. Many of the more efficient practices invested in staff training in order to delegate appropriate tasks and improve workflow.

Education is increasingly going high-tech as well. Education providers are using webinars—interactive website seminars—which can be viewed by doctors and staff at their convenience. While they cannot replace live conferences, webinars can serve as an adjunct to offsite meetings and can be used to reinforce topics of interest and importance.

- **Professional Dues**—Doctors surveyed spent 15.5 percent more on professional dues than in our previous survey, averaging \$2,351.

Association memberships have proven to pay off in terms of net income, according to the data we've collected over the past few years and covered elsewhere in this report. What's more, the growth of associations such as the APMA provide podiatry with a stronger voice with which to fight for issues affecting the entire profession.

In addition, our younger patient pool last year may not have seen professional memberships as a high priority during their practice-startup phase, and thus the average amount spent in this category was substantially lower.

- **Professional Liability**—Professional liability rates dropped 17.2 percent to an average of \$9,107 since our last survey.

will be used "to help states rewrite their malpractice laws in line with recommendations that his bipartisan debt reduction commission issued in 2010."

- **Non-Malpractice Insurance**—For the second year in a row, the cost for non-malpractice insurance (covering theft, fire, general liability, business automo-

Continued on page 132

Survey...

biles, etc., as well as umbrella policies) dropped vs. the previous year. Respondents in our latest survey averaged \$2,111 compared to \$2,229, a decrease of 5.3 percent.

Curbing insurance costs has become somewhat of a chess game in

recent years, with insurance agents manipulating inclusions/exclusions and deductible amounts to get the lowest premiums with best coverage. Increasing competition and television advertising have encouraged consumers to shop around for insurance—a tactic that has likely trickled down to the business buyer. Strategies used to reduce coverage include higher deductibles and bundling of insurance policies, the latter which often provides a discount.

CRC predicts that pricing for

commercial lines of property-casualty insurance will stay low or drop through 2012, according to its "Property-Casualty Forecast & Analysis" report released last year.

• **Legal and Accounting Fees**—

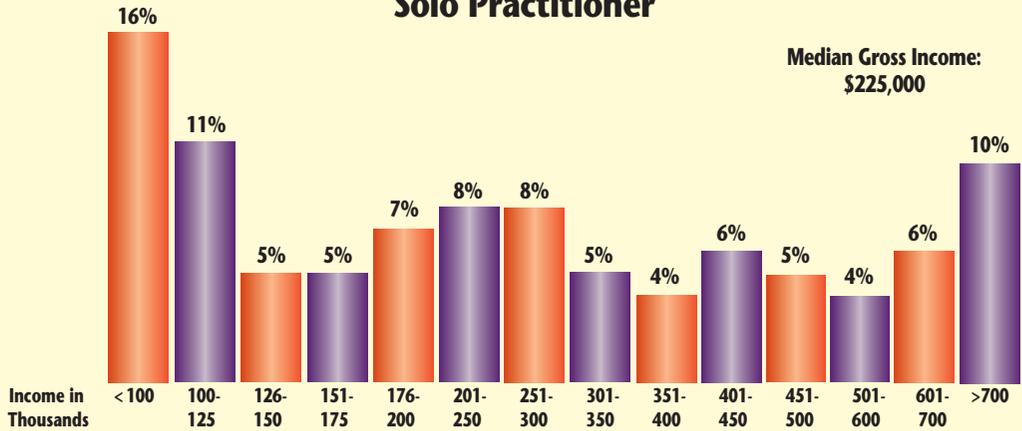
The cost for lawyers and accountants remained flat, dropping only 0.4 percent to \$2,503 from \$2,514 last year. With fewer new practitioners, there was likely less of a need for legal services such as practice sale agreements, landlord/tenant agreements,

real estate purchases and the like. Some small business accounting software such as Quickbooks, Peachtree and AccountEdge allow staff to perform many of the tasks that may have been handled previously by accounting firms, also stabilizing this cost item and offsetting any increases in professional accounting fees.

• **Pension Contributions**—Despite the bleak economic outlook during the survey period, respon-

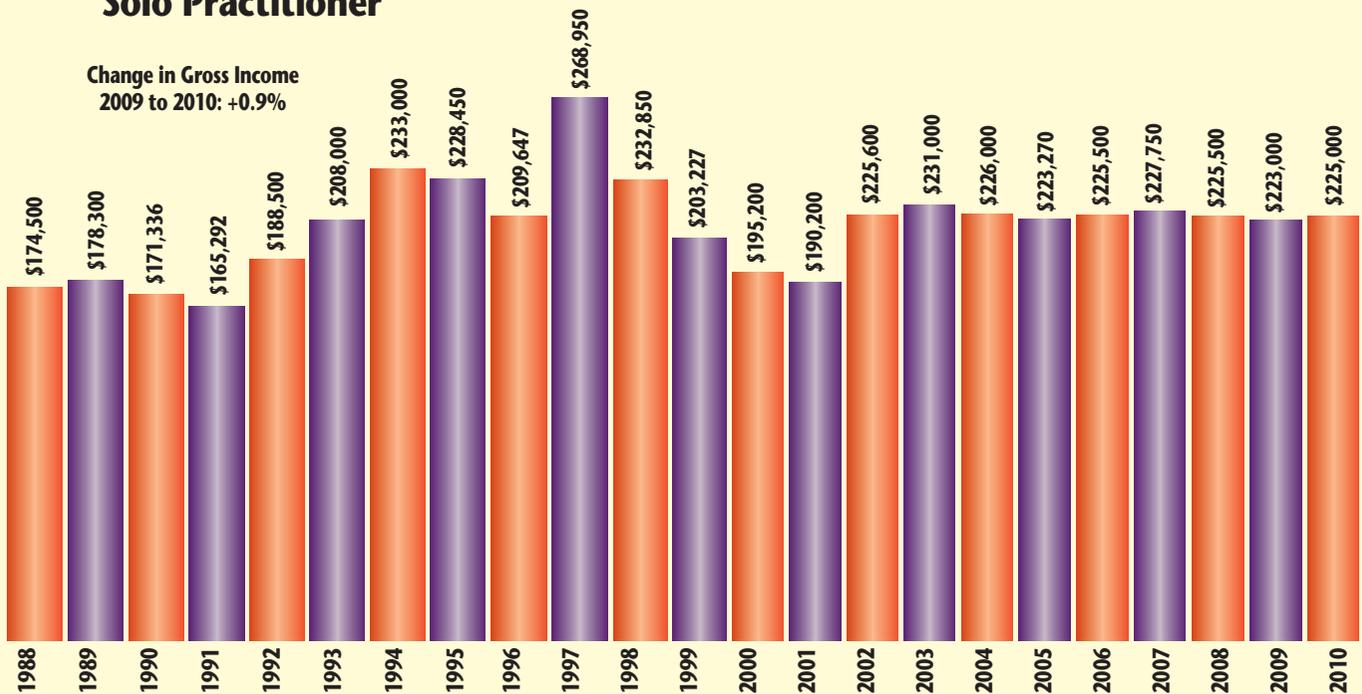
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Gross Income, Solo Practitioner



Cumulative Gross Income, Solo Practitioner

Change in Gross Income
2009 to 2010: +0.9%



Survey...

dentists did not neglect the pension contributions to themselves and staff. In fact, their reported contributions were up considerably over those reported in our previous survey.

For themselves, DPMs surveyed spent an average of \$11,331 on pension contributions, up 13.3 percent from \$10,004 in our previous survey. For staff, doctors contributed \$3,628, up a whopping 25.3 percent from \$2,895 last year. These contributions

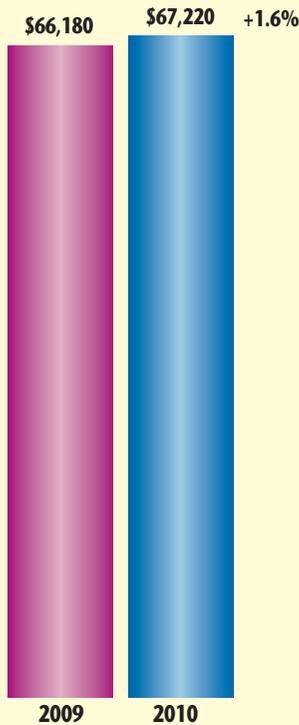
were higher for the third year in a row, but were still below the peak amounts that were reported in 2007.

More experienced doctors potentially reached income levels that allowed them to make these larger con-

Continued on page 136

YOUR OVERHEAD EXPENSES

Gross Salary Payments



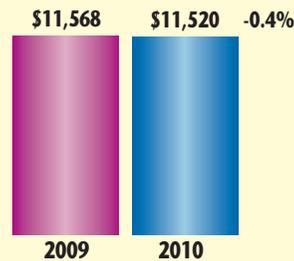
Fixed Equipment Expenses



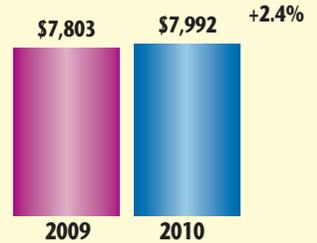
Bio/Pathology Laboratory Expenses



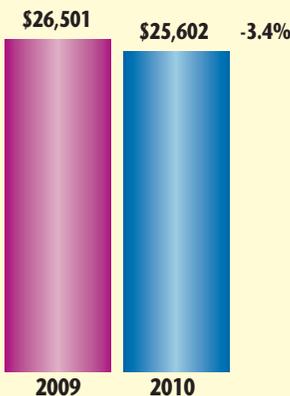
Student Loan Repayment



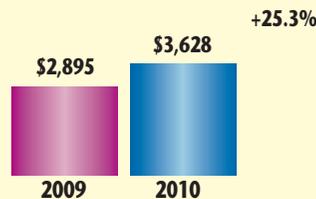
Laboratory Expenses (Orthotic)



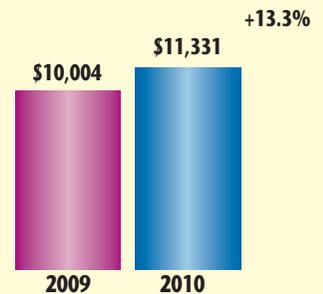
Office Space



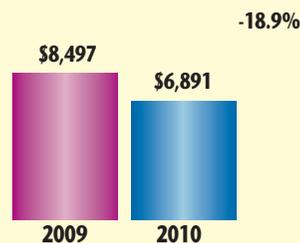
Pension Contribution for Staff



Pension Contribution for Self



Utilities



Educational Expenses

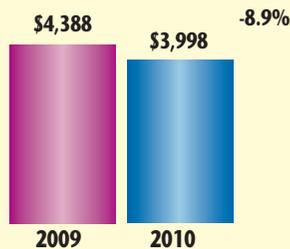


YOUR OVERHEAD EXPENSES

Professional Dues



Office Supplies (Non-Medical)



Non-Malpractice Insurance



Disposable Medical Supplies



Cleaning & Office Maintenance



Legal & Accounting Expenses



Survey...

tributions. In addition, perhaps some DPMs felt more confident about the state of the economy than they did during the previous year.

• Student Loan Repayment—

The amount respondents spent on repaying student loans remained relatively unchanged from our previous survey. At \$11,520, this cost was down just 0.4 percent from \$11,568. We expected that this amount would have dropped, given that fewer new practitioners—who typically are saddled with the highest debt—answered our survey.

swered our survey.

This stabilization is still surprising given the overall rise in edu-

Average Salary of DPM Employed by Another DPM or Group:

\$101,486

Median Salary:

\$115,000

Range:

\$30,000 – \$250,000

cation costs during the survey period. Both undergraduate and medical school tuition have risen at twice the rate of inflation—and in some cases almost three times more, according to The College Board (CB) and the Association of American Medical Colleges.

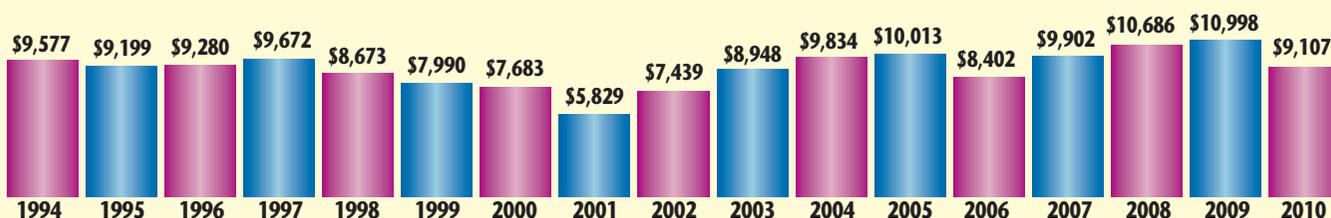
CB further indicates that private college tuition and fees have risen 70 percent over the past decade, more than twice the rate of inflation for the period.

• Bio/Pathology Lab Expenses and Disposable Medical Sup-

Continued on page 138

Professional Liability

Change in Professional Liability
2009 to 2010 -17.2%



Survey...

plies—Doctors surveyed spent 7.2 percent more for non-orthotic lab expenses, reporting an average cost of \$644. This likely goes hand-in-hand with the increased number of patients overall, as well as diabetic and wound care patients specifically.

• **Orthotics and AFOs**—Podiatrists surveyed spent \$7,992, or 2.4 percent more on orthotic lab expenses than last year. This seems in line with the reported increase in custom orthotics prescribed: The average number of pairs of true custom orthotics sent to an outside lab weekly rose from 4.4 to 5.7.

When asked for their preferred method of foot measurement for pre-

scribing orthotics, plaster remained on top with 53.5 percent of respondents choosing it. While foam was next at 18 percent, it dropped considerably from 25.7 percent last year. The big gain was in digital (optical or laser) methods, now preferred by 12.4 percent of respondents compared to 8.6 percent last year (see Fixed Equipment Expenses for further discussion). STS Slipper Sock and pressure technology were preferred by 11.2 percent and 4.9 percent, respectively.

Prefab orthotics dispensing increased as well, up 6.3 percent from 9.5 pair to 10.1 pair per week. PM News has covered a number of exchanges on the dispensing of these devices. Some are concerned that dispensing a non-custom device

will take away from the clinical benefits of true custom orthotics dispensing. Yet others insist prefabs are essential in providing orthotic therapy for those patients who cannot afford custom (especially considering that orthotics are largely uncovered by insurance). Additionally, proponents point out the ever-increasing quality of available prefab devices.

For the first time, we asked respondents for the number of ankle-foot orthoses they prescribed per month. Gauntlet AFOs were the most often prescribed, at an average of 2.5 per month, followed by functional hinged AFOs (Richie type) at 2 per month, solid AFO at 2.1 and Dorsiflex Assist AFO at 1.5 per month. Using these quantities as a baseline, we will follow trends in dispensing them through future surveys.

• **Office Supplies (Non-Medical)**—The cost for non-medical office supplies dropped 8.9 percent to \$3,998. As podiatry continues its movement toward paperless practice, what doctors spend on paper, ink/toner and related supplies will continue to drop. Price-comparison websites allow doctors and staff to price shop virtually any items imaginable. There are even mobile apps that do real-time price comparisons.

As online market competition increased during our survey period, so did the offers for free shipping and gifts with purchase, often without purchase minimums. Rebate programs used by office supply retailers boosted loyalty and gave users discounts on future purchases. Price clubs (e.g., Sam's Club, Costco, etc.) continued to offer some of the best deals on bulk purchases of office-related items. We expect competition to continue unabated, especially as doctors and staff increase their use of mobile devices and new shopping apps become available.

• **Products for Sale**—Respondents spent 8.6 percent less on products for sale, for an average of \$2,184. Presumably the larger percentage of seasoned professionals who answered the survey did not

Continued on page 139

Survey...

rely on ancillary product sales. However, 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 (see previous section) can provide additional revenue potential to the practice. (Prescription pharmaceuticals, an additional revenue source, are covered in the Pharmaceutical section at the end of this article.)

This year, we clarified the question on OTC sales to get a clearer picture of current practices. Nearly three out of four (73.6 percent) surveyed dispense OTC products from their offices. Of those who did not, 39.5 percent planned to dispense OTC products in the next 12 months.

For the first time, we asked what percentage of income was derived from the sale of products. Seventy-eight percent reported 10 percent or less, while 17 percent derived 11-20 percent of their income from these sales. Future surveys will provide comparative data to analyze this income source over time. (For further discussion on in-office product sales, see Prescribing and Dispensing.)

For doctors who find it difficult or costly to inventory ancillary items, there are services that provide DPMs with their own Internet storefronts.

- **Advertising**—The cost for advertising dropped for the third year in a row. Surveyed doctors who advertised reported spending \$3,532 for this category, down 14.8 percent from our previous survey. According to *Advertising Age*, U.S. businesses in general spent less on advertising, with media spending tumbling 12.3 percent during our survey period.

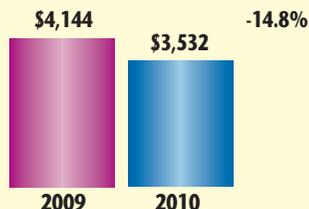
It's likely that doctors didn't actually advertise less but found more cost effective means to do so. In fact, the percentage of doctors who advertised rose from 62 percent to 67 percent in our most recent survey. What's more, since typically there are high advertising costs associated with new practices, and there was a lower percentage of new practitioners this year, the overall average may have been pushed downward.

Yellow Pages—Use of the *Yellow Pages* for advertising dropped 9.5 percent since our last survey, with 57 percent of those who advertise reporting that they use this medium. While there still are many different directories in any given town, their size has dwindled as consumers increasingly use websites and online listings to find the information they need (see Internet below). Some doctors now opt for their free listing only in the paper *Yellow Pages* instead of costly display ads.

Continued on page 140

YOUR OVERHEAD EXPENSES

Advertising



Type of Advertising

	2009	2010
Yellow Pages	63%	57%
Internet	40%	51%
Newspapers	28%	21%
Mailings	15%	15%
Radio	7%	6%
TV Cable	4%	3%
TV Network	2%	2%
Other	18%	14%
Do Not Advertise	38%	33%

Computer Service Maintenance & Internet



Products for Sale



Survey...

Internet—The Internet is now being used by more than half (51 percent) of those who advertise, up from 40 percent last year and the biggest increase we've reported in six years. This is not surprising as doctors continue to create and enhance their online presence via websites and social media. According to the USCB, 68.7 percent of U.S. households had Internet access during our survey period, making the Internet an increasingly viable choice for advertising.

In some practices, advertising in traditional *Yellow Pages* books may have been replaced by online versions, such as yellowpages.com or superpages.com.

Professional websites have evolved in some practices from a simple listing of services to fully enhanced windows to the practice. Door-to-door directions, forms downloading and appointment scheduling are now available on some sites. Doctors are posting information on common podiatric problems and/or are providing links to relevant sites, such as the American Diabetes Association.

The use of social media in practice marketing has gained momentum since our last survey report. Fan pages on Facebook, for example, are appropriate for business use and can be used to highlight specialties and communicate with patients. There are more than 500 million active Facebook users, and half log on to Facebook on any given day, according to Facebook statistics. In addition, more than 200 million active users currently access Facebook through their mobile devices.

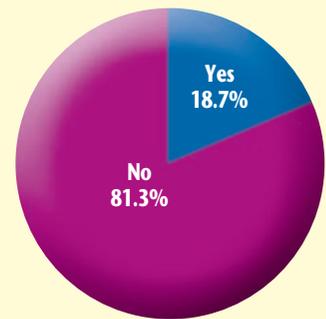
Many doctors use LinkedIn to exchange information, recruit personnel and promote the practice. Last year, LinkedIn launched Company Pages "to help businesses of all sizes attract new customers using trusted, professional product and service recommendations," according to its website. At press time, LinkedIn reported 90 million members.

Some doctors use Twitter as an informal means for patients to contact the practice. In addition, YouTube has been used successfully by some doctors to post information videos.

Rating sites, such as Yelp and Google's Hotpot, allow consumers to share the experiences they've had with local businesses and let business owners share information about their business with their customers.

As DPMs establish more of an online presence, protecting your reputation becomes critical. Monitoring

Do You Dispense Rx Products from Your Office?



Continued on page 141

Survey...

devices such as Google Alerts email you when your keywords (your name and name of practice, for example) are spotted anywhere on the web.

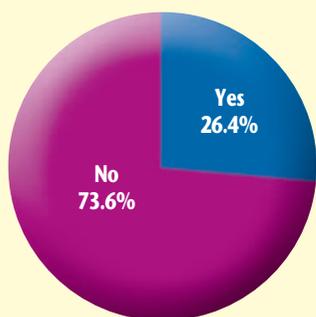
Finally, to maximize effectiveness of online advertising, practice management experts and Internet-savvy practitioners suggest using signs in the office ("Visit us at xyz.com") and web addresses on all printed materials.

Newspapers—Only 21 percent of those who advertise use newspapers, down from 28 percent last year. The daily news industry saw some key closures during our survey period and advertisers began to defect to online media. Readership dwindled as well, making the ad purchase less attractive to DPMs who wanted to ensure an ample return on their investments.

Weekly and other community newspapers continue to be viable alternatives for advertising. They tend to

have loyal readerships, have a long shelf life and are passed onto others, according to a National Newspaper Association survey of readers released last year.

Do You Dispense OTC Products from Your Office?



Mailings—Fifteen percent of doctors who advertised used mailings to do so, which was unchanged from the previous survey. These may include

personal letters, newsletters, coupon packs, and postcards.

Because of the recession, coupon use rose for the first time since 1992, according to Inmar Inc.—up 27 percent between 2008 and 2009. This included online couponing, which was up a whopping 92 percent during this period.

Personalization is key to mailings' effectiveness, if feasible for your printed pieces. Printers can customize anything from the salutation of a piece to the inside content with the patient's name and any other recipient-targeted information that will attract the reader's attention.

Quick response (QR) codes are increasingly being used to customize the impact of mailed offerings. They act as immediate conduits to websites, coupons, videos, or other marketing messages. Recipients can take a picture of the code with their cell phone and the offer appears on the screen. Doctors can not only place these codes on newsletters (using QR code generators such as Zing, BEETAGG and Google Charts), but they can also add interactivity to their business cards and practice brochures. It's an immediate-response way for

Continued on page 142

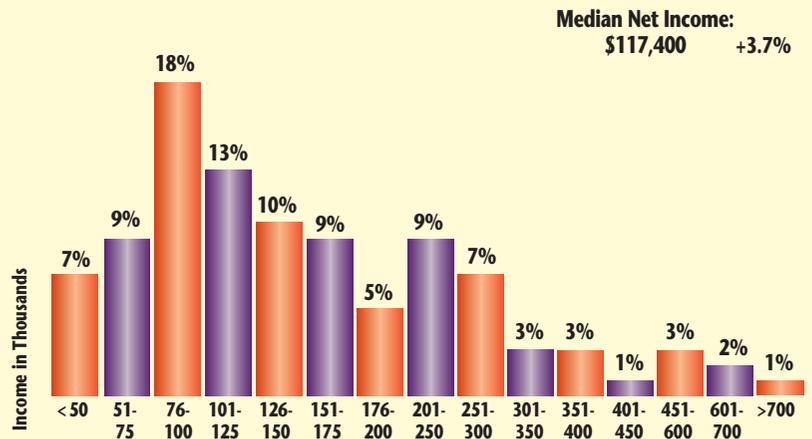
Survey...

patients and prospective patients to learn more about you and your practice.

Radio—Use of radio by those who advertise dropped to 6 percent from 7 percent last year. Radio provides advertising DPMs with a “unique combination of high reach, high targetability, and low cost,” according to Strategic Media. Yet many listeners have been lured away to non-commercial, satellite Sirius|XM radio, perhaps making local radio a less optimal choice for practice advertising. And some new automobiles are equipped with satellite radios and a free, short-term trial service, which is often continued on a subscription basis at a loss to AM/FM listenerships.

Television—Network television advertising remained flat, used by 2 percent of those who advertise, while use of cable TV dropped from 4 percent to 3 percent. Local cable television allows DPMs to target specific customer groups geographically and demographically, yet the recession apparently took its toll. Cable

Net Income, Solo Practice



television advertising revenue dropped during our survey period after seven consecutive years of growth, according to the media and communications analysis firm SNL Kagan. Viewership was down as well, as the number of those in the U.S. with cable dropped by 600,000 from 2008 to 2009, according to a report by The Convergence Consulting Group (CCG). In fact, CCG estimates that the number of cable cancellations will increase to 1.6 million by the end of 2011, potentially influencing doctors' decisions on whether their investment in this media will pay off.

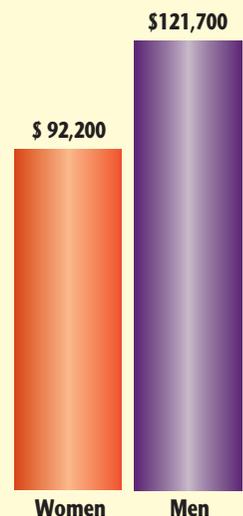
Other—Advertising in local/regional shopper guides, community/school newsletters, trade organization directories and church bulletins were other ways DPMs promoted their practices. Team sponsorships and contributions to local fundraisers and scholarships allowed doctors to enhance their practices' PR. Giveaways (pens, mugs, etc.) made lasting impressions and could be purchased at a relatively low cost.

- **Cleaning and Maintenance**—Cleaning and maintenance fees rose 5.4 percent to \$1,623 from \$1,540 in our previous survey.

The franchise

Continued on page 143

Median Net Income Comparison by Sex



Survey...

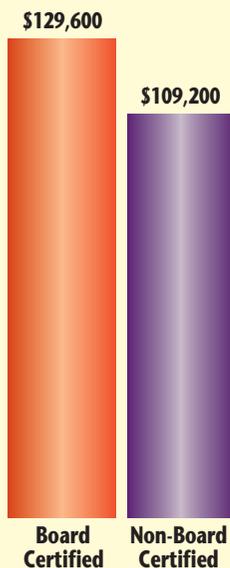
end of the cleaning and maintenance business has grown by leaps and bounds in recent years, with major franchises such as Jan-Pro and Vanguard Cleaning Systems joining the roster of top franchises in *Entrepreneur* magazine. New competitors and lower rates for cleaning may have been offset by higher maintenance costs. This may especially be true given that a larger percentage of doctors were in older practices that conceivably needed more repairs than new offices.

- **Other**—Expenses not listed above include signage, subscriptions, postage/shipping, cable television fees, security system fees, bank fees, business use of automobiles and travel. As these or others become a substantial practice cost, we will break them out separately.

NET INCOME

Solo practitioners' bottom line grew substantially compared to the inflation rate for the period. The median net income reported was \$117,400, up 3.7 percent from \$113,200 in our previous report. Notably, the percentage of doctors who netted less than \$75,000 dropped from 28 percent last year to 16 percent this year. In addition, the percentage of those reporting a net income of more than \$250,000 grew from 15 percent in our previous survey to 20 percent in our most recent one.

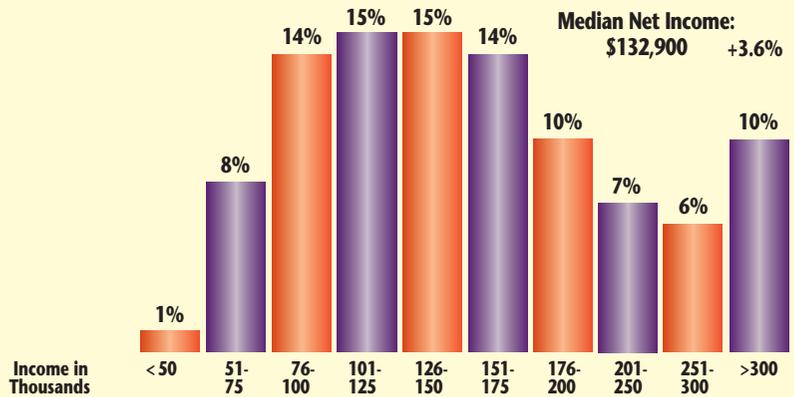
Median Net Income Board Certified



Partnership/group DPMs fared better than their solo colleagues, which has been the case since we began to tabulate separate data for each type of practice. Those in multi-doctor practices reported a median net income of \$132,900, up 3.6 percent from our previous survey's \$128,300. (Note that the amount reported was the doctor's

share of the net income, not the total income for the practice.)

Net Income, Group Practice



share of the net income, not the total income for the practice.)

The amount earned by DPMs employed by another DPM or group increased 9.2 percent, from \$92,921 to \$101,486. The range in salaries for these positions was \$30,000-\$250,000.

After the reported widening of the gender gap over the past two surveys, female DPMs' median net in-

Continued on page 144

Survey...

come edged slightly closer to that of their male colleagues. The median net income for women was \$92,200 compared to \$121,700 for men. Specifically, women earned 75.8 cents for every dollar earned by men, compared to the national average of 80.2 cents for the period. Using comparatively matched women closed the gap quite a bit, with a median net of \$108,100 and 88.8 cents for every dollar earned by men.

Board Certification and membership in the APMA, AAPPm and APWCA have a dramatic impact on net income, according to survey results. Board Certified respondents netted \$129,600 vs. \$109,200 for non-Board Certified colleagues. Members of the APMA earned \$123,400 vs. \$112,600 for non-members. AAPPm members reported \$139,200 compared to \$114,100 for non-members. Our newest addition, APWCA members, reported net incomes of \$124,700 for members and \$115,600 for non-members.

By region, doctors in the West reported the highest net income at \$120,800, just edging out their Southern colleagues who reported a median net of \$120,000. DPMs in

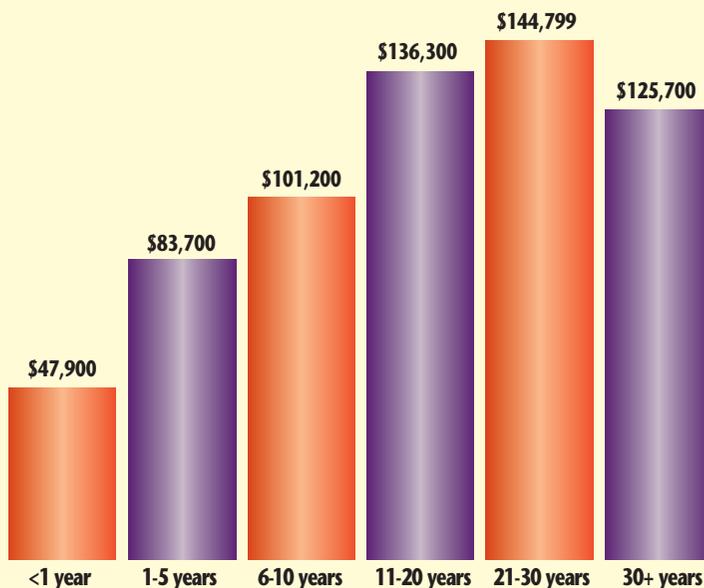
the East earned \$115,500, while North Central practitioners reported a median net of \$114,700.

Reversing a trend we have covered for a decade or more, doctors in the East reported the largest percentage gain in gross and net income of the four regions. Specifically, the East reported an 4.1 percent

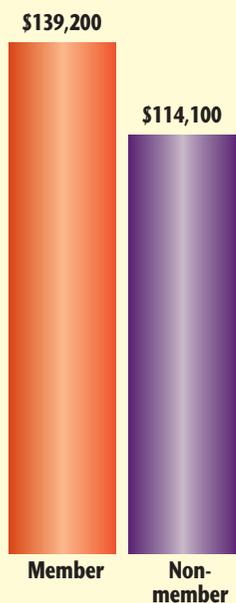
net increase compared to 3.9 percent or less for the other three regions. In addition, while the East *netted* less, on average, than the West and South, it did close the gap by taking home a larger *percentage* of gross than doctors in any other region.

Continued on page 146

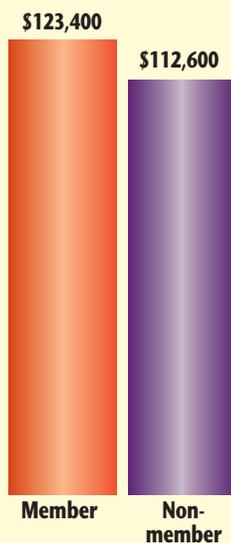
Median Net Income Years in Practice



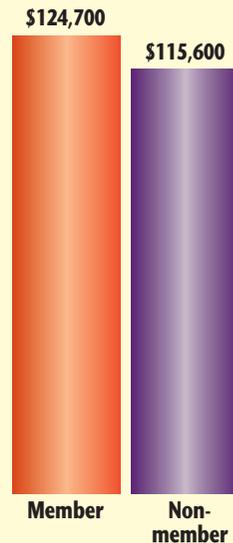
Median Net Income AAPPm Member



Median Net Income APMA Member



Median Net Income APWCA Member



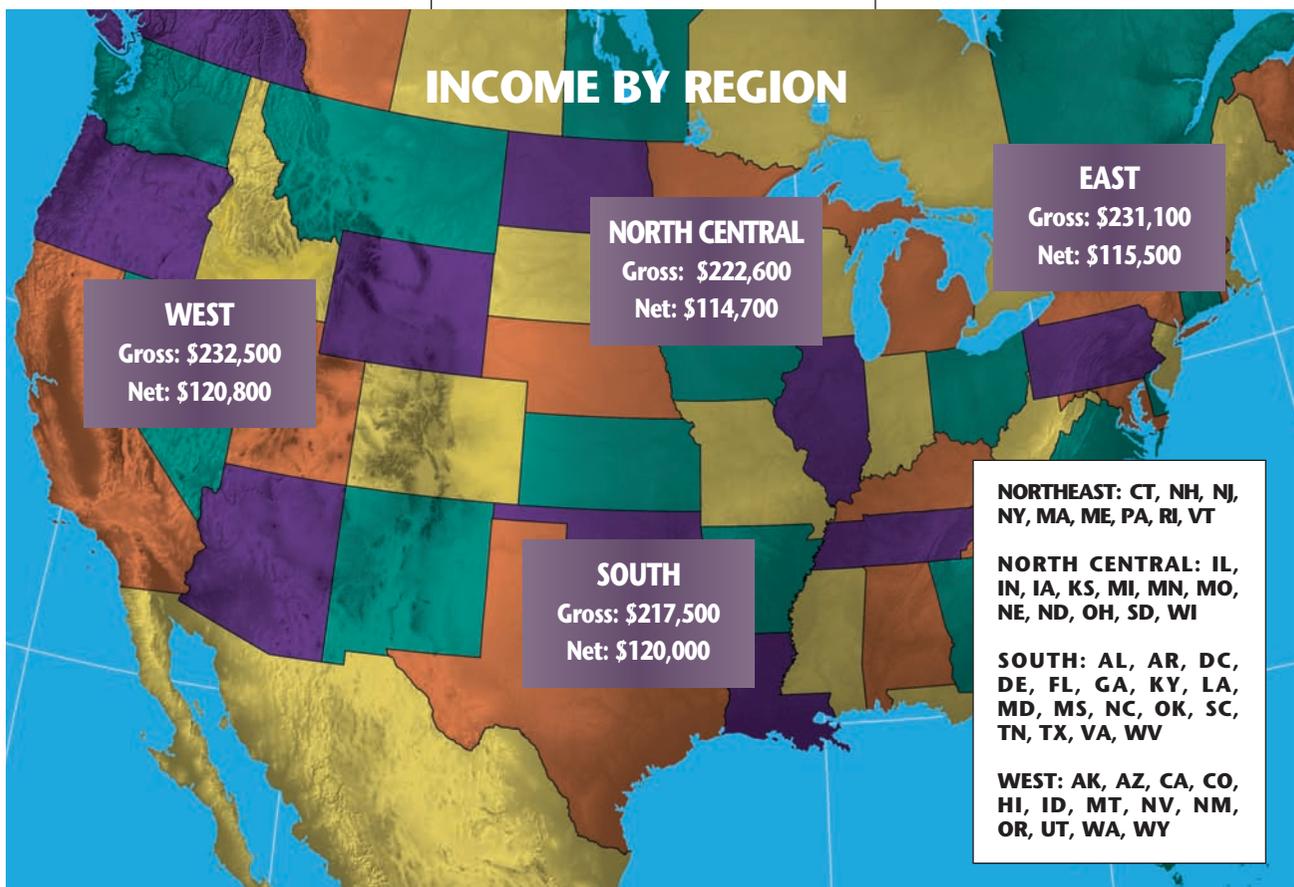
Survey...

PRESCRIBING & DISPENSING

Doctors surveyed indicated which pharmaceuticals, by brand name, they prescribed and dispensed most in several categories (see charts). The average number of Rx's they prescribed and dispensed each week was also report-

ed. Again this year for four categories—wart medications, nail treatments, drying agents/odor absorbents and emollients/moisturizers—we broke down dispensing figures to deter-

Continued on page 148



PRESCRIBING & DISPENSING

Antiseptics/Topical Antibiotics

	2010	2009	2008
Neosporin	26%	46%	39%
Bactroban	16%	19%	20%
Silvadene	15%	10%	6%
Bacitracin	10%	19%	15%
Amerigel	9%	7%	7%
Gentamicin	9%	11%	12%
Triple Antibiotic	8%	17%	7%
Polysporin	5%	2%	6%
Mupicin	4%	—	—

Prescriptions per week 7.8 7.8 6.5

Prescribed (RX) 91% Dispensed (D) 9%

Analgesics, Oral

	2010	2009	2008
Vicodin	54%	46%	52%
Lortabs	19%	21%	19%
Percocet	18%	25%	25%
Tylenol	14%	—	8%
Darvocet	11%	12%	7%
Tylenol #3	9%	18%	18%
Hydrocodone	4%	3%	4%
Ibuprofen	4%	3%	—
Others	5%	4%	5%

Prescriptions per week 5.2 5.7 5.6

Prescribed (RX) 98% Dispensed (D) 2%

Survey...

mine the products “most prescribed” and those “most dis-

pensed in-office.”

This year we clarified our question on Rx dispensing to better define who was dispensing

and who planned to do so in the future. Approximately one in five (18.7 percent) dispensed Rx prod-

Continued on page 150

PRESCRIBING & DISPENSING

Antifungals, Topical (Skin)

	2010	2009	2008
Naftin	60%	51%	60%
Spectazole	22%	21%	23%
Ertaczo	14%	10%	3%
Tineacide	14%	8%	—
Lamisil	14%	20%	22%
Loprox	11%	18%	22%
Oxistat	10%	5%	4%
Clotrimazole	7%	8%	—
Formula 3	6%	—	—
Lotrisone	4%	4%	5%
Prescriptions per week	5.7	5.5	6.1
Prescribed (RX)	92%		
Dispensed (D)	8%		

Antibiotics, Oral

	2010	2009	2008
Keflex	62%	58%	60%
Augmentin	21%	14%	14%
Cephalexin	18%	13%	19%
Bactrim	9%	—	2%
Duricef	7%	9%	8%
Lavaquin	5%	4%	7%
Omnicef	4%	5%	4%
Clindamycin	3%	—	—
Cipro	3%	3%	1%
Zithromax	3%	—	—
Others	5%	6%	4%
Prescriptions per week	4.7	4.4	4.5
Prescribed (RX) 100%		Dispensed (D) 0%	

Anti Inflammatories

	2010	2009	2008
Naprosyn	45%	36%	32%
Ibuprofen	25%	26%	18%
Voltaren	21%	9%	9%
Motrin	16%	17%	18%
Celebrex	13%	17%	29%
Mobic	10%	9%	5%
Aleve	6%	5%	5%
Nalfon	5%	11%	8%
Feldene	5%	5%	5%
Meloxicam	4%	—	—
Diclofenac	4%	—	—
Advil	4%	2%	6%
Lodine	4%	2%	6%
Daypro	3%	5%	—
Clinoril	3%	—	—
Relafen	3%	3%	7%
Others	8%	8%	9%
Prescriptions per week	9.2	9.8	9.1
Prescribed (RX)	96%		
Dispensed (D)	4%		

Enzymatic Debriding Agents

	2010	2009	2008
Santyl	47%	4%	18%
Collagenase	9%	—	—
Accuzyme	8%	43%	23%
Panafil	6%	47%	28%
Others	7%	4%	31%
Prescriptions per week	2.6	3.7	2.0
Prescribed (RX) 100%		Dispensed (D) 0%	

Graft Products for Wounds

	2010	2009	2008
Dermagraft	26%	6%	10%
Apligraf	21%	35%	28%
Graft Jacket	4%	11%	8%
Oasis	4%	7%	5%
Integra	3%	—	—
Gamma Graft	2%	2%	3%
Prescriptions per week	1.9	1.8	2.0
Prescribed (RX) 100%		Dispensed (D) 0%	

Survey...

ucts from their offices during our survey period. Of those who did

not, 19.7 percent planned to do so within the following 12 months.

Direct-to-consumer (DTC)

pharmaceutical advertising was up during our survey period, one of the few product categories to

Continued on page 152

PRESCRIBING & DISPENSING

Topical Pain Relievers

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Biofreeze	40%	—	—
Voltaren Gel	20%	—	—
Lidoderm	10%	—	—
Ortho-Nesic	9%	—	—
Flector Patch	7%	—	—
Capsaicin (includes Zostrix and other capsaicin products)	7%	—	—
Lidocaine	5%	—	—
Lidamantle	4%	—	—
Others	9%	—	—
Prescriptions per week	3.0	—	—
Prescribed (RX) 48%		Dispensed (D) 52%	

Topical Dressings for Matrixectomies

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Amerigel	59%	47%	51%
Neosporin	10%	6%	9%
Cortisporin Otic	8%	3%	—
Silvadene	8%	19%	9%
Bacitraciner	5%	5%	3%
Gentamicin	5%	2%	4%
Triple Antibiotic	3%	4%	—
Others	7%	9%	8%
Prescriptions per week	3.9	4.0	3.5
Prescribed (RX) 53%			
Dispensed (D) 47%			

PRESCRIBING & DISPENSING

Wound/Ulcer, Topical (Non-Graft)

	2010	2009	2008
Amerigel	35%	23%	27%
Silvadene	11%	15%	12%
Regranex	6%	20%	9%
Santyl	6%	—	—
Aquacel	5%	2%	2%
Iodosorb	5%	4%	4%
Silvercel	5%	—	—
Prisma	4%	5%	6%
Bactroban	3%	—	3%
Hydrogel	3%	3%	3%
Neosporin	3%	3%	3%
Promogran	3%	3%	3%
Others	9%	7%	20%
Prescriptions per week	3.9	3.8	5.3
Prescribed (RX) 77%		Dispensed (D) 23%	

Steroids, Topical

	2010	2009	2008
Topicort	27%	29%	23%
Hydrocortisone	18%	14%	13%
Triamcinalone	16%	15%	16%
Lidex	12%	9%	14%
Betamethasone	10%	12%	8%
Temovate	7%	7%	8%
Lotrisone	5%	—	4%
Diprolene	3%	11%	8%
Diprosone	3%	—	—
Elocon	3%	—	2%
Kenalog	3%	4%	5%
Others	6%	5%	4%
Prescriptions per week	2.0	1.9	2.5
Prescribed (RX) 98%			
Dispensed (D) 2%			

PRESCRIBING & DISPENSING

Antifungals, Oral

	2010	2009	2008
Lamisil	86%	80%	85%
Diflucan	8%	—	2%
Gris-PEG	5%	7%	6%
Others	2%	3%	7%
Prescriptions per week	3.5	3.6	3.3
Prescribed (RX)	100%	Dispensed (D)	0%

Survey...

show an increase in advertising. According to Kantar Media, pharmaceutical advertising expenditures rose 3.9 percent, to more than \$4.75 billion.

DTC advertising continues to have an impact on patient care, as indicated by a recent *AARP Bulletin* survey of adults 18 and older. Ninety percent of those surveyed saw or heard one or more prescription drug advertisements, most often on television (78 percent). One in 10 who saw/heard a prescription drug advertisement asked their doctor for the advertised drug. At press time, the U.S. Food & Drug Administration had not yet released its much-anticipated regulatory guidance

Continued on page 154

Wart Medications

	2010	2009	2008	RX	Disp.	Prescribed (RX)	83%
Salicylic Acid (Sal Acid Plaster)	17%	10%	17%	88%	12%	Dispensed (D)	17%
Aldara	14%	8%	—	100%	0%	Most Prescribed:	
Lazerformalyde	12%	12%	16%	100%	0%	1. Salicylic Acid (Sal Acid Plaster)	
Verucide	11%	4%	—	0%	100%	2. Aldara	
Cantharone	11%	2%	8%	0%	100%	3. Lazerformalyde	
Duofilm	9%	11%	7%	100%	0%	Most Dispensed In-office:	
Gordofilm	6%	6%	3%	13%	87%	1. Tie: Verucide and Can tharone	
Mediplast	5%	8%	7%	60%	40%	2. Gordofilm	
Plantarstat	5%	2%	6%	0%	100%		
Efudex	5%	11%	5%	100%	0%		
Transversal	2%	3%	4%	100%	0%		
Compound W	2%	5%	—	75%	25%		
Others	6%	5%	5%	61%	39%		
Prescriptions per week	4.3	4.1	4.1				

Nail Treatments: Topical Antifungals and Keratin Debris Exfoliants

	2010	2009	2008	RX	Disp.	Prescribed (RX)	45%
Formula 3	42%	11%	7%	15%	85%	Dispensed (D)	55%
Tineacide (Blaine)	10%	11%	5%	10%	90%	Most Prescribed:	
Penlac	8%	9%	18%	100%	0%	1. Penlac	
Keralac Nail Gel	7%	10%	16%	100%	0%	2. Keralac Nail Gel	
Gordochom (Gordon)	4%	4%	3%	0%	100%	3. Formula 3	
Fungoid Tincture (Pedinol)	4%	4%	5%	100%	0%	Most Dispensed In-office:	
Mycocide (Woodward)	3%	4%	3%	0%	100%	1. Formula 3	
Naftin	3%	—	3%	100%	0%	2. Tineacide	
Uramaxin	3%	—	—	100%	0%	3. Gordochom	
Umecta	2%	6%	3%	100%	0%		
Others	10%	8%	8%	28%	72%		
Prescriptions per week	6.4	4.9	6.1				

Survey...

for digital pharmaceutical marketing, which will impact the way pharmaceutical companies can reach consumers via social media.

Management experts advise podiatrists to utilize vendor expertise in dispensing and other areas. They have been in some of the top practices and may have contributed to your col-

leagues' success. They may more readily spot trends or know of new competitors and new products. Vendors may provide advice on dispensing Rx and OTC products, handle some of the time-consuming paperwork, and offer tested marketing techniques. In addition, they may be able to offer advice regarding other practice areas (e.g., layout, staffing, etc.) as well as referral sources. ■

Stephanie Kloos Donoghue of Ardsley, N.Y., writes and lectures on management, marketing and economic trends, and has analyzed podiatric and other medical professional data for more than two decades. She is an adjunct assistant professor of management at Pace University's Lubin School of Business in Pleasantville, N.Y., where she teaches Small Business Management.

PRESCRIBING & DISPENSING

Drying Agents/Odor Absorbents

	2010	2009	2008	RX	Disp.	Prescribed (RX)	83%
Drysol	50%	44%	46%	96%	4%	Dispensed (D)	17%
Certain Dry	14%	12%	13%	86%	14%		
Lazerformalyde	13%	16%	8%	100%	0%	Most Prescribed:	
Tineacide Shoe Spray	11%	2%	—	0%	100%	1. Drysol	
Formadon (Gordon)	7%	7%	8%	0%	100%	2. Lazerformalyde	
Zeasorb	3%	3%	3%	100%	0%	3. Certain Dry	
Bromi Lotion	3%	3%	3%	0%	100%		
Onox	1%	1%	1%	0%	100%	Most Dispensed In-office:	
Others	9%	7%	12%	27%	73%	1. Tineacide Shoe Spray	
						2. Formadon	
						3. Bromi Lotion	
Prescriptions per week	3.7	3.7	3.5				

Emollients/Moisturizers

	2010	2009	2008	RX	Disp.	Prescribed (RX)	69%
Amlactin	24%	25%	23%	90%	10%	Dispensed (D)	31%
Lac-Hydrin	12%	11%	11%	100%	0%		
Revita Derm	12%	—	3%	4%	96%	Most Prescribed	
Eucerin	10%	9%	10%	89%	11%	1. Amlactin	
Gormel	8%	6%	9%	0%	100%	2. Lac-Hydrin	
Carmol 40	7%	7%	8%	100%	0%	3. Eucerin	
DPM Cream	5%	5%	9%	0%	100%		
Lactinol E Creme	5%	5%	6%	100%	0%	Most Dispensed In-Office	
Lactinol Lotion	5%	7%	3%	100%	0%	1. Revita Derm	
Foot Miracle	4%	6%	6%	0%	100%	2. Gormel	
Umecta	4%	7%	4%	100%	0%	3. DPM Cream	
Kerasal	4%	6%	6%	20%	80%		
Keralac Cream	3%	2%	3%	100%	0%		
Urea 40%	3%	3%	3%	100%	0%		
Others	11%	14%	11%	17%	83%		
Prescriptions per week	6.6	5.8	6.5				