Working Smarter

Respondents to *PM's* 31st annual survey tackled the challenge of less revenue per patient with spending strategies that boosted the bottom line.

BY STEPHANIE KLOOS DONOGHUE

The burgeoning aging population, the continuing high number of diabetics and the influx of newly insured under Obamacare—in the midst of shrinking reimbursements—proved challenging to respondents to *Podiatry Management*'s 31st annual survey. While solo doctors saw more patients, top-line revenues shrank 3 percent. Instead of throwing up a white flag, however, respondents fought back with strategic spending tactics. The results paid off: solo DPMs boosted their median net income by 4 percent, which was nearly double the U.S. inflation rate of 2.1 percent for the period.

Results from our record 670 responses, which were gathered completely online for the first time ever, indicated a particularly strong showing for partnership/group practice, with this practice type netting nearly $30,000 more than solo colleagues. Doctors spent more on staff, perhaps for the first time realizing the benefits of delegating appropriate tasks. More DPMs dispensed prescriptions and over-the-counter (OTC) products in their practices than ever before and spent considerably more on these items—indicating that some doctors may have grown their existing product offerings since our last report. They also dispensed more pairs of custom orthotics each week—the highest number since we starting asking the question more than a decade ago.

Provisions of the Patient Protection and Affordable Care Act (ACA) continue to have an impact on podiatric practices, boosting efficiencies and providing a fertile environment for practice mergers. With the economic advantages of partnership/group practice already proven in *PM* surveys, we expect to see the creation of more large multispecialty and speciality groups moving forward. The challenge is to continue the lower-cost-per-patient trend that doctors have already exhibited in our latest survey report while improving patient care.

Here's a rundown of the data with analysis, including expanded cross-tabulations to provide more in-depth results.

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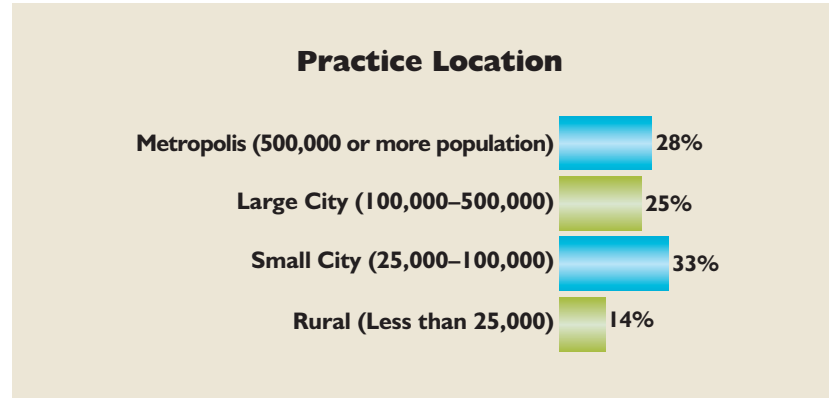
DPM CHARACTERISTICS & TRENDS

State Choice Correlated to Older Populations

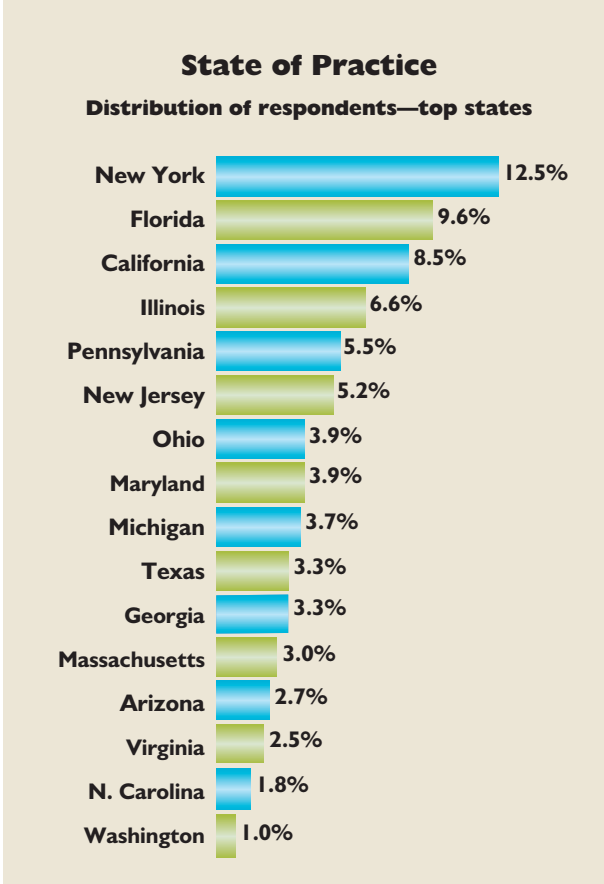
The largest percentage of respondents came from New York (12.5 percent), followed by Florida (9.6 percent), California (8.5 percent), Illinois (6.6 percent) and Pennsylvania (5.5 percent). According to the U.S. Census Bureau (USCB), these five states were among the top six states in terms of population during our survey period. (Texas was the second largest state, according to the USCB; it ranked tenth in terms of survey responses.) The states with the highest percentage of residents age 65 and older—who potentially have a greater need for podiatric care—were again some of these same states: California, Florida, Texas, New York and Pennsylvania. Thus respondents practiced where demand for services was greatest.



USCB projections indicate that the nation will continue to age and will become more diverse.

Fastest-growing states overall—those showing the highest percentage of growth from 2011-2012—were North Dakota (+21.5 percent), District of Columbia (+21.3 percent), Texas (+16.5 percent), Wyoming (+15.8 percent) and Nevada (+14.2 percent). Doctors opening new practices or satellites offices might consider exploring the feasibility of doing so in these high-growth areas.

USCB projections indicate that the nation will continue to age and will become more diverse. In fact, the USCB predicts that the population age 65 and older will more than double by 2060 and will represent one in five U.S. residents from one in seven in 2012. Meanwhile, the Hispanic and Asian populations are expected to more than double their size over the same period. Practices can prepare for these changes by marketing services specifically to ethnic groups; hiring multilingual staff; and using videos, web pages, brochures and more in the targeted audience's language.



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

Location Mix Similar

Overall, there was little change

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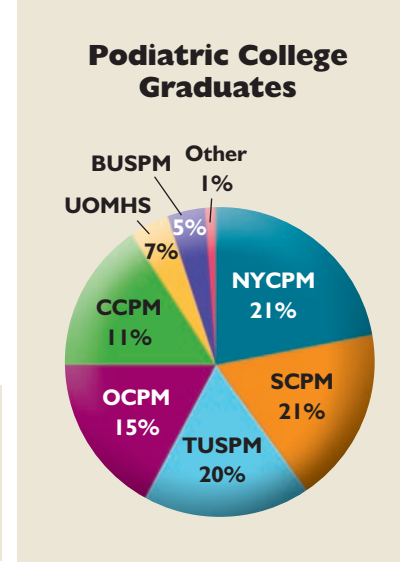

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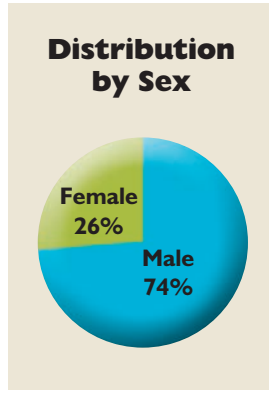
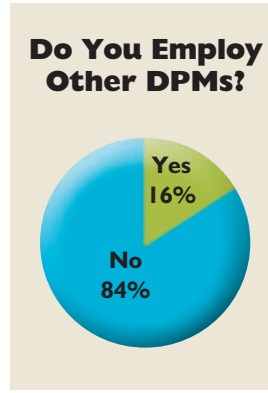
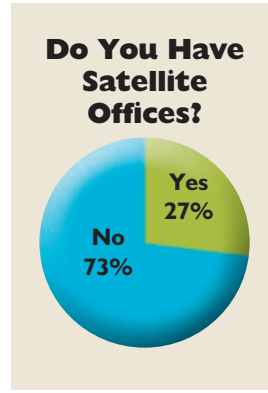
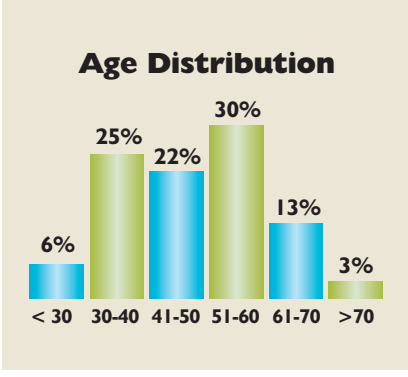
in the mix of practice locations of the respondent pool. Small cities (populations of 25,000 to 100,000) remained on top, with 33 percent of respondents practicing there. Next most popular was a metropolis (populations of 500,000+) at 28 percent, large cities (populations of 100,000 to 500,000) at 28 percent and rural areas (populations of less than 25,000) at 14 percent.









For the first time since the 1920s, cities grew faster than suburbs from July 1, 2011, to April 1, 2012 (our survey year), according the USCB. Even some cities that had seen declines in recent years—like Chicago, Milwaukee and Minneapolis—showed growth. All of the 15 fastest-growing urban centers, by percentage, during our survey period were in the South and West, with growth rates between 3.71 percent and 4.91 percent. Eight of the top cities were in Texas alone. When looking at the metropolitan areas with the largest numeric gains, the areas of Dallas-Fort Worth, Houston, Los Angeles and New York each added more than 100,000 people over the period. Meanwhile, Austin, Texas, and Orlando, FL, were not only among the top 20 numeric gainers, but also among the top 20 in terms of rate of growth, according to the USCB. We will see if this strong showing for large metropolitan areas causes a shift in respondent makeup in future surveys.

Smaller Segment of New DPMs

This year's pool of respondents was slightly more experienced than those answering our previous survey. A smaller percentage of doctors surveyed were recent grads—in practice five years or less—compared to last year. This fact alone may have had an impact on overall income numbers, as highest earners tend to have been in practice for at least a decade.

The largest segment of our respondent group was in practice between 21 and 30 years (25 percent of respondents), followed by those in practice more than 30 years (22 percent).

Partnership/Group Practice Shows Strong Gains

Although solo practice (self-employed or a solo pro-

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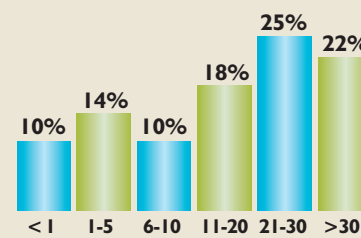

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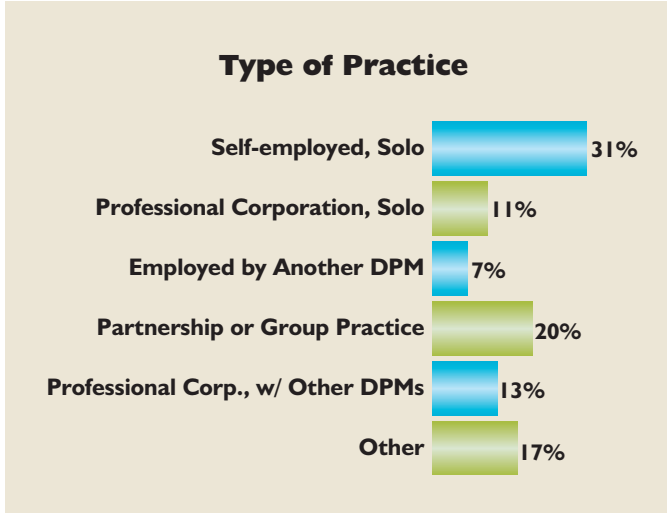
fessional corporation) remained dominant at 42 percent of the responses, there was a substantial increase in the percentage of doctors practicing in a partnership/group or in a professional corporation with other DPMs. This year, 33 percent of respondents were in partnership/group practice, compared to 28 percent in our previous survey. Seven percent were employed by another DPM (down from 8 percent), and 17 worked in other environments, such as hospitals, multidisciplinary practices and academia. Sixteen percent of respondents reported that they hired other DPMs, up from 14 percent last year.



The trend toward partnership/group practice is one that we anticipate will continue. Managed care organizations (MCOs) increasingly require providers to offer a wide range of services, extended hours and efficiencies often only feasible by doctor groups. Partnership/group practice is advantageous for individuals DPMs as well, with factors such as economies of scale and the ability to reach patients needing various specialties resulting in higher net incomes for these doctors (see "Net Income" section). From a professional and lifestyle standpoint, doctors may be able to specialize in a chosen area; get in-house, immediate consultations as needed; afford large capital expenditures more easily, as the costs are spread across several owners; and work more flexible hours. Payers view groups of doctors as providing improved access for members, putting partnership/group DPMs in a stronger contract negotiating position.

Groups also make in-office dispensing a more profitable and feasible venture. Larger office spaces can accommodate a variety of products to expanded patient popu-

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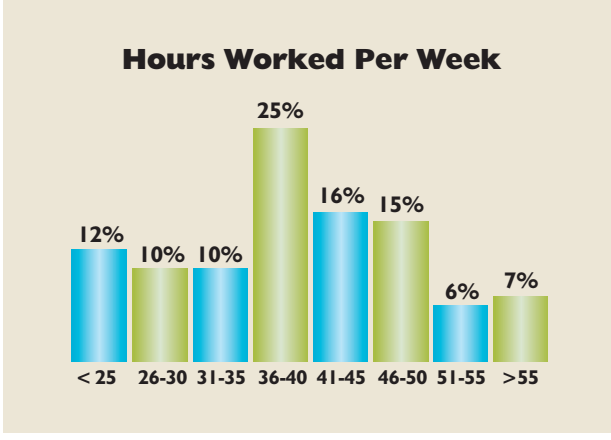

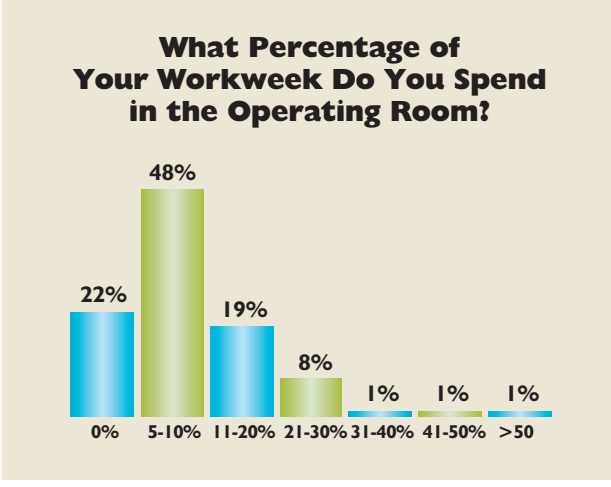

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lations. Bulk purchasing can reduce per-item costs and results in higher profits.

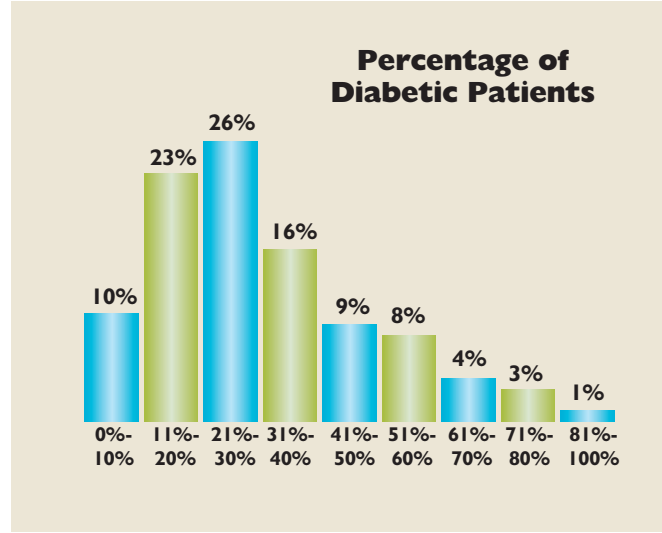
Marketing the practice is more cost-effective as well, and the practice "story" expands with various doctors and specialties onboard. Pooling funds may allow for robust websites and more sophisticated use of search engine optimization (SEO). Television and other more expensive media now may be within reach of the practice budget.

The supergroup arrangement has found its place in the profession as well. Multidisciplinary groups or practices with in-house subspecialties add another layer of patient access and convenience that appeal to payers. Patients with a 24/7 mindset may also be looking to choose larger practices for accessibility and the interoffice consultations readily available in those settings.

More Doctors with Satellite Offices

Twenty-seven percent of respondents had one or more satellite offices, up from 25 percent in our previous survey. Like partnership/group practices, satellites offer practitioners certain economies of scale (in purchasing supplies, for example) as well as the ability to stave off competition. What's more, staff sharing allows for able and efficient employees to serve in multiple locations, especially if the need in a single office is less than full time.

Southern DPMs were most likely to have a satellite office and Western doctors were least likely among the four regions, as indicated by our cross-tabulations.



Most notable in the data was that the number of satellites owned by some respondents was much higher than in the previous survey. Specifically, the percentage of satellite owners who had two satellite offices rose from 22 percent in our previous survey to 28 percent this year. What's more, those owning four or more satellite offices jumped from 7 percent to 10 percent.

More Women Respondents

Twenty-six percent of the respondents to our most recent survey were women, up from 23 percent last year. This movement follows graduation statistics and the increasing percentage of women in podiatry schools. According to data from the American Association of Colleges of Podiatric Medicine, 39.2 percent of those enrolled in the nation's podiatry schools for the 2012-2013 school year were women. With this percentage rising to 39.6 for 2013-2014, we expect to see even greater percentages of women respondents in the future.

Rise in Number of Patients Seen

The average number of patients treated per week rose from 85.6 in our previous report to 88.9 in our latest survey. This rise correlates with the increasing elderly population, according to statistics from the USCB. Figures for 2012 show that there were 41.5 million adults age 65 and over, up 5.9 percent from 39.2 million in the previous year.

See the cross-tabulated data related to patient numbers in the sidebar "Latest Trends in Number of Patients Seen."

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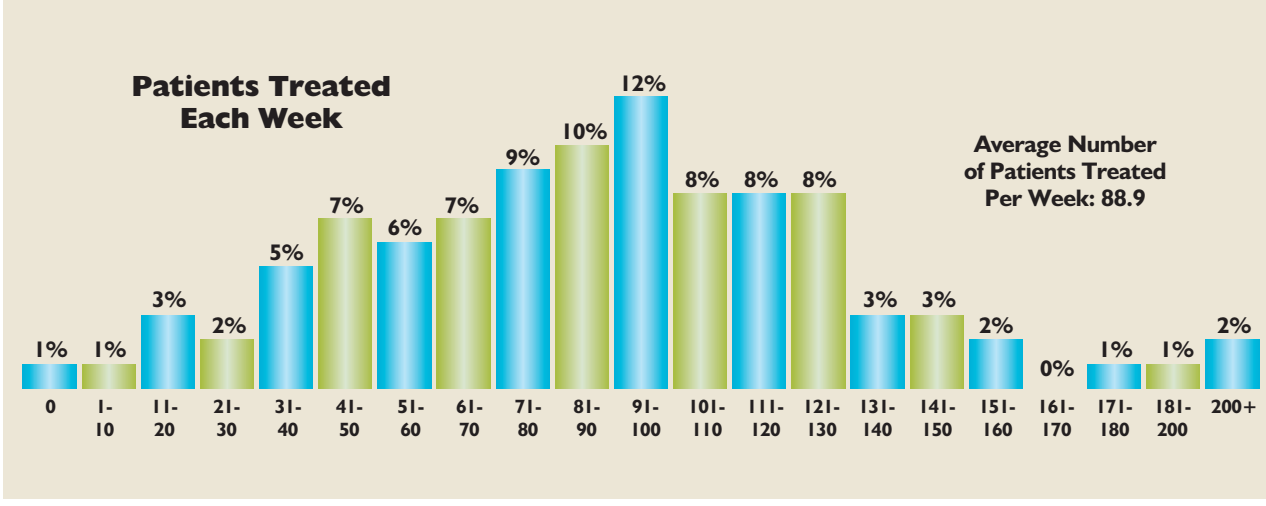

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Hours Remain Steady

The hours worked per week remained relatively unchanged from the previous survey, with the largest percentage of doctors working 36-40 hours per week. The percentage of doctors working less than 25 hours per week, however, dropped from 14 percent to 12 percent of respondents. This was likely due to the decrease in both new DPMs and those close to retirement. Additionally, there was

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Trends in Number of Patients Seen

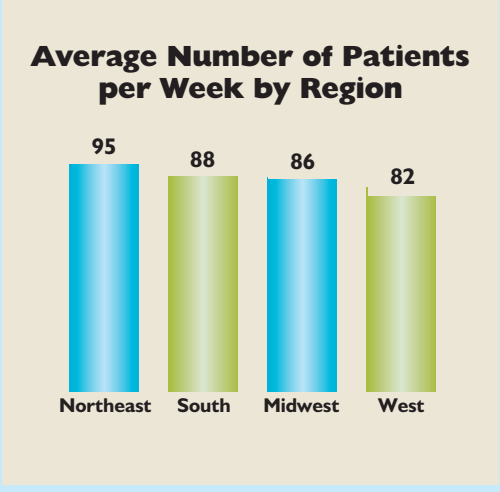
Last year, for the first time, we cross-tabulated the number of patients seen with doctor's gender, region, location size and number of years in practice. Now that we have two years' worth of data, here are some findings and trends:

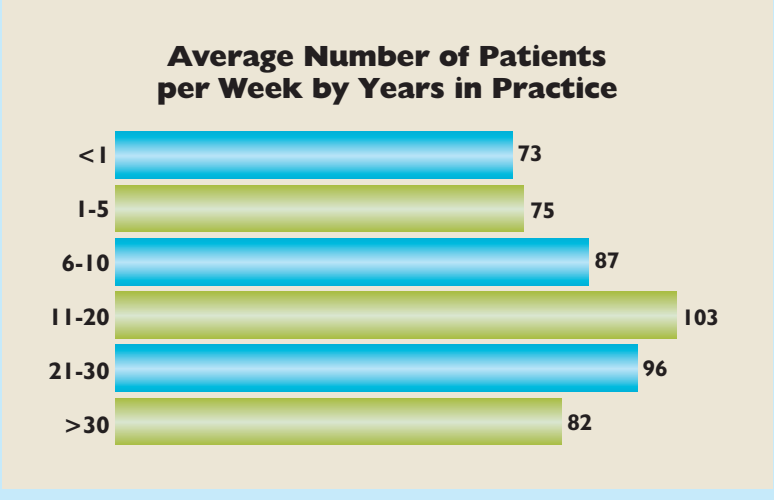
• ***Men saw more patients, but women are closing in:*** Male DPMs saw an average of 91.5 patients per week, up 3 percent from the previous year's 88.8 patients. Women podiatrists saw more patients as well—80.1 vs. 76.1 patients—yet their rate of growth was faster, rising 5.3 percent year-to-year.

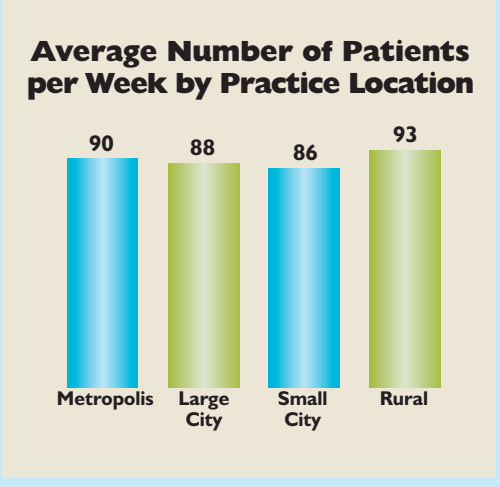
• ***Northeast doctors saw more patients, grew fastest:*** DPMs practicing in the Northeast region saw an average of 94.5 patients per week, up 4.3 percent from the previous year's 90.6 patients. This is the second year since we tallied these percentages that the Northeast topped the list, but even more significant is that the *rate of growth* was the highest of the four regions. Next highest was the West (up 3.4 percent with 81.8 patients per week), followed by the South (up 2.3 percent with 88.4 patients) and the Midwest (up 1.6 percent at 86.4 patients).

• ***Huge growth reported in urban practices:*** Doctors in rural practices saw the most patients, on average, of all four practice locations, up 1.7 percent to an average of 93.3 patients per week. However, their rate of growth paled in comparison to DPMs in a large city or metropolis. Topping the growth stats were large cities, where DPMs saw 87.5 patients per week, or 10.8 percent more than in our previous survey. Doctors in a metropolis saw 5 percent more patients, or 90.3 patients per week compared to 86 patients in our last report. By contrast, doctors in small cities reported a 2.7 percent drop in patient numbers: 86.2 patients per week this year vs. 88.6 percent last year.

• ***Practices may need more time to build a large patient base:*** Doctors in practice 11-20 years saw the most patients, at an average of 103.5 patients per week. In our previous survey, the group that saw the most patients (97.1) was in practice 6-10 years. What's more, DPMs in practice five years or less saw considerably fewer patients than doctors in similar practices in our previous survey. What does this mean? It may indicate that DPMs need an additional few years to reach their practice peak. The data also indicated that podiatrists may keep their patients longer, with doctors in practice 21-30 years reporting 95.9 patients per week compared to 93.3 patients per week in our last report. •







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a slight boost in the percentage of doctors working 46 hours or more per week—28 percent vs. 26 percent in the previous survey. In future surveys, we will see what effect the ACA has on practice hours.

In our cross-tabulation of hours by gender, we found that women worked about one hour less per week, on average, than male colleagues: 38.1 vs. 39.4 hours, respectively. While more men reported working longer hours (more than 50) than women by a ratio of three to one, there were three times as many men than women who worked less than 25 hours.

New This Year: Time in the Operating Room

Based upon reader feedback, we asked respondents how much time, if any, they spent in the operating room each week. Nearly half (48 percent) spent 5-10 percent of their time there, while another 19 percent spend 11-20 percent of their time in the operating room. Twenty-two percent of respondents report that they didn't work in an operating room, while 1 percent said they spent the majority of their time operating.

Slightly Lower Percentage of Diabetics Seen; Still Large Segment of Practice

Respondents reported a slightly lower percentage of diabetic patients overall, with the largest percentage of our respondent pool reporting that 21-30 percent of their patient load was diabetic.

We cross-tabulated the percentage of diabetes patients by region and found that Southern practitioners saw the largest percentage of diabetic patients per week, followed by doctors in the Northeast, the Midwest and the West.

Latest data on the prevalence of diabetes remains the Center for Disease Control and Prevention (CDC) report "National Diabetes Fact Sheet, 2011", which noted that the South from Texas eastward had the highest percentage of adults diagnosed with diabetes. Top states by percentage were Mississippi (11.3 percent), Alabama (11.1 percent), West Virginia (10.7 percent), Louisiana (10.3 percent), Tennessee (10.2 percent) and Kentucky (10.1).

Closely related to diabetes statistics are data for obesity, a known risk factor for Type 2 diabetes that has increased dramatically over the past 20 years. Obesity statistics from the CDC indicates that 35.7 percent of all adults and 17 percent of children (ages 2-17) are obese (BMI of 30 or above).

Public education and new and improved treatment options may

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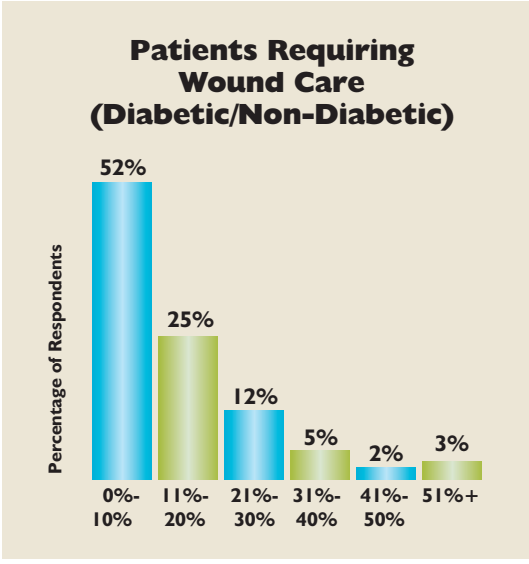

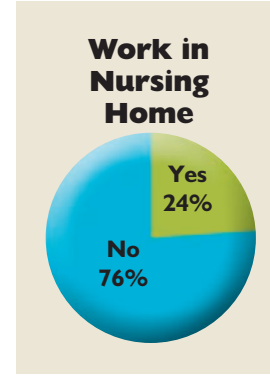

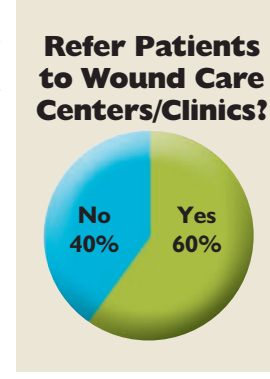

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be some reasons for fewer diabetic patients.

The Obama administration has put diabetes front and center, designating November as National Diabetes Month, with the President writing in a proclamation, "With diabetes ranking among the leading causes of death in the United States, my administration is committed to supporting Americans living with diabetes, investing in promising scientific research, advancing work toward improved treatment and care, and bolstering prevention efforts." What's more, Michelle Obama's *Let's Move* campaign was launched in an attempt to tackle childhood obesity.

Venture capitalists also are pouring millions of dollars into mobile apps aimed at diabetics. According to the University of Florida Health's Diabetes Center of Excellence, there are more than 8,000 apps under the category of "health and fitness" and many specifically geared toward diabetics, such as MyNet Diary: Diabetes Tracker, dLife Diabetes Companion and WaveSense Diabetes Manager. A *Fortune* magazine report notes that "the potential for using technology and data collection in preventive medicine remains great, particularly as other parts of the health care infrastructure—insurers, hospitals, nursing homes—work with app developers to ensure use and drive results." Young patients with diabetes, who are growing up with mobile technology, may be the first generation to embrace this form of health motivation and monitoring, according to the report, citing a *Diabetes Care* journal study that showed that children with Type 1 diabetes "used their smartphones to better monitor and manage blood glucose levels."

The costs related to diabetes will likely continue to focus attention on prevention. The ADA's "Economic Costs of Diabetes in the U.S. in 2012" estimated that the costs of diagnosed diabetes increased 41 percent to $245 billion in 2012 from $174 billion in 2007. The report also noted that medical expenditures for people with diabetes were 2.3 times higher than for those without diabetes.

Podiatrists continue to play a role in keeping diabetics out of hospitals and staving off chronic wounds and amputations. In addition, the Medicare Diabetic Shoe Program is a win-win for many doctors: DPMs provide a needed service to patients for only 20 percent or less of the cost when deemed medically necessary while creating goodwill and potential practice growth in other areas. A separate

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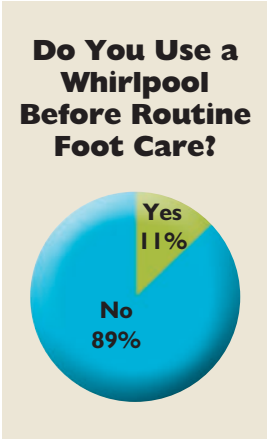

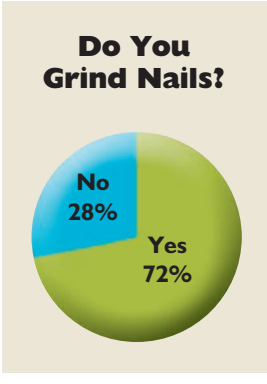

PM Poll Reveals Doctors' Participation in the Medicare Diabetic Shoe Program

In order to gauge participation rates as well as reasons for non-participation in the Medicare Diabetic Shoe Program, podiatrym.com included a detailed question on the subject in a recent online poll. Of the 1,187 responses, 32.3 percent reported that they participated in the program. Sixteen percent said they had never enrolled, while the remaining doctors previously participated but had discontinued for one of three reasons:

- because of a low payment schedule (34.4 percent),
- because of the paperwork (13.1 percent), or
- due to the possibility of audits (4.3 percent). •

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online poll explored practitioners' involvement in the program in further detail (see "*PM* Poll Reveals Doctors' Participation in the Medicare Diabetic Shoe Program").

DPMs Continue to Manage Wounds

There was very little change in terms of the percentage of patients (diabetic and non-diabetic) who required wound care compared to previous survey results. For the majority of practices surveyed (52 percent), one in 10 patients or fewer required wound care. By contrast, only 3 percent of practices surveyed reported that more than half of their patients required wound care.

A slightly smaller percentage of doctors compared to last year referred patients to wound care centers/clinics—60 percent vs. 62 percent. Regionally, our cross-tabulations indicate that doctors in the South were most likely to refer patients to wound care centers, followed by the Northeast, Midwest and West.

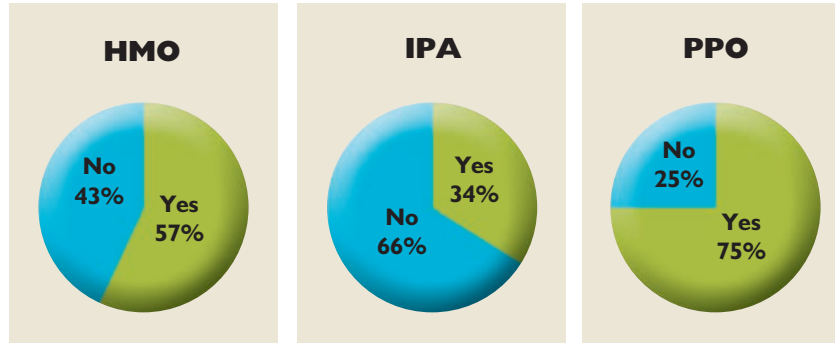
Podiatry's role in wound management, especially for diabetic patients, continues to grow and evolve. An estimated 15 percent of diabetics will develop foot ulceration in their lifetimes. *PM* covers wound care regularly from clinical and patient management perspectives, including discussion of cutting-edge treatments using numerous case studies. Doctors can also obtain Board Certification in several wound and related surgical disciplines to better manage the wound care patient in a multidisciplinary setting.

Nail Grinding and Whirlpool Use

The percentage of respondents who said they grind nails remained the same as last year at 72 percent. Whirlpool use before routine footcare was used by 11 percent, down from 13 percent in our previous survey.

We again asked respondents whether they experience any respiratory problems, which may have resulted from nail grinding and other procedures. See the accompanying sidebar "Physical Impact on Podiatry?" for the latest findings.

MANAGED CARE GROUP PARTICIPATION



Lower Percentage Practice in Nursing Homes

The percentage of DPMs working in a nursing home fell from 29 percent last year to 24 percent in our most recent report. In 2012, there were 15,700 nursing homes housing some 1.4 million patients on any given day, according to "Long-Term Care Services in the United States: 2013 Overview" from the National Center for Health Statistics (NCHS).

Despite apparent patient numbers and expected demand, there are some contributing factors to consider as to why a lower percentage of doctors serviced these facilities. First, there were more *new* practitioners in our previous survey, many of whom may have had extra time to travel

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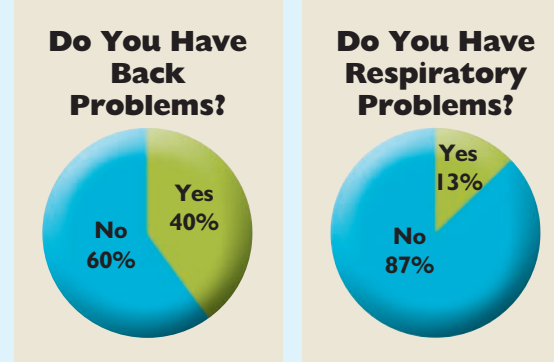
Physical Impact of Podiatry?

A higher percentage of doctors reported having back problems compared to those responding in our previous survey—40 percent vs. 35 percent, respectively. As a basis for comparison, 2012 data from Gallup-Healthways indicated that 31 percent of U.S. adults had some sort of neck or back condition that caused them pain.

Respiratory problems were reported by 13 percent of those surveyed, up from 11 percent in our previous report. Again for comparison, Centers for Disease Control and Prevention data showed that 9.1 percent of Americans had asthma (as of early 2012), a common respiratory condition.

Doctors in our survey this year were in practice longer, which may be a contributing factor to these higher percentages, especially if the conditions were related to age and exposure over time. We will monitor this correlation in future surveys. •



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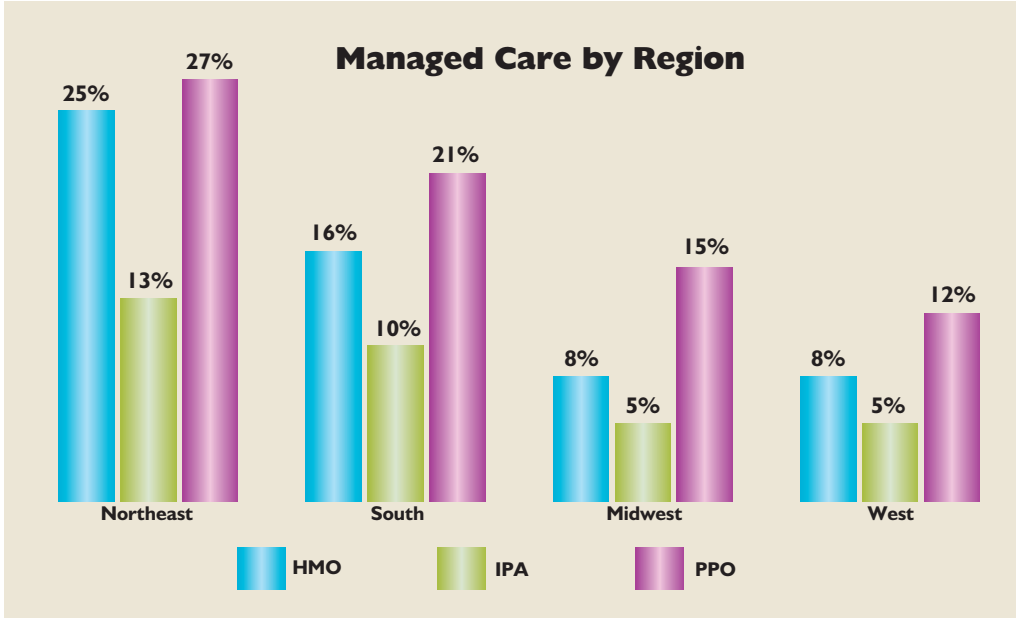
to these facilities in their beginning stages of practice growth. They may also have wanted to build a referral base from staff, especially in nursing homes that provided short-term rehabilitation. Some doctors cite facilities' desire to use a single podiatrist, thus limiting the number of DPMs who can service them. Nursing home visits are often the target of audits as well.

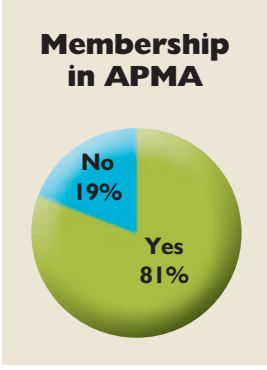


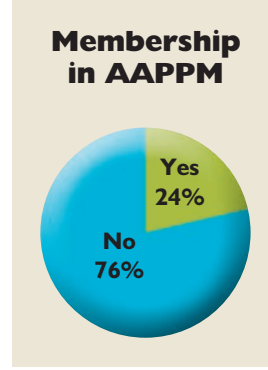
Other types of assisted living facilities provide new options for offsite patient care. According to the NCHS report, there were 22,200 assisted living and similar residential communities in the U.S. housing 713,300 adults. The adult day care service industry has grown, with 4,800 of such centers providing services to 273,200 participants during in 2012.

Not only do nursing homes and assisted living facilities provide access to patients in need of podiatric care, but there is an emerging trend toward more home visits—the traditional "house call." According to a recent report in the *Wall Street Journal*, the "Hospital at Home" concept's aim is to avoid new financial penalties from the Centers for Medicare & Medicaid Services (CMS) for hospitals with higher-than-predicted readmission rates for certain patient groups. Care includes not only doctors' in-home visits but such services as diagnostic tests (e.g., portable x-rays) normally performed in a doctor's office, wound care center or hospital.

Not only do nursing homes and assisted living facilities provide access to patients in need of podiatric care, but there is an emerging trend toward more home visits—the traditional "house call."

As more patients opt to embrace the "aging in place" concept while hospitals look to rein in expenditures, this new model of in-home care may become more prevalent, especially for patients with chronic wounds and other conditions that require long-term management. In fact, national organizations such as the National Aging in Place Council and the NORC Aging in Place Initiative provide resources to older adults, their families and caregivers, while local chapters and organizations focus on the needs of specific communities. Certified aging in place specialists are trained to help seniors modify their homes to better suit an elderly lifestyle, and geriatric care managers work directly with families who are caring for older relatives. All of these organizations and individuals become ripe referral sources for DPMs as the nation ages.



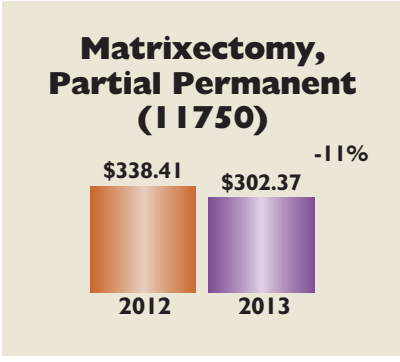


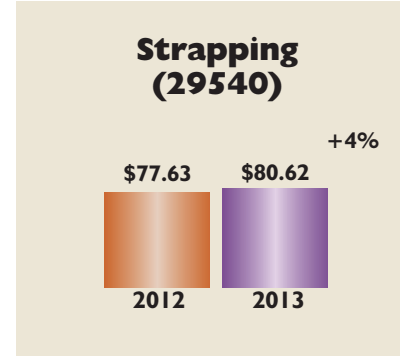
Little Change in Managed Care Participation

The percentage of patients that be-

Continued on page 110

FEES





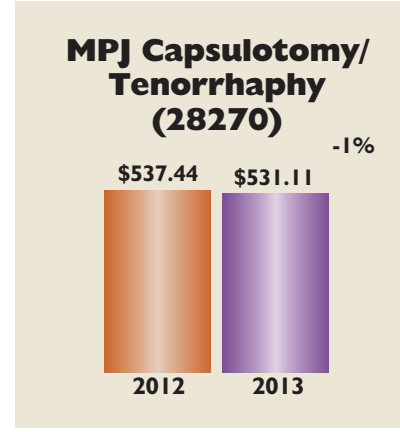
Survey *(from page 108)*

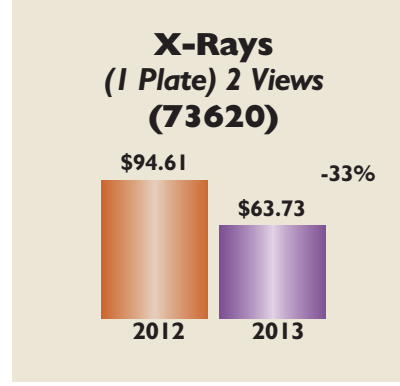
longed to MCOs dropped 2 percentage points to 28 percent of respondents' total patient base. MCO patients accounted for 25 percent of the practice's income, according to respondents. Doctors, on average, belonged to 5.4 MCOs, which is exactly the same average as reported in the previous survey. While nearly half (48 percent) of doctors surveyed participated in three or fewer MCOs, 27 percent of respondents were on *eight or more* provider panels.

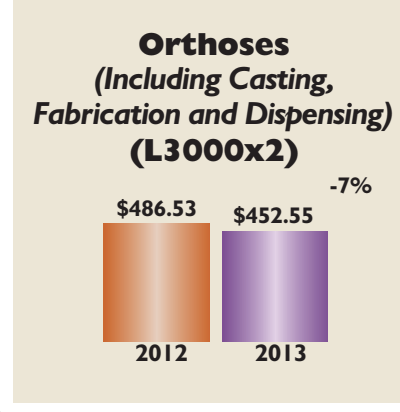
A lower percentage of respondents participated in two out of three types of MCOs, according to survey results comparing this year's figures with last year's report. The percentage of doctors on the most popular MCO panel, preferred provider organizations (PPOs), dropped from 79 percent to 75 percent. Health maintenance organization (HMO) participation dropped from 63 percent to 57 percent. Only independent practice association (IPA) participation rose, from 33 percent to 34 percent. Data from MCOL Research, Henry J. Kaiser Family Foundation (KFF) and the USCB indicated that patient enrollment was 70.24 million in HMOs and 245.84 million in PPOs.

Doctors in the Northeast

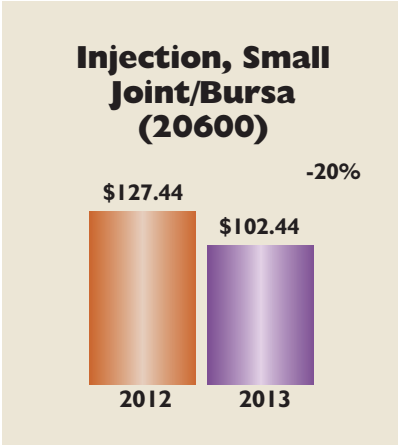
Continued on page 112

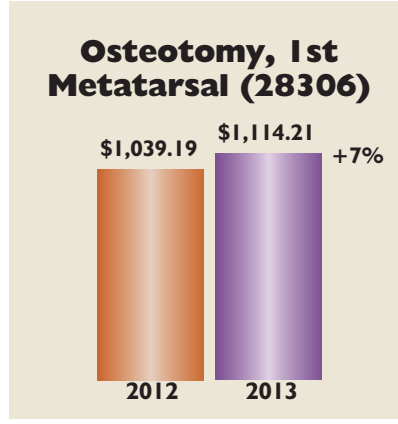


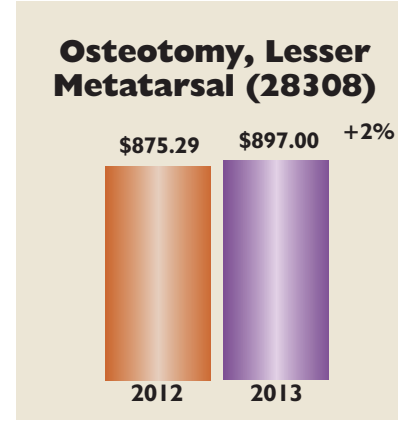


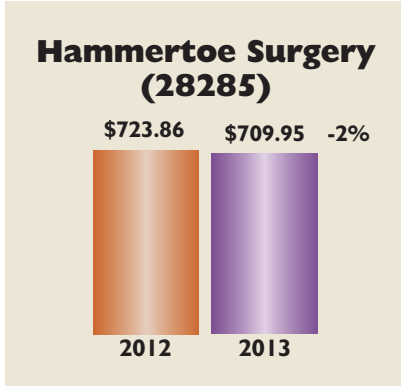


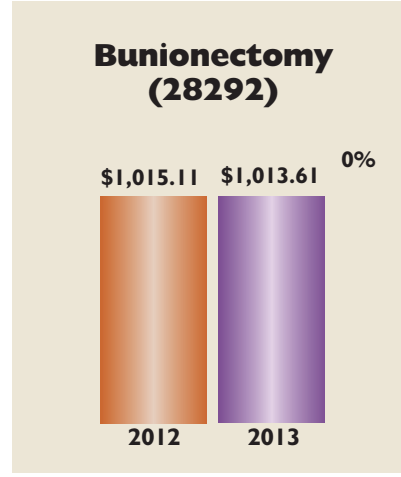
FEES

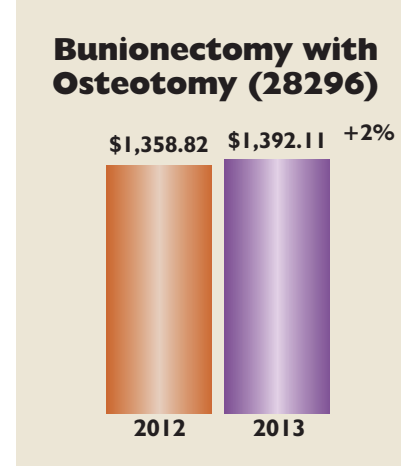


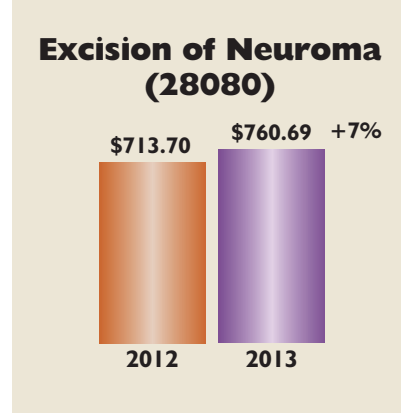


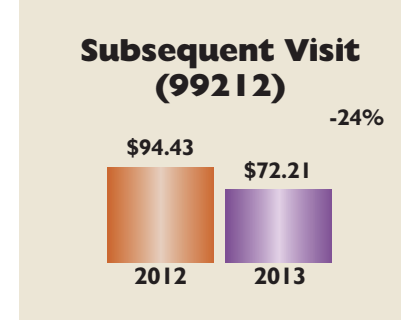












Survey *(from page 110)*

were more likely than those located in other regions to join MCOs, and practitioners in the West were least likely to sign up, according to our cross-tabulations. For example, 25 percent of respondents in the Northeast were on a PPO panel, compared to only 12 percent of doctors in the West. HMO participation for Northeastern doctors was almost equally as high, at 25 percent, compared to only 8 percent of Western practitioners.

Average income from MCO patients dropped from 28 percent last year to 25 percent in our most recent survey. With the increase in patient numbers, this indicates that doctors earned less per patient. New practitioners (those in practice less than a year) reported the lowest percentage of income from MCOs at 18.5 percent. Doctors in practice from six to 10 years reported the highest percentage, with more than a third (34.4 percent) of their income derived from MCOs, according to our cross-tabulations.

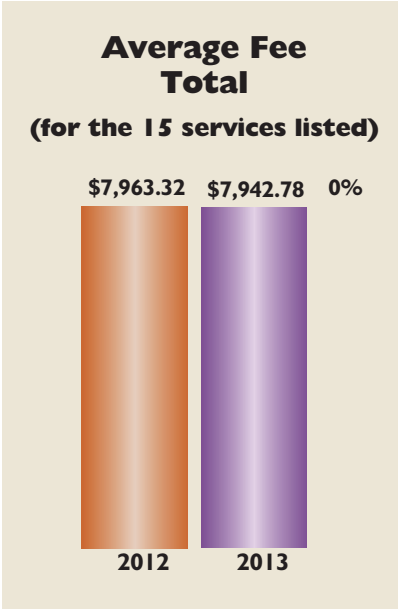
Lower Percentage of Uninsured; Trend to Continue

According to the USCB, the percentage of Americans without health

Continued on page 113

Survey (from page 112)

insurance dropped from our reported 16.3 percent in 2011 to 15.4 percent in 2012. While this was just the beginning of the impact of the ACA, set into law in 2010, it still left some 48 million uninsured.



The gap between insured and uninsured should narrow with the current ACA coverage expansions, according to KFF. "The ACA will fill existing gaps in coverage by providing for an expansion of Medicaid for adults with incomes at or below 138 percent of poverty in states that choose to expand, building on employer-based coverage, and providing premium tax credits to make private insurance more affordable for many with incomes between 100-400 percent of poverty," according to the KFF.

Health insurance costs increased during our survey period as well, with annual premiums for employer-sponsored family health coverage reaching $15,745, up 4 percent from 2011, according to the KFF/Health Research & Educational Trust 2012 Employer Health Benefits Survey. Of that amount, workers paid $4,316, on average, toward the cost of their coverage.

Health insurance costs increased during our survey period as well, with annual premiums for employer-sponsored family health coverage reaching $15,745.

At presstime, Obamacare backers were still tackling technical problems with exchange enrollment and the challenge of convincing healthy Americans to sign up for insurance to offset the costs of sicker enrollees. We'll cover the ultimate effectiveness of these efforts in future reports.

New Data on ACOs

The ACA authorized Accountable Care Organizations (ACOs) in 2012, and our survey sought to gauge involve-

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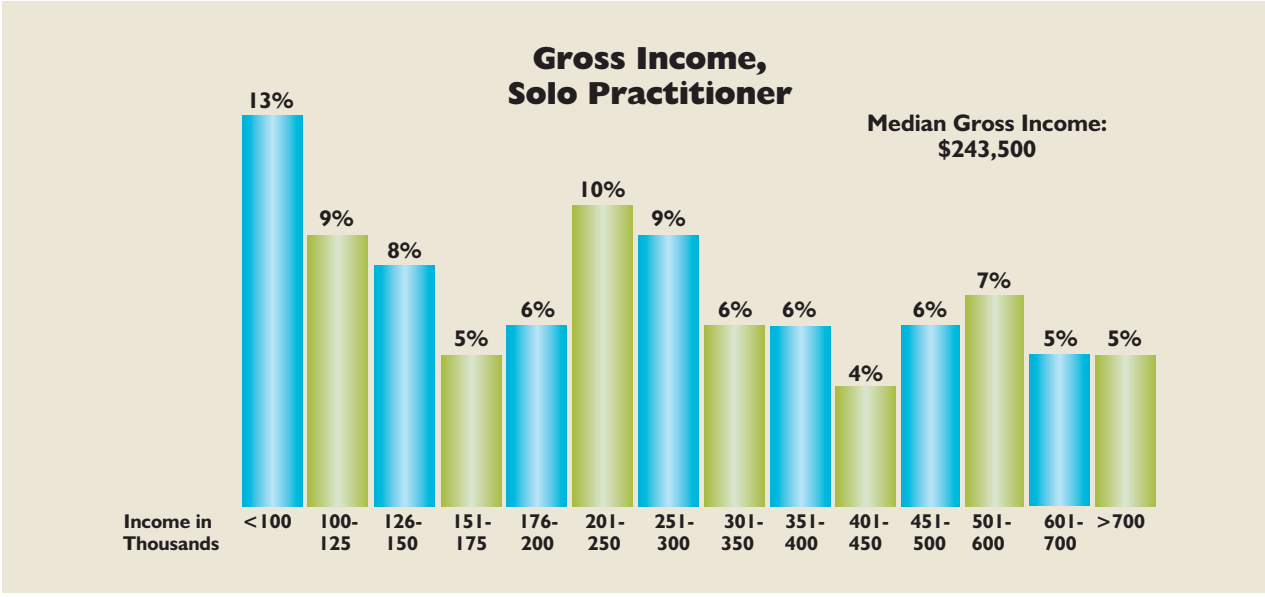

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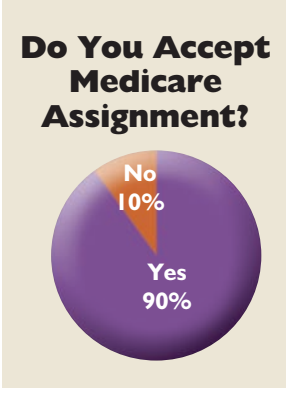
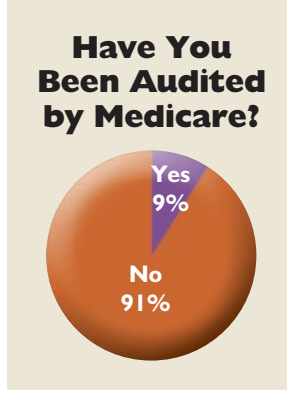
ment by podiatry in this new trend. ACOs are groups of doctors, hospitals, and other health care providers who come together voluntarily to give coordinated, high-quality care to their Medicare patients, according to the CMS. Since the passage of the ACA through January 10, 2013, more than 250 ACOs had been established. ACOs "must meet quality standards to ensure that savings are achieved through improving care coordination and providing care that is appropriate, safe and timely," according to the CMS.

Almost one in five (19 percent) of those surveyed reported belonging to at least one ACO. We expect that percentage to rise as ACOs proliferate. In fact, the rise in the percentage of respondents who are providers for IPAs may be a result of their connection to ACOs. In an article entitled "Independent Practice Associations Take on New Role in ACOs" by Marisa Torrieri on physicianspractice.com, "IPAs are now coming into the spotlight again for their role in helping practices join and form collaborative care groups, such as accountable care organizations."

Since podiatrists can belong to multiple ACOs, we plan to ask *how many* ACOs respondents belong to in future surveys.





APMA Membership Still Strong

Membership in the American Podiatric Medical Association (APMA) remained steady from last year at 81 percent of respondents. As the voice of podiatry, the APMA provides vital advocacy for the profession—especially in light of health care reform. For instance, the APMA negotiated with the CMS to assure that podiatry would not be discriminated against in ACOs. While they cannot start an ACO, DPMs can now participate fully in every other way.

Membership in the American Podiatric Medical Association (APMA) remained steady from last year at 81 percent of respondents.

Other benefits of APMA membership include education and professional development, a practice management section on its website with forms and other resources, and a patient education resource called "Learn About Feet" that includes a "Find a Podiatrist" tab.

APMA members earned more than nonmember colleagues as well. In our latest survey, APMA members reported a median net income of $142,000 vs. $111,250 for non-APMA members.

Continued on page 115

Survey (from page 114)

Board-Certified Segment Increased

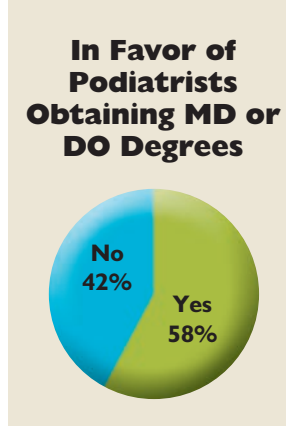
The percentage of those who were Board Certified rose to 70 percent from 67 percent in our previous survey. While age and experience were undoubtedly contributing factors to this increase, the demands of MCOs and ACOs likely had an impact on the percentage of Board Certified doctors.

The percentage of those who were Board Certified rose to 70 percent from 67 percent in our previous survey.

Board Certification also had a substantial impact on the bottom line, with Board-Certified DPMs reporting a median net income of $151,750 compared to $103,250 for those who lacked this certification.

More Doctors Were AAPPM Members

Membership in the American Academy of Podiatric Practice Management (AAPPM) rose from 21 percent last year to 24 percent in our most recent report. As the ACA thrusts new challenges upon podiatric practice management, the AAPPM has become an even more valuable resource. AAPPM benefits include associate and employee contracts and forms, HIPAA and OSHA compliance information, office and employee policy manuals, patient brochures, office forms and other materials. Workshops, webinars and "Ask the Expert" panels provide on- and offsite education for members. A new feature of membership is a DVD lecture series covering "The Basics of Coding"; "How to Recruit, Hire and Train the Right People"; and "Eliminating Conflict from Your Team." It also provides a subscription to "FAST Practice, Medical Practice Information at the Speed of Sound," which summarizes critical information from a variety of industry sources and provides expert commentary.



AAPPM members reported a higher median net income than nonmember colleagues: $139,000 vs. $133,000.

Fewer Favor a Degree Change

A lower percentage of respondents were in favor of obtaining MD or DO degrees—58 percent this year vs. 65 percent in our previous survey. Age was likely a factor again, as older responders may not have seen a long-term

Continued on page 116

Survey (from page 115)

benefit as their practices are already established and their schedules may have been full.

FEES, MEDICARE & AUDITS

The total amount reported by respondents for fees remained stable overall compared to our previous survey. However, respondents reported drops in fees for a few lower-cost procedures. For example, the fee for x-rays dropped 33 percent to an average of $63.73, and the fee for injections dropped 20 percent to an average of $102.44. Average exam fees dropped as well—doctors charged an average of $136.40 for an initial exam (down 4 percent) and $72.21 for a subsequent exam (down 24 percent). By contrast, charges for several of the more expensive procedures were up, namely osteotomy (28306), up 7 percent to $1,114.21, and radical bunionectomy, up 2 percent to $1,392.11.

Most Accept Medicare Assignment; Some Audit Repayments Higher

Nine out of 10 DPMs surveyed accepted Medicare assignment, down slightly from 91 percent in our previous survey. The CMS reports that Medicare enrollment (in hospital insurance and/or supplementary medical insurance plans) rose 4 percent during our survey period. The highest number of Medicare patients were in the South, followed by the Midwest, West and Northeast. Top states in terms of Medicare enrollees nearly mirrored our survey response: California, Florida, Texas and New York. The increasing aging population will likely push enrollment further as this growth in Medicare enrollment was *more than five times* the increase in total population for the period, according to CMS and USCB statistics.

Medicare audits were reported by 9 percent of respondents, up from 8 percent last year. The amounts audited doctors were ordered to pay back

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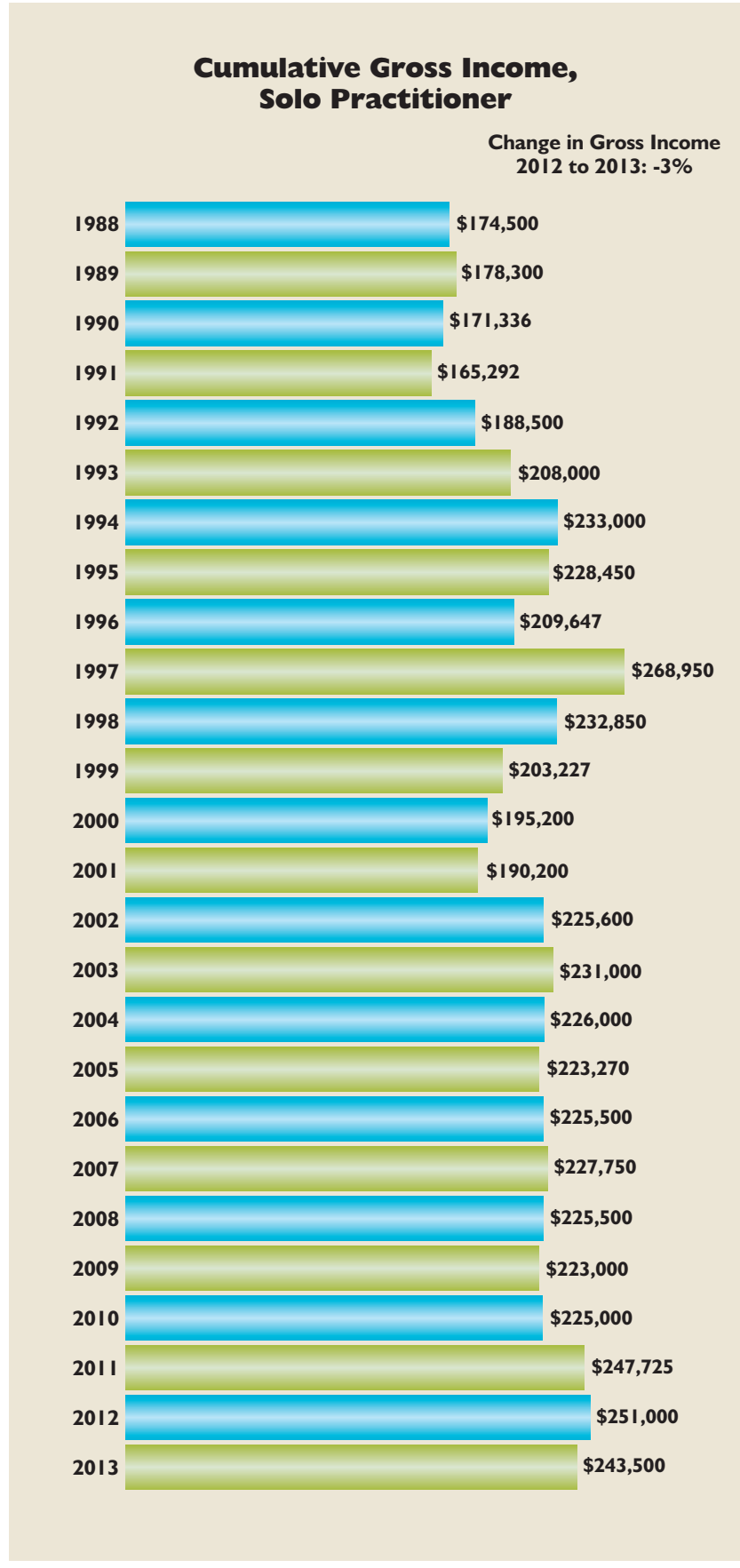
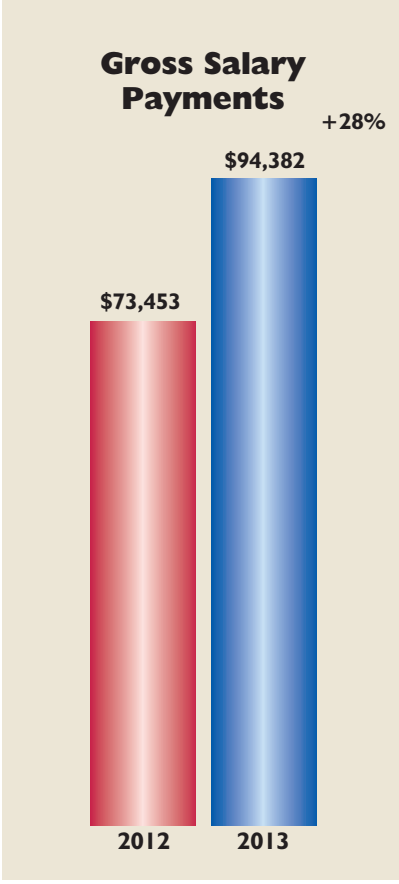


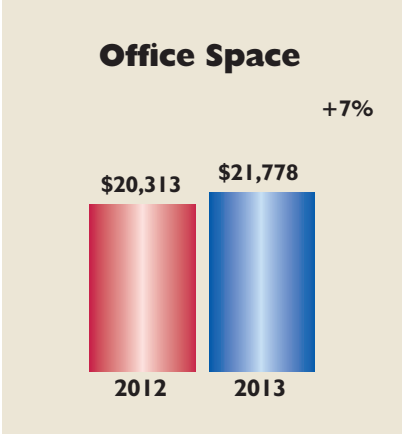
Survey *(from page 116)*

were substantially higher in some cases than in our previous survey. For example, 8 percent of doctors were ordered to pay back between $10,001 and $100,000 in our most recent survey, whereas no doctor was ordered to pay back more than $10,000 in our previous survey. The majority (78 percent) of doctors, however, were ordered to pay back $1,000 or less.

The CMS continues to scrutinize claims under its Medicare Fee-For-Service Recovery Audit Program. Meanwhile, implementation of electronic health records (EHR) may reduce illegibility, coding, duplicate billing and other common errors for practitioners. But doctors with high billings may be at greater risk for audit in the future, with a report out late last year from the Office of Inspector General entitled "Reviews of Clinicians Associated With High Cumulative Payments Could Improve Medicare Program Integrity Efforts," which noted that "identifying clinicians who are responsible for high cumulative payments could be a useful means of identifying possible improper payments."

YOUR OVERHEAD EXPENSES





GROSS INCOME

Total gross income for solo practitioners surveyed was $243,500, down 3 percent from our previous survey. Since respondents saw more patients, it's conceivable that patients seen required less costly treatments. In addition, doctors likely worked smarter in their increasingly efficient ACA environment. The huge additional staff expense (see "Expenses" section below) perhaps meant that doctors better focused their time on clinical tasks and delegated more of the administrative work to employees.

There was also a slightly lower percentage of high-grossing, solo DPMs compared to last year. In our previous survey, 30 percent of solo practitioners reported a gross income of more than $400,000, while only 27 percent of solo doctors reported that gross income level in our latest report.

Regionally, respondents in the West fared best, with a median gross income (across all practice types, including employed DPMs) of $214,500, or 11 percent higher than our previous survey. Next was the South, with DPMs grossing $205,500 (up 9 percent), then the East at $193,750 (up 9 percent) and the North Central region at $186,500 (up 18 percent).

EXPENSES & TRENDS

Selective spending was the *modus operandi* for respondents to our latest survey, who seemed to increase spending in areas that would provide the greatest return. Here's a summary:

• ***Gross Salary Payments***—Gross income payments for salaried employees were 28 percent higher than last year, totalling an average of $94,392. By comparison, the national income increase for the period was under 2 percent, according to the CDC.

One reason for the big increase may be the smaller percentage of new practices, which typically have smaller staffs during the first lean years. While partnership/group practices spread these costs among several owners, new billing and coding requirements may have prompted these respondents to increase staff size. Implementation of ICD-10, for example, involves form revisions, training and changes to office procedures, among other challenges. Practices may have needed more help to handle the increased administrative burdens of insurance companies and the institution of EHR.

Doctors may also have taken advantage of the Work Opportunity Tax Credit that rewards employers who hire individuals from targeted groups. It began for workers hired in our survey year (after January 1, 2012). The credit is generally equal to 40 percent of the worker's first-year wages up to $6,000—a timely incentive for those practices that needed to expand their workforce.

• ***Office Space***—Office space expense, including rentals or mortgage payments, jumped 7 percent to

Continued on page 120

Survey *(from page 118)*

an average of $21,778. This year's respondents may have had larger offices than last year's respondent pool since their practices were older and and they saw more patients. Still others may have expanded into larger quarters. While office lease rates rose 2 percent overall, some doctors may have been forced to renegotiate at higher rates due to higher demand and greater competition for prime office locations. Office lease vacancy rates fell to 15.4 percent by the end of the year, according to data from the National Association of Realtors and CBRE, a commercial real estate services firm, with some "hot" markets like New York City and Washington, D.C., boasting vacancy rates of under 10 percent.

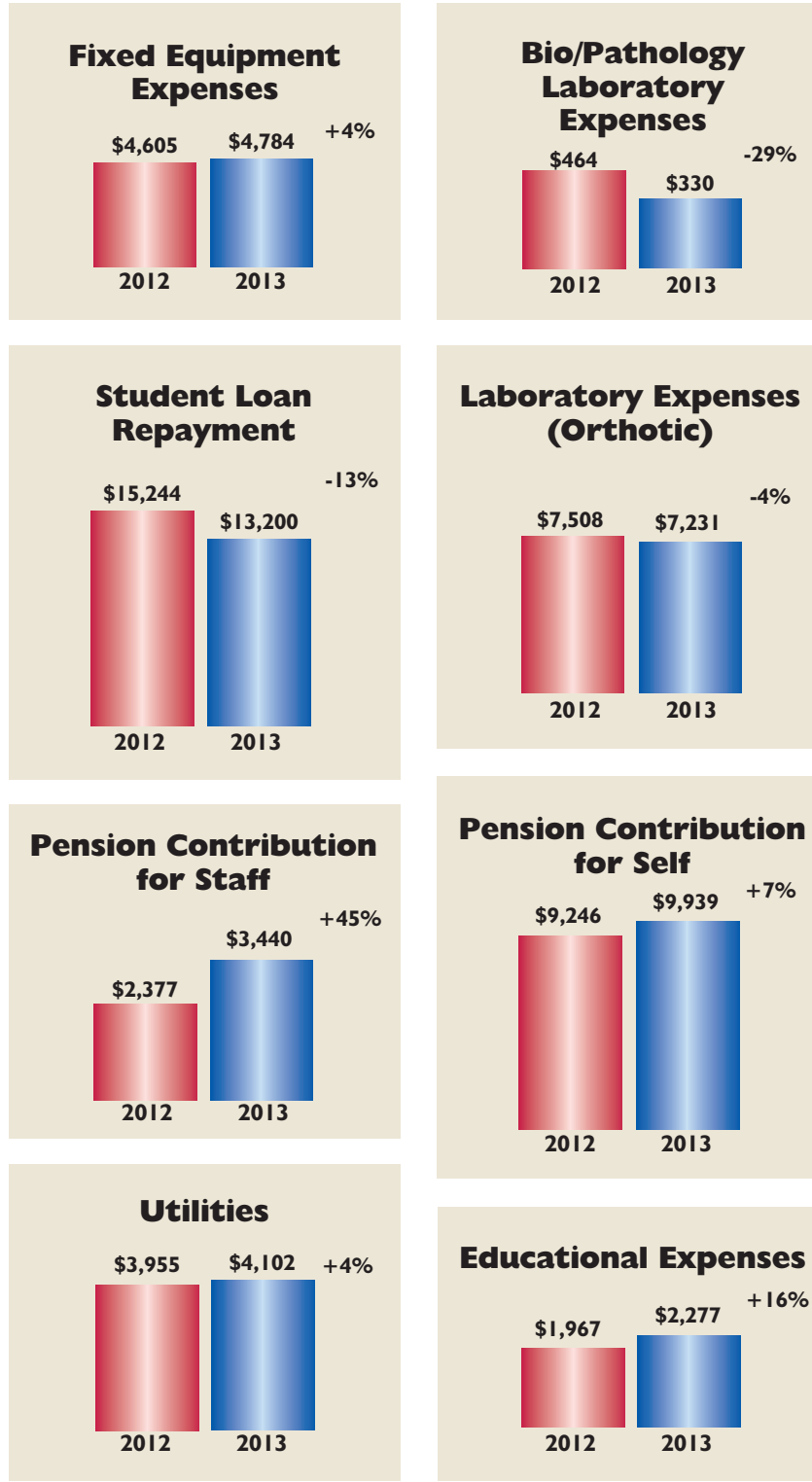
With mortgage rates still at historical lows, some practitioners may have opted to purchase office space, which may have resulted in higher monthly payments.

• ***Fixed Equipment Expenses***—The amount respondents spent on fixed equipment rose 4 percent to $4,784 in our latest survey. Doctors may have continued to buy equipment due to the American Taxpayer Relief Act extension of the Tax Code's Section 179, investing especially in new technology such as portable and full console laser systems, Extracorporeal Shock Wave Therapy equipment, Extracorporeal Pulse Activation Technology, computerized gait analysis, hydrotherapy equipment, pressure assessment and vascular diagnostic equipment, etc.

One type of equipment respondents may have invested in was digital x-ray technology as its usage increased from last year. In our latest survey, more than half (52 percent) of the respondents utilized this technology, up from 45 percent. Another 25 percent said they planned to add the technology within the next two years.

We also asked respondents whether they used foot measurement technology for prescribing orthotics. Seventeen percent replied affirmatively, down from 22 percent last year. Another 7 percent said they were considering purchasing this technology within the next year.

YOUR OVERHEAD EXPENSES



• ***Computer Service/Maintenance and the Internet***—The cost for computer service and related Internet

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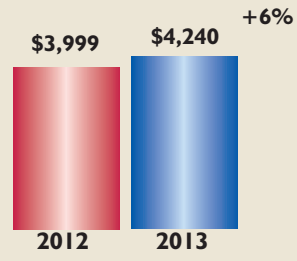
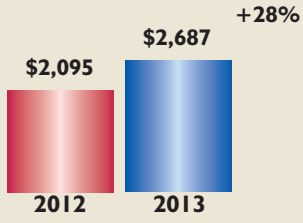
YOUR OVERHEAD EXPENSES

Professional Dues

Office Supplies (Non-Medical)

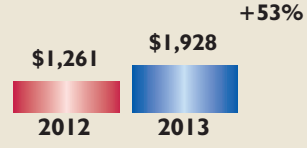


Non-Malpractice Insurance

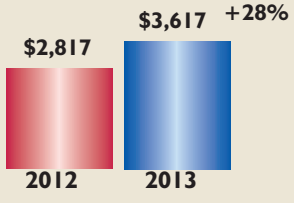


Disposable Medical Supplies

Cleaning & Office Maintenance



Legal & Accounting Expenses



Survey *(from page 120)*

fees jumped 28 percent to $2,905. As many practices fully implemented EHR during our survey period, we anticipated this cost to rise. Many practices added enhanced services to boost their web presence and maximize their use of social media platforms. Secure cloud services and offsite servers can be expensive, while remote tech support makes help more easily accessible and likely added to monthly bills.

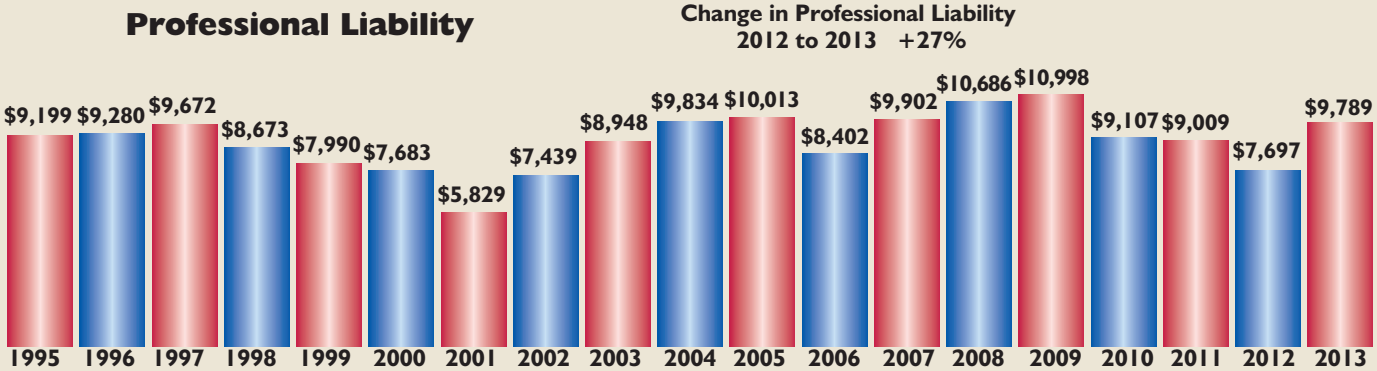
Tablets are more often being used for patient check-in and by staff to input data, with multiple units adding to overall category costs.

Tablets are more often being used for patient check-in and by staff to input data, with multiple units adding to overall category costs. According to the AT&T Small Business Technology Poll 2012, two-thirds (67 percent) of small businesses indicate that they use tablet computers, up from 57 percent in 2011.

• ***Utilities***—The costs for heat, electricity, water and other utilities

Continued on page 123

Professional Liability



Survey (from page 122)

were up 4 percent to an average of $4,102 compared to last year's figures.

The cost of both electricity and natural gas dropped nationally during our survey period, according to data from the U.S. Department of Energy's U.S. Energy Information Administration. Electricity costs for all sectors (residential, commercial, industrial and transportation) dropped slightly from $9.90 per kilowatt hour in 2011 to $9.87 per kilowatt hour in 2012. Meanwhile, the price for natural gas dropped from $4.89 to $3.54 per thousand cubic feet during that same period. It's likely that because we surveyed a larger percentage of new practitioners last year, they had smaller offices than this year's more seasoned respondent pool—and thus a higher overall cost for electricity and gas despite the lower rates.

Business cell phone rates also continued to climb, according to industry sources and despite tough competition among the nation's largest carriers.

Other utility costs rose, however. The price for water service, for example, rose 7 percent in 30 major U.S. cities, and was up 25 percent since 2010, according to water rate studies conducted by Circle of Blue, an organization of leading journalists and scientists who provide information on the world resource crises, with a focus on water. Reasons for the cost increase, according the Circle of Blue as well as the U.S. Environmental Protection Agency (EPA), include the need to keep up with aging water treatment and delivery systems, the building of new facilities that can adapt to water scarcities, and the reduction of federal grants once earmarked for the municipal water infrastructure. In addition, many of the high-growth states mentioned earlier in this report are not equipped to handle the water needs of an influx of consumers. In fact, the EPA notes that migration to the West and South, where water is scarcer, is causing utilities to come under stress.

Business cell phone rates also continued to climb, according to industry sources and despite tough competition among the nation's largest carriers. The average individual's cell phone bill was up by 31 percent between 2009 and 2012 (our survey year), according to J.D. Power & As-

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sociates. Many wireless providers started charging or increased the fee for phone upgrades during our survey period. Verizon, for example, introduced a $30 upgrade fee in 2012, while AT&T raised its fee from $18 to $36. Adding to the costs for telephone services were the federal, state and local taxes. Taxes on wireless phone service, for example, averaged around 16 percent and ran as high as nearly 25 percent in some areas during our survey period, according to a special report entitled "Wireless Taxes and Fees Continue Growth Trend" by Scott Mackey of KSE Partners LLP. And more smartphones are being used for business than ever before, according to the AT&T Technology Poll: 85 percent of small businesses surveyed by AT&T reported using smartphones for their operations, up from 80 in 2011 and more than double the usage in 2007.

• ***Educational Expenses***—Doctors surveyed spent 16 percent more on educational expenses, averaging $2,277. Focusing on new clinical treatments as well as such critical areas as implementing EHR and learning the ins and outs of ICD-10 coding, doctors surveyed obviously put a greater emphasis on education. Hands-on workshops provide participants with critical feedback and interaction with colleagues, often in multidisciplinary settings. With the increasing emphasis on specialization in practice, podiatrists have a wealth of clinical education tracks to choose from, including wound care, dermatology, pediatrics and sports medicine. Practice management seminars, such as those offered by the AAPPM, provide the tools for doctors to weather the changes in health care and business management profitably. Onsite lectures and workshops can be supplemented by online offerings, such as podiatrym.com's Continuing Medical Education program, to learn new techniques and strategies without leaving the office.

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

	2013
New Balance	52%
Asics	18%
Brooks	11%
Aetrex	5%
Nike	3%
Saucony	2%
Mizuno	1%
Others	9%

Doctors surveyed spent 16 percent more on educational expenses, averaging $2,277.

• ***Professional Dues***—The amount spent on professional dues was 20 percent higher than the amount reported by our previous survey respondents. This $2,190 expenditure may reflect the fact that there were fewer new DPMs surveyed. The value of professional organization affiliations has been repeated in this report—and the increased income potential from membership is far higher than the cost.

• ***Professional Liability***—Malpractice insurance costs rose 27 percent compared to last year—to an average of $9,789. While this rate is higher than the previous three years' averages, it is still lower than costs reported in our 2008 and 2009 reports (reflecting 2007 and 2008 numbers, respectively), when premiums neared $11,000 per year. It may also be a correction after a 15 percent drop reported last year.

Medical malpractice rates industry-wide actually dropped 2 percent from 2011 to 2012, according to *Becker's Hospital Review*. Research by *Modern Healthcare*, however, indicates that rates were expected to rise as health care providers consolidated—which may be one reason for *PM*'s big jump, as we had more partnership/

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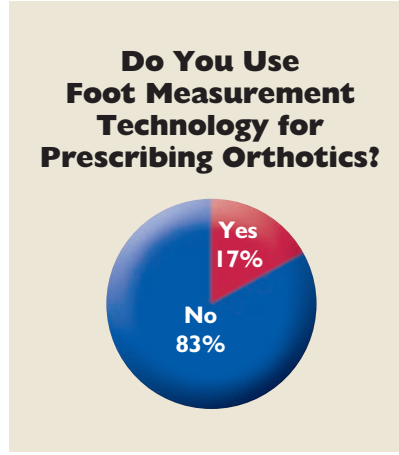
Survey *(from page 124)*

group practices compared to our previous survey.

• ***Non-Malpractice Insurance***—Insurance costs for liability, fire, theft, flood and other non-malpractice insurance policies rose 28 percent to an average of $2,687. We anticipated such a jump in the wake of natural disasters such as 2011's Hurricane Irene; tornadoes in Tuscaloosa, Alabama, and Joplin, Missouri; and numerous, costly wildfires, floods and dust storms. Insurance costs might have been even higher if there had been more solo doctors in our survey, since group/partnership DPMs share these fixed costs. Workers' compensation also likely rose, related to the increase in the staff salary category.

In 2012, Hurricane Sandy ravaged the Eastern U.S. with a reported $62 billion in damages, and the worst drought in more than two decades sparked massive wildfires in the West. The result may be even higher insurance costs in our next report.



• ***Legal and Accounting Fees***—The cost for lawyers and accountants rose 28 percent to an average of $3,617, topping the $3,000 mark for the first time in more than a decade. From an accounting standpoint, changes in payroll taxes, Section 179 deductions, retirement plan contributions and other areas likely added to this cost in DPM practices during our survey period.

Our rise in accountant and lawyer fees was also much higher than the 4.8 percent increase in legal fees and 7.4 percent hike in associate billing rates reported by TyMetrix Legal Analytics, a unit of Wolters Kluwer, and CEB, a research and advisory-services company. Those numbers were based on legal-spending data from more than 17,000 law firms during our survey period. The slightly higher percentage of those audited respondents may have contributed to higher legal fees—especially for those who needed to repay Medicare more than $10,000.

Nationally, in recent years, business owners have increased pressure for alternative billing arrangements to control legal costs. A 2012 survey of 238 law firms from Altman Weil, Inc., entitled "2012 Law First in Transition" indicated that nearly all respondents (91.6 percent) anticipated "more price competition" as a "permanent trend" in the legal market. This may put practitioners in a better bargaining position when contracting with law firms in the future.

• ***Pension Contributions***—Pension contributions were higher for both respondents and staff. Pensions to practitioners themselves were up 7 percent to an average of $9,939. Doctors may have boosted their pensions this year after reducing their contribution in the previous year. Our more seasoned pool this year may have made pensions are bigger priority than our previous survey's younger counterparts.

Doctors surveyed spent more on staff pensions as well—some 45 percent more than the previous survey for an average of $3,440. While larger staffs undoubtedly had an impact on

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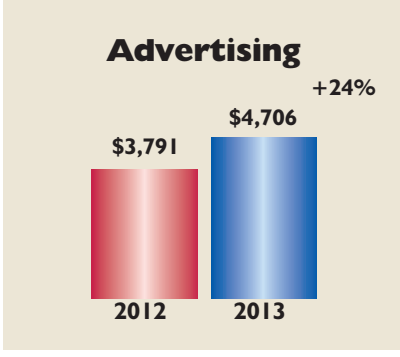
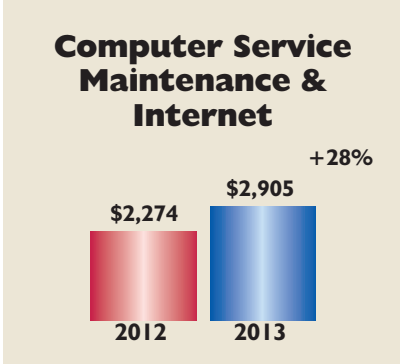
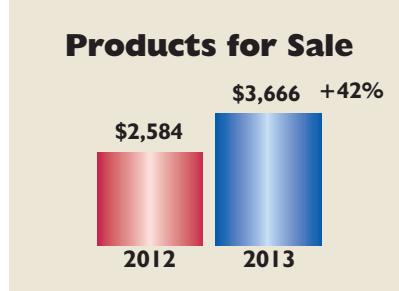
YOUR OVERHEAD EXPENSES





Type of Advertising

	2012	2013
Yellow Pages (Print)	50%	43%
Internet	46%	44%
Newspapers	21%	19%
Yellow Pages (Web)	—	19%
Mailings	9%	13%
Radio	5%	4%
TV Cable	2%	4%
TV Network	1%	2%
Other	22%	11%
Do Not Advertise	14%	19%



Survey *(from page 126)*

this increase, competitive pressures for hiring and retaining the best employees may have boosted this figure as well. As the economy was pulling out of the recession during our survey period and unemployment rates began to fall, practice owners may have used this benefit as part of a package of perks.

Contribution levels have fluctuated over the years for both practitioners and staff and still did not surpass some of the peak contributions of the mid-2000s.

• ***Student Loan Repayment***—The amount spent on repaying student loans dropped 13 percent to an average of $13,200. With a lower percentage of recent graduates in our survey, it's likely that a larger proportion of doctors surveyed either already repaid their loans or had older loans with smaller payments.

Student loan repayment continues to be a concern across all physician types, considering the ever-increasing tuition and fees as well as the lean first years in practice. A related re-

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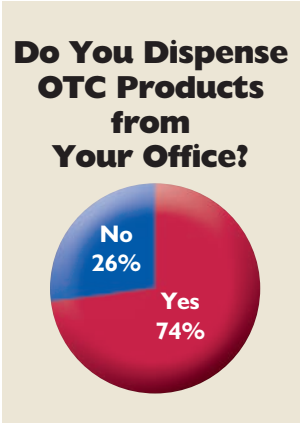

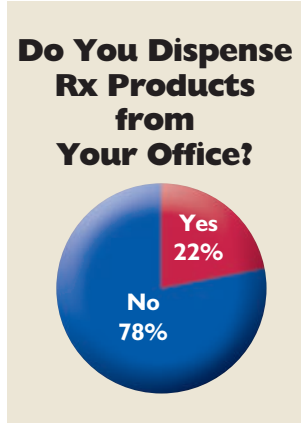

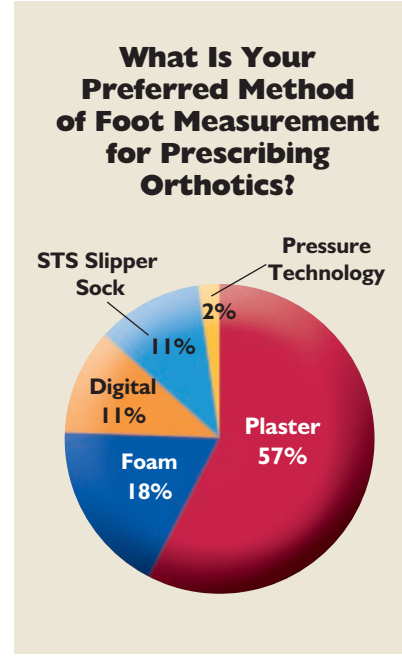

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port from the Association of American Medical Colleges cited median medical education debt in 2012 at $170,000, with 86 percent of graduates reporting that they had education debt.

This expenditure for podiatrists is likely to increase with the expected rise in interest rates that will impact our data collected from 2013 onward. It may also increase with larger young respondent pools.

• ***Bio/Pathology Lab Expenses and Disposable Medical Supplies—*** Doctors surveyed spent just $330 on bio/pathology lab expenses, down 29 percent from our previous survey. The expenditure for disposable medical supplies also dropped 8 percent to $7,191.

Doctors surveyed spent just $330 on bio/pathology lab expenses, down 29 percent from our previous survey.

Given that there were more patients seen, one likely reason for these drops was economy of scale. With a larger percentage of doctors either in a group/partnership practice or employed, bulk buying often provides savings, and the total costs are spread across all doctors in the practice.

In addition, last year we saw a huge jump in the cost of disposable medical supplies, as we presumed our larger new-practitioner segment was creating a practice inventory for the first time. This year's older group may have developed more targeted just-in-time inventory techniques to reduce holding costs, such as storage space, staff costs to manage inventory and insurance associated with inventoried items.

• ***Orthotics—***Average lab expenses (orthotics) for those surveyed dropped 4 percent to $7,231. Despite this drop, respondents sent 7 pairs of true custom orthotics to an outside lab each week, up from 5.5 pairs in our previous survey. They also dispensed more pairs of prefab orthotics weekly: 6.6 pairs this year vs. 6 pairs last year.

The increase in use of custom orthotics goes beyond higher patient numbers. It also perhaps indicates practitioners' success in using these

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modalities, and possibly also reflects greater reliance on standard biomechanical principles by more seasoned DPMs. What's more, doctors may have had greater success in dispensing multiple pairs.

Plaster remained the most widely preferred method of foot measurement for prescribing orthotics, with 57 percent citing that preference. Foam was the second most-preferred method, with 18 percent, followed by digital (optical or laser) and STS Slipper Sock (tied at 11 percent) and pressure technology (2 percent).

Plaster remained the most widely preferred method of foot measurement for prescribing orthotics, with 57 percent citing that preference.

Doctors surveyed prescribed about 20 percent more AFOs per month compared to our previous survey. Most widely prescribed was the gauntlet AFO and 3.2 per month (down from 3.4), followed by solid AFOs at 2.6 per month (up from 1.7), Dorsiflex Assist AFOs at 2.5 (up from 1.7) and functional hinged AFOs (Richie type) at 2.4 (up from 2.1).

Respondents' choice of off-loading procedures showed little change, with 79 percent using a post-op shoe/boot/walker, 11 percent modifying existing footwear and 9 percent using TCC.

Among athletic footwear choices prescribed/recommended to patients the most, New Balance topped the list with 52 percent of respondents. That was down from 58 percent in our previous survey. Next most widely prescribed/recommended were Asics at 18 percent (up from 17 percent), Brooks at 11 percent (up from 8 percent) and Aetrex at 5 percent (up from 3 percent). Other brands rounding out the list were Nike, Saucony and Mizuno. Doctors could check "others" for brands not mentioned here, and 9 percent of respondents indicated their most prescribed/recommended brand was not listed.

• ***Office Supplies (Non-Medical)***—The cost for non-medical office supplies, such as paper, toner cartridges, pens, etc., rose 6 percent to $4,240 in our latest survey. This cost has hovered around the $4,000 mark for the past several years, indicating

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that doctors have stripped down this cost as much as they could. EHR undoubtedly has resulted in lower costs in many practices as the need for paper, file folders, document holders and other related supplies is reduced or eliminated.

According to IBISWorld, business customers accounted for 45 percent of office supply sales during our survey period. Key industry retailers—namely Staples, Office Depot and OfficeMax—have stepped up their online presence in the wake of rising Internet competition from e-commerce websites. Members-only buying clubs (e.g., Costco, Sam's Club, etc.) continued to provide deep discounts on some bulk-packaged products, driving up short-term costs for long-term savings in some practices.

Doctors reported a big jump in the amount spent on products for sale—up 42 percent to an average of $3,666.

• ***Products for Sale***—Doctors reported a big jump in the amount spent on products for sale—up 42 percent to an average of $3,666. With declining reimbursements and rising fixed costs, more doctors seemed to have embraced the benefits of providing products to patients, including greater patient convenience and compliance as well as an improved revenue stream.

Seventy-four percent dispensed over-the-counter (OTC) items (up from 71 percent) and 22 percent (unchanged from last year) dispensed prescription items. Medications and OTC items such as comfort shoes, sandals, insoles, palliative supplies, post-surgical/injury-care items, diabetic socks, nail polishes, creams and spa-like products with natural and/or organic ingredients were among the many items sold. In addition, providing diabetic shoes and inserts under the Diabetic Shoe Bill can benefit both doctor and patient. Ergonomically designed kiosks and counter displays—some of which can be custom fabrication—may include products with attractive packaging and product testers.

Some companies will also manage a virtual inventory for doctors, providing online tools for patients to purchase recommended products while providing the practice with

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Social Media Plays Bigger Role in Practice Marketing

More podiatrists appear to be using the three most popular social media platforms—Facebook, LinkedIn and Twitter—as part of their practice marketing efforts, as evidenced by survey results. Thirty-five percent of respondents listed their practice on Facebook, up from 32 percent in our previous survey. LinkedIn was used by 28 percent of respondents (up from 21 percent), and Twitter was used by 12 percent of those surveyed (up from 10 percent).

What's more, nearly three out of four (71 percent) of survey respondents had a practice website—a percentage we expect will continue to rise. We also anticipate seeing more mobile versions of these sites as an added patient convenience and marketing tool. Key features of mobile sites include location information and phone numbers, hours of operation and online appointment access. •

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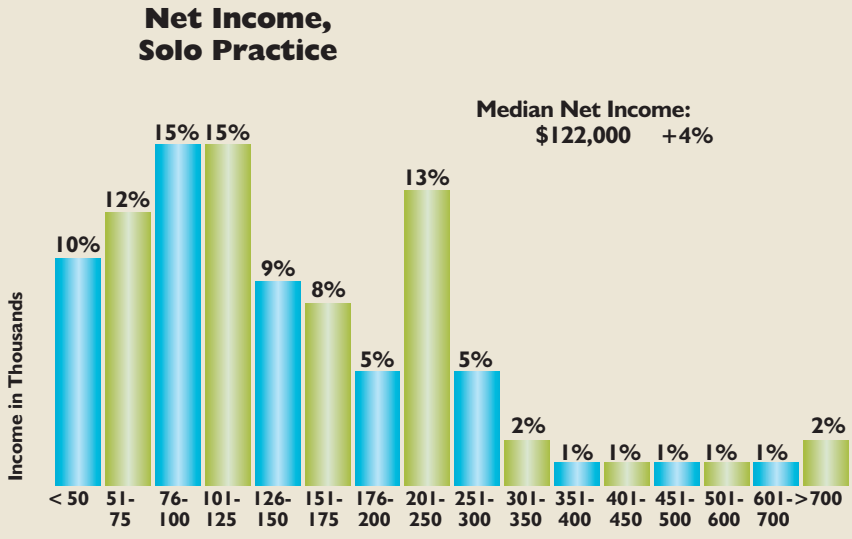
supplemental income.

Doctors reported a slightly larger portion of their income came from dispensing products for sale. In our latest survey, 18 percent of doctors surveyed derived more than 10 percent of their income from product sales. By contrast, only 16 percent of doctors in our previous survey reported that same level of financial impact. This indicates that for doctors who dispense, this modality has become a larger part of their expenses and income, providing a significant return on their investment.



• ***Advertising***—Doctors surveyed spent an average of $4,706 on promoting their practices, which was up 28 percent from the previous survey. In fact, this spending was higher than our pre-Recession survey peak of $4,567 in 2008. Competitive pressures may have pushed some DPMs to boost spending in this area. Advertising rates have also started to climb again after remaining fairly flat during the Recession. Respondents may have begun to hire professionals to handle such emerging challenges as SEO and mobile marketing.

By contrast, the percentage of those surveyed who said they did not advertise rose from 14 percent to 19 percent. Perhaps these are the practices that continue to mar-

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ket from within using do-it-yourself strategies.

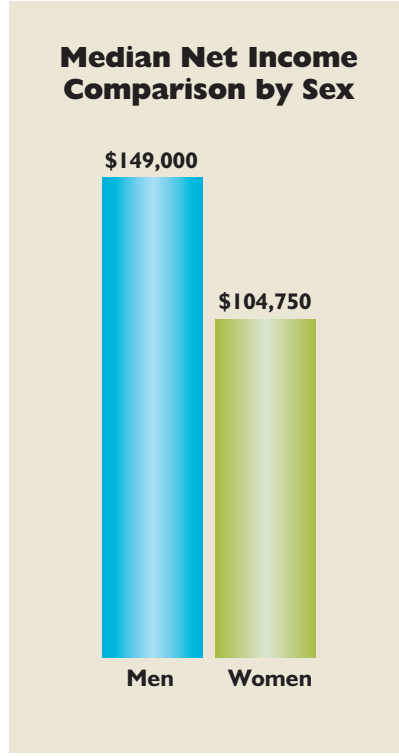
In our latest survey, we broke out the Yellow Pages category into print and web, since these have emerged as reaching unique populations.

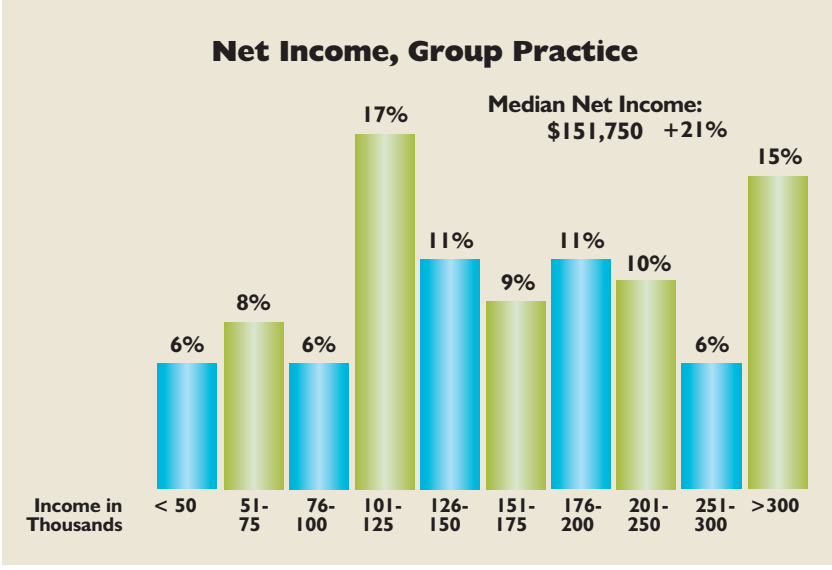
• *Yellow Pages (print and web)*—Forty-three percent of those who advertised used the printed version of Yellow Pages directories in their marketing mix. We've seen enormous change in this medium's use over the past decade. In fact, in our 2002 report, 99 percent of doctors who advertised used this medium! Now doctors are turning to their own websites and maximizing their SEO so patients can find them rather than using printed directories.

Almost one in five (19 percent) use web-based Yellow Pages listings in their advertising mix. This percentage will likely increase as more doctors turn to web-based marketing.

• *Internet*—Advertising on the Internet dropped slightly from 46 percent in our previous survey to 44 percent in the most recent one. Rather than using paid forms of Internet advertising, such as banner ads or pay-per-click campaigns, perhaps some doctors focused more on their social media presence and internal marketing strategies to build their practices. Mobile web options are the hottest area, with U.S. advertising revenues growing to $42.5 billion in 2012, according to Plunkett Research, Ltd.

Patient access to high-speed connections continued to grow, according to J.D. Power and Associates 2012 data. Fiber optic Internet service was fast gaining, while telecommunications and cable providers responded to customer demand by updating their technologies and infrastructure. In areas poorly served by high-speed connections, we should see an increasing use of the Internet as bandwidth speeds improve.





• *Newspapers*—Nineteen percent of doctors who advertised used newspapers to do so. That was down slightly from the previous year's tally of 21 percent of respondents.

The closing of many of the nation's daily newspapers has created a new breed of survivors: newspapers that have developed a strong online presence and advertising base in tandem with their print versions. Doctors may find this one-two punch appealing in reaching a wide demographic for practice marketing.

Meanwhile, weekly newspapers have held onto their strong readerships and loyal advertising base. Local, targeted news and features can reach a desired demographic efficiently. What's more, health sections are common, as are "Ask the Expert" FAQs on a variety of health topics. Some doctors use supplements—flyers or brochures inserted into these publications—to provide more comprehensive practice information without the huge expense of mailing pieces individually.

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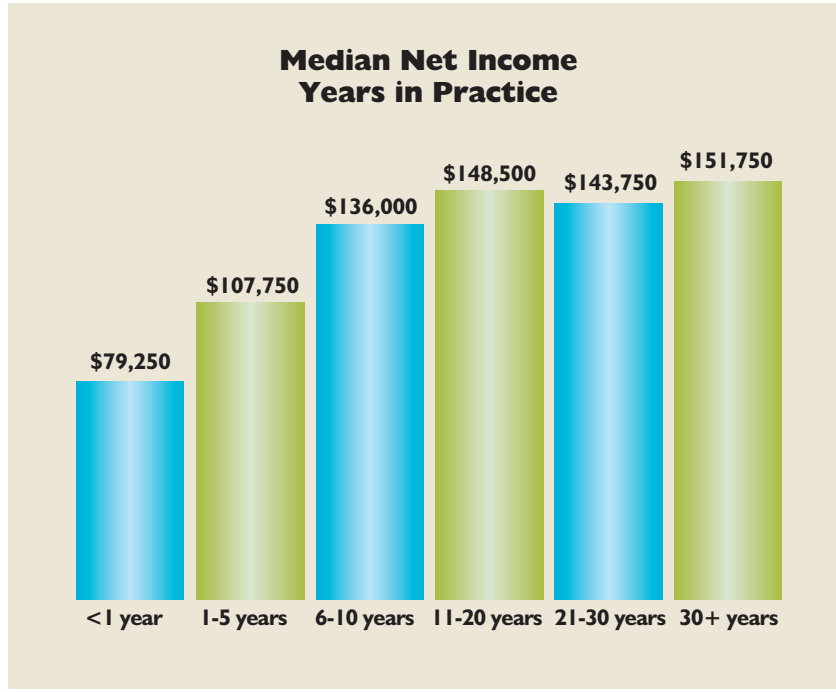
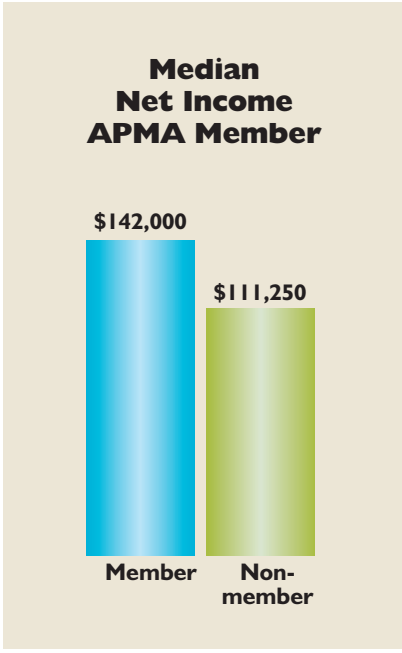
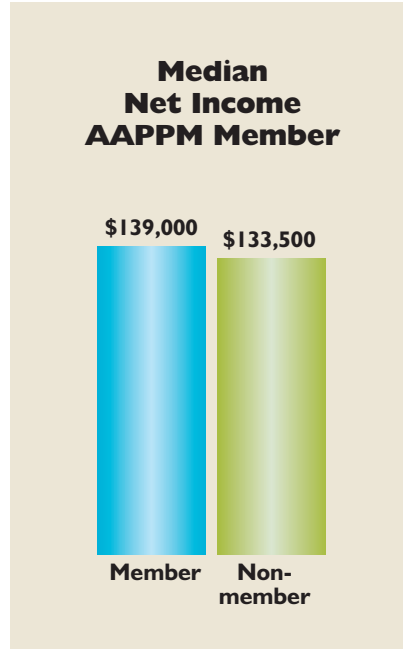
• *Mailings*—Despite the increase in postal fees during 2012, a larger percentage of doctors used mailings to advertise. Thirteen percent of those who advertised used this medium, up from 9 percent in the previous survey.

As many businesses have shifted their advertising dollars to electronic media, patients' inboxes may become overloaded with marketing messages. Traditional mailings may allow doctors to stand out—especially if their messages are informational in nature and offer a unique presentation. For example, variations in color, shape and size can be used to catch recipients' attention. Personalizing the message with information on their specific conditions and using patients' names throughout have been proven to boost response rates. Often mailings tie to the practice's web presence by the use of personalized websites and/or QR codes for quick access via the patient's cell phone.

Radio—Radio was used by 5 percent of our latest survey respondents, down from 4 percent in the previous year. According to Nielsen, radio reaches 243 million in the U.S. Generation X and Baby Boomers have the highest listener base of all generations, at 95 percent and 94 percent, respectively. However, Plunkett Research noted that "traditional radio broadcasting is hurting, finding it increasingly difficult to gather listeners for advertising-based radio programming due to such alternatives as satellite radio...Internet-based radio and digital music players." We will continue to follow the impact of these new competitors on local radio reach and effectiveness.







Television—Both network and cable television advertising were used slightly more than last year, according to survey results. Network TV was used by 2 percent of those who advertise, up from 1 percent last year. Cable TV advertising was used by 4 percent of those who advertise, up from 2 percent from the previous report. Although these are small percentages, this may have had a direct impact on the average advertising budget, as television advertising is costly. Increased use of TV may be a reflection of the higher percentage of partnership/group practices in our survey, who as previously mentioned typically have larger advertising budgets to afford this medium.

Other—Eleven percent of respondents who advertised did so using other media, which may have included magazines, billboards, church bulletins, athletic team booster club promotion pieces, and premium items such as coffee cups, pens and notepads.

• ***Cleaning and Maintenance***—The amount spent on office upkeep rose 53 percent to an average of $1,928 for survey respondents. The slight rise in the cost of office space, as well as the higher percentage of doctors who have satellite offices,

Continued on page 138

Survey *(from page 136)*

likely contributed to this higher expense. Also, doctors in our most recent survey saw more patients, resulting in increased wear and tear on office furniture, fixtures and systems.

• ***Other***—Doctors surveyed cited other practice costs not listed above averaged $2,422. These costs may have included business-related travel and entertainment expenses, consultants' fees, signage, postage/shipping costs, bank fees, payroll processing, security system fees and supplies for the waiting room (e.g., decor, coffee, subscriptions, toys, etc.).

NET INCOME

Despite a drop in gross income, median net income for solo doctors was up 4 percent to $122,000. This amount is still less then our reported record high based on 2010 practice data, but it is a movement in the right direction after a big drop in net income noted in our previous report. This year, the results indicate that there were fewer low earners and more high earners. Our previous report showed that 42 percent of doctors earned a median net income of $100,000 or less compared to only 37 percent of respondents to our latest report. In addition, the segment of highest-earning DPMs (those with a median net income of more than $400,000) grew slightly from 5 percent of respondents last year to 6 percent this year.

Partnership/group practitioners reported an even bigger median net income jump than solo colleagues—up 21 percent to $151,750.

Partnership/group practitioners reported an even bigger median net income jump than solo colleagues—up 21 percent to $151,750. This is the highest figure we have ever reported for partnership/group doctors since we started to analyze income by practice types a decade ago.

The average salary of DPMs employed by another DPM or a group rose 10 percent to $110,317. The range of salaries was $13,000-$400,000, which indicates that some respondents were likely working in podiatry on a part-time basis.

More detailed analysis of median net income by number of years in practice (for all practice types combined) revealed that doctors appeared to hold onto high income levels longer in their careers than in our previous report. For example, in our previous survey, respondents' median net income was $20,750 lower for

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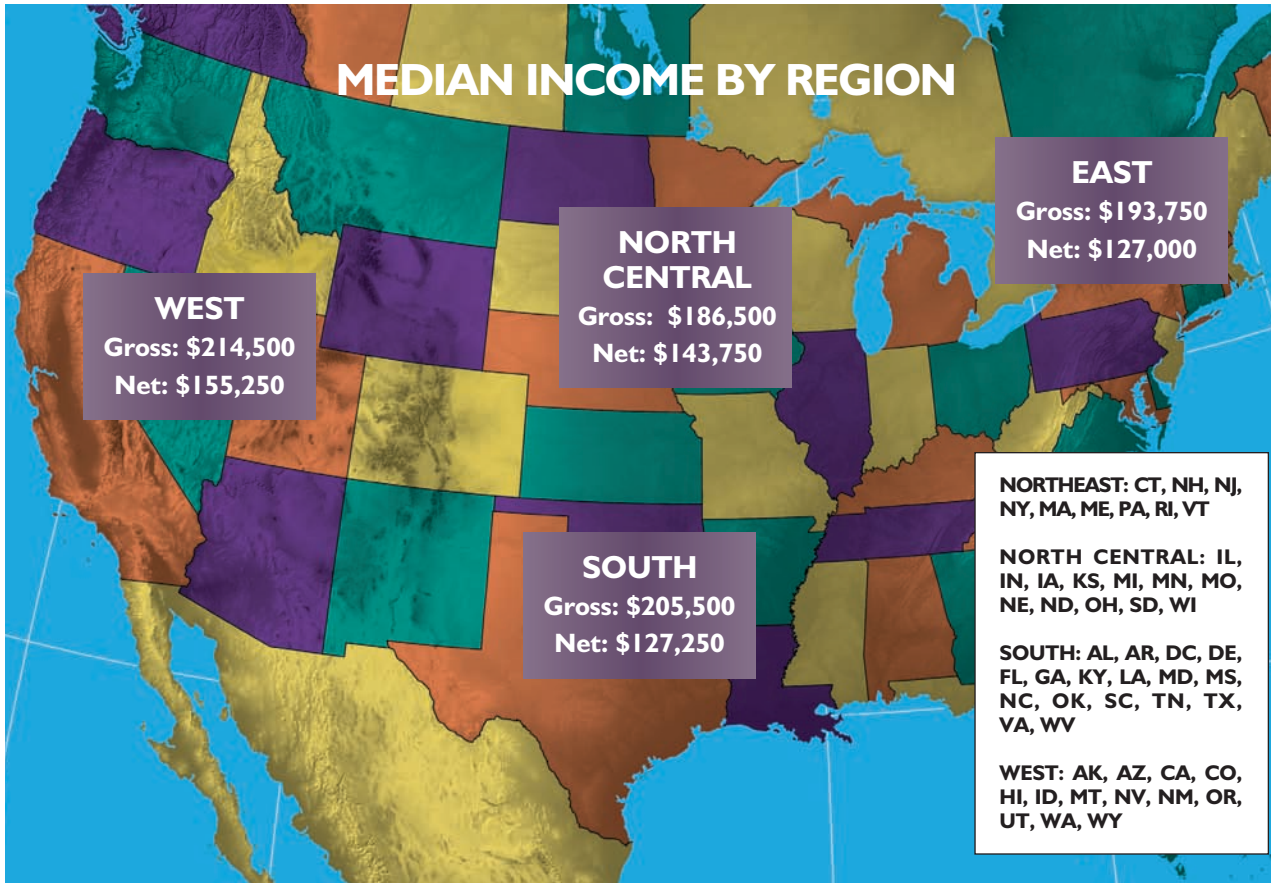

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doctors in practice more than 30 years compared to DPMs in practice 21-30 years. In fact, income peaked for these doctors at 21-30 years. This year, by contrast, top earners were in practice more than 30 years, earning $8,000 more than their colleagues in practice 21-30 years. This phenomenon may be attributed to the higher percentage of partnership/group doctors, who may have been better able to sustain high net income levels due to the variety of income sources (income from other doctors, more treatments, possibly wider use of dispensing and other ancillary services, etc.) even as they approached retirement and started reducing their hours.

This year, by contrast, top earners were in practice more than 30 years, earning $8,000 more than their colleagues in practice 21-30 years.

Female DPMs continued to earn substantially less than male colleagues, but the gender gap narrowed since our last survey. Male DPMs (for all practice types combined) reported a median net income of $149,000, up 13 percent from $131,750. Women's income rose but at a faster rate: up 20 percent to $104,750. Thus women earned 70.3 cents for every dollar a male colleague earned, up from 66.4 cents last year. Note that this gap was still lower than the national average for women of 80.9 cents reported by the BLS for 2012. (Interestingly, the earning gap *widened* nationally during our survey period, so female podiatrists' income gains are even more significant.)

The impact of Board Certification and professional organization membership on personal income, as previously discussed, is also worth repeating.

Regionally, the West reported the highest median net income (for all practice types) at $155,250. Second highest was the Midwest at $143,750, followed by the South at $127,500 and the East at $127,000. Expenses for each region varied, with DPMs in the Midwest taking home 77.1 percent of their gross income compared to doctors in the West (72.4 percent), East (65.5 percent) and South (61.9 percent). In fact, median net income in the South dropped 3 percent compared to our previous report.

PRESCRIBING & DISPENSING

Respondents indicated which pharmaceuticals, by brand name, they prescribed and dispensed most in several categories (see charts), including the average number of Rxs they prescribed and dispensed each week using new pull-down menus we incorporated this year. To determine the products

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PRESCRIBING & DISPENSING

Antiseptics/Topical Antibiotics

	2013	2012
Bacitracin	13%	9%
Neosporin	13%	16%
Triple Antibiotic	13%	3%
Bactroban	12%	11%
Amerigel	8%	6%
Silvadene	8%	6%
Betadine	7%	3%
Povidone-Iodine	5%	2%
Gentamicin	4%	4%
Mupirocin	4%	3%
Polysporin	3%	1%
Iodosorb	2%	1%
Others	2%	13%
Prescriptions per week	7.5	4.9
Prescribed (RX)	84%	86%
Dispensed (D)	16%	14%

Graft Products (for Wounds)

	2013	2012
Apligraf	17%	15%
Dermagraft	14%	17%
Oasis	7%	4%
EpiFix (Mimedx)	3%	—
Graft Jacket	3%	3%
Integra	2%	2%
Acell	1%	2%
Others	3%	12%
Prescriptions per week	3.3	2.1

Topical Pain Relievers

	2013	2012
Voltaren/Voltaren Gel*	24%	25%
Biofreeze	23%	19%
Capsaicin	7%	3%
Lidoderm	6%	5%
Lidocaine	5%	5%
Flector Patch	4%	2%
Ortho-Nesic (Blaine)	3%	—
Emla Cream	2%	3%
Ben Gay	1%	1%
Solaraze Gel	1%	1%
Viscous Xylocaine	1%	1%
Diclofenac	0%	1%
Others	7%	4%
Prescriptions per week	4.5	4.1
Prescribed (RX)	78%	78%
Dispensed (D)	22%	22%

** These drugs were listed separately in 2012 survey results.*

Survey *(from page 140)*

"most prescribed" and those "most dispensed in-office" for several categories (wart medications, nail treatments, drying agents/odor absorbents and emollients/moisturizers), we expanded the charts to include this data.

Due to a tabulation change we incorporated last year, the percentage of surveyed respondents recommending particular drugs may have been good deal lower than in previous years. With our new tabulation methods, we incorporated the "zeroes" in instances where a respondent did not indicate using a particular drug. Thus

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PRESCRIBING & DISPENSING

Antibiotics (Oral)

	2013	2012
Cephalexin	25%	12%
Keflex	22%	42%
Augmentin	19%	13%
Bactrim	7%	8%
Amoxicillin	5%	2%
Duricef	5%	3%
Doxycycline	4%	2%
Clindamycin	2%	1%
Cipro	2%	3%
Levaquin	1%	1%
Ceftin	1%	1%
Omnicef	1%	2%
Dicloxacillin	0%	1%
Cleocin	0%	1%
Others	3%	5%
Prescriptions per week	4.2	4.2
Prescribed (RX)	98%	97%
Dispensed (D)	2%	3%

Antifungal (Topical) (Skin)

	2013	2012
Naftin	16%	30%
Spectazole	15%	17%
Lamisil	14%	14%
Ertaczo	7%	4%
Formula 3	7%	5%
Loprox	7%	5%
Lotrisone	6%	4%
Clarus (Bako)	5%	—
Lotrimin	5%	9%
Fungi-Foam	4%	—
Nizoral	2%	5%
DermaTAF	1%	—
Oxistat	1%	2%
Others	8%	12%
Prescriptions per week	7.3	6.3
Prescribed (RX)	84%	92%
Dispensed (D)	16%	8%

Topical Dressings for Matrixectomies

	2013	2012
Amerigel	27%	28%
Silvadene	10%	5%
Neosporin	9%	5%
Bacitracin	9%	3%
Triple Antibiotic	8%	2%
Cortisporin Otic	6%	2%
Betadine	3%	3%
Gentamicin	3%	2%
Bactroban	2%	1%
Band-Aid	2%	2%
Gauze	2%	3%
Polymem	2%	1%
Dermagraft	1%	1%
ADAPTIC	0%	2%
Others	3%	13%
Prescriptions per week	6.5	5.8
Prescribed (RX)	69%	59%
Dispensed (D)	31%	41%

Wound/Ulcer (Topical, Non-Graft)

	2013	2012
Amerigel	15%	13%
Silvadene	13%	9%
Bactroban	11%	3%
Santyl	10%	8%
Aquacel	4%	3%
Triple Antibiotic	4%	1%
Medihoney	4%	2%
Neosporin	4%	1%
Prisma	4%	3%
Iodosorb	4%	4%
Betadine	3%	1%
Gentamicin	3%	2%
Polymem	2%	1%
Hydrogel	2%	2%
Saline	2%	2%
Oasis	1%	1%
Silvasorb	1%	2%
Regranex	1%	2%
Panafil	0%	1%
Others	3%	21%
Prescriptions per week	6.6	4.9
Prescribed (RX)	80%	78%
Dispensed (D)	20%	22%

Survey *(from page 142)*

the percentages from this report and last year's respondents were based upon a much larger pool of responses. According to statistical analysts, this method is a far more accurate way of reporting the numbers. Comparing last year's with this year's tabulations, we now have apples-to-apples comparisons when viewing the charts.

Twenty-two percent of those surveyed said they dispensed Rx products from their offices, which is the

Continued on page 146

PRESCRIBING & DISPENSING

Analgesics (Oral)

	2013	2012
Vicodin	18%	22%
Percocet	11%	13%
Hydrocodone	11%	2%
Tylenol	11%	14%
Advil	9%	2%
Ibuprofen	8%	5%
Aleve	7%	2%
Norco	6%	4%
Tylenol #3	5%	4%
Lortabs	4%	5%
Ultram	4%	2%
Motrin	3%	2%
Vicoprofen	0%	2%
Others	1%	7%
Prescriptions per week	6.3	4.9
Prescribed (RX)	99%	98%
Dispensed (D)	1%	2%

Anti Inflammatories (Oral)

	2013	2012
Naprosyn/Naproxen	18%	21%
Ibuprofen	13%	16%
Meloxicam	10%	2%
Aleve	8%	3%
Advil	7%	5%
Diclofenac	7%	2%
Mobic	6%	9%
Motrin	5%	11%
Celebrex	5%	5%
Voltaren	5%	5%
Feldene	3%	3%
Relafen	2%	2%
Duexis	1%	—
Anaprox	1%	1%
Daypro	1%	1%
Others	4%	9%
Prescriptions per week	8.6	8.1
Prescribed (RX)	98%	95%
Dispensed (D)	2%	5%

Enzymatic Debriding Agents

	2013	2012
Santyl	44%	42%
Medihoney	5%	1%
Amerigel	3%	1%
Accuzyme	3%	2%
Panafil	3%	2%
Elase	2%	1%
Kerasal	2%	1%
Papain	1%	1%
Others	4%	8%
Prescriptions per week	2.9	2.6

Steroids (Topical)

	2013	2012
Triamcinalone	14%	12%
Betamethasone	14%	5%
Hydrocortisone	11%	9%
Topicort	11%	12%
Lidex	9%	8%
Lotrisone	8%	5%
Temovate	5%	6%
Diprolene	5%	3%
Kenalog	3%	3%
Aristocort	2%	1%
J+Kera HC (Bako)	2%	—
Medrol	0%	1%
Efudex	0%	1%
Others	4%	2%
Prescriptions per week	3.3	2.8
Prescribed (RX)	98%	98%
Dispensed (D)	2%	2%

Antifungal (Oral)

	2013	2012
Lamisil	78%	79%
Diflucan	2%	2%
Gris-PEG	2%	2%
Others	2%	2%
Prescriptions per week	4.0	4.1
Prescribed (RX)	97%	97%
Dispensed (D)	3%	3%

Survey *(from page 144)*

same percentage of respondents as in our previous report. Another 2 percent said they planned to dispense them in the next 12 months.

In-office dispensing of pharmaceuticals shares many of the benefits of selling OTC products, including greater patient compliance and convenience as well as the potential for additional income. According to a 2013 survey report entitled "National Report Card on Medication Adherence" by the National Community Pharmacists Association, 20 percent of respondents said they did not fill their new Rx, 28 percent did not refill in time and 14 percent stopped taking their medication with the past 12 months. In-office dispensing can reduce these potentially harmful behaviors.

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PRESCRIBING & DISPENSING

Wart Medications

	2013	2012	2013 RX	2013 Disp.	2012 RX	2012 Disp.
Cantharidin/Cantharone*	18%	6%	70%	30%	50%	50%
Salicylic Acid/Sal Acid Plaster	17%	16%	75%	25%	90%	10%
Duofilm	8%	4%	88%	13%	90%	10%
Canthacur	6%	1%	45%	55%	33%	67%
Verucide	5%	2%	20%	80%	0%	100%
Aldara	4%	7%	100%	0%	100%	0%
Mediplast	3%	7%	60%	40%	74%	26%
Compound W	3%	5%	100%	0%	92%	8%
Wartpeel	3%	1%	100%	0%	100%	0%
Efudex	3%	3%	100%	0%	86%	14%
Formadon	3%	2%	25%	75%	20%	80%
Virasal	2%	1%	100%	0%	100%	0%
Lazerformalyde	2%	3%	83%	17%	88%	12%
Plantarstat	2%	1%	60%	40%	0%	100%
Durasal	1%	1%	50%	50%	50%	50%
Others	6%	19%				
TOTAL			75%	25%	80%	20%
Prescriptions per week	4.3	3.3				

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

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

** These drugs were listed separately in 2012 survey results.*

Antifungal (Topical) and Keratin Debris Exfoliants (Nail)

	2013	2012	2013 RX	2013 Disp.	2012 RX	2012 Disp.
Formula 3	26%	24%	21%	79%	19%	81%
Urea 40%	9%	9%	83%	17%	88%	12%
Clarus (Bako)	8%	2%	19%	81%	40%	60%
Penlac	7%	4%	96%	4%	90%	10%
AmLactin	6%	2%	79%	21%	100%	0%
Tineacide	6%	2%	21%	79%	0%	100%
Clotrimazole	3%	2%	91%	9%	100%	0%
Kerasal	3%	4%	100%	0%	100%	0%
Lamisil	3%	2%	100%	0%	100%	0%
Naftin	3%	2%	88%	13%	100%	0%
Carmol	2%	2%	100%	0%	100%	0%
Fungi-Foam	1%	—	25%	75%	—	—
RevitaDerm	1%	1%	25%	75%	0%	100%
Molecular AF	1%	—	0%	100%		
Nonyx	1%	2%	100%	0%	25%	75%
Gordochom	1%	1%	0%	100%	33%	67%
Nuvail	1%	—	100%	0%	—	—
Mycocide	0%	1%	—	—	0%	100%
Others	8%	17%				
TOTAL			56%	44%	64%	36%
Prescriptions per week	6.8	5.8				

Most Prescribed:
1. Urea 40%
2. Penlac
3. Formula 3

Most Dispensed In-office:
1. Formula 3
2. Clarus (Bako)
3. Tineacide

Survey *(from page 146)*

While direct-to-consumer pharmaceutical advertising expenditures dropped to about half of their $5 billion level peak, this category still remained the fifth largest of advertising spending, according to Nielsen. *Advertising Age* reported that spending fell in the category by 9.3 percent as some major patent protections expired. Expect pharmaceutical companies to use the Internet increasingly to reach older patients as more computer-savvy Baby Boomers turn to the web for health care information.

In the meantime, the CMS updated the Open Payments website to include fact sheets that cover the Physician Payment Sunshine Provision of the ACA. Relationships between doctors and pharmaceutical companies will increasingly come under scrutiny as both try to grow their businesses in an increasingly cost-sensitive health care environment. PM

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Data was compiled and tabulated by Thomas Lewis of Hartsdale, NY. Lewis is a research professional with extensive experience in the planning and implementation of research programs designed to gauge audience and information delivery across all print media platforms. He currently serves as the Editor-in-Chief and Primary Media Analyst for the Housing and Urban Development Daily News Brief, TechMIS LLC. His survey research experience includes senior positions at GfK MRI, the leading print media audience research organization servicing all major publishers and media buying agencies.

PRESCRIBING & DISPENSING

Drying Agents (for Odor)

	2013	2012	2013 RX	2013 Disp.	2012 RX	2012 Disp.
Drysol	29%	27%	96%	4%	97%	3%
Certain Dry	14%	6%	93%	7%	100%	0%
Lazerformalyde	8%	6%	84%	16%	94%	6%
Formadon	6%	6%	26%	74%	12%	88%
Betadine	6%	1%	83%	17%	100%	0%
Bromi Lotion	5%	1%	29%	71%	0%	100%
Tineacide Shoe Spray	3%	1%	13%	88%	0%	100%
On Your Toes	2%	1%	43%	57%	0%	100%
Onox	0%	1%	0%	100%	0%	100%
Zeasorb	0%	2%	0%	0%	100%	0%
Others	7%	20%				
TOTAL			79%	21%	83%	17%
Prescriptions per week	3.5	2.3				

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

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

Emollients/Moisturizers

	2013	2012	2013 RX	2013 Disp.	2012 RX	2012 Disp.
Urea 40%	17%	8%	75%	25%	76%	24%
AmLactin	15%	17%	94%	6%	89%	11%
Lac-Hydrin	12%	8%	97%	3%	100%	0%
Eucerin	7%	6%	95%	5%	81%	19%
RevitaDerm	6%	3%	25%	75%	13%	88%
Carmol 40	6%	4%	100%	0%	100%	0%
Foot Miracle	4%	5%	36%	64%	25%	75%
Cerave	4%	1%	38%	62%	67%	33%
Kera-42 (Bako)	4%	1%	25%	75%	33%	67%
Amerigel	3%	3%	30%	70%	0%	100%
Aquaphor	2%	1%	100%	0%	67%	33%
Gormel	2%	2%	29%	71%	20%	80%
Kerasal	2%	1%	100%	0%	100%	0%
Lactinol Lotion	2%	2%	60%	40%	67%	33%
Fungi-Foam	1%	—	25%	75%	—	—
Flexitol Heel Baum	1%	1%	100%	0%	33%	67%
Others	6%	26%				
TOTAL			73%	27%	70%	30%
Prescriptions per week	6.9	6.5				

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

Most Dispensed In-Office
1. RevitaDerm
2. Urea 40%
3. Kera-42 (Bako)