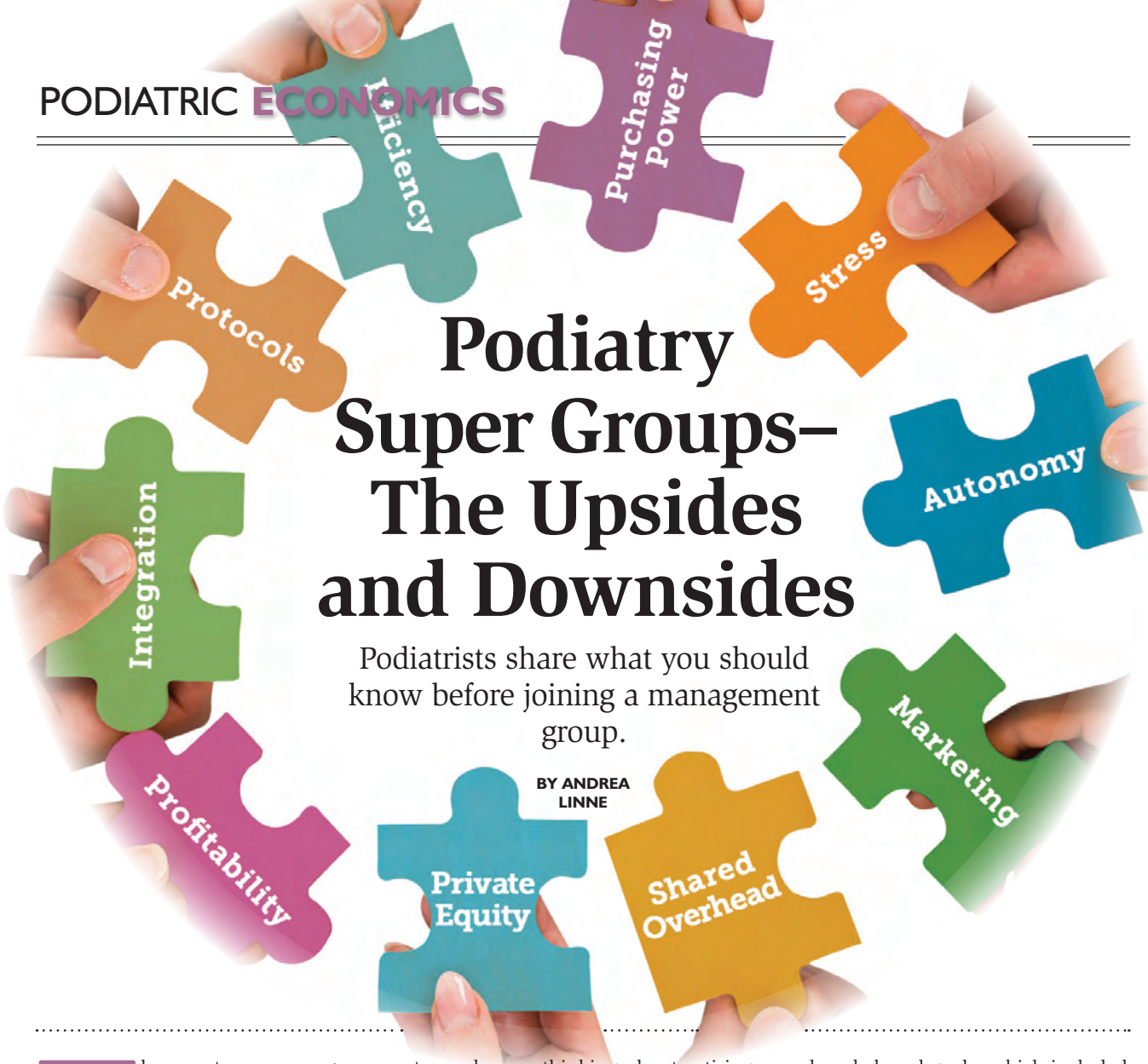

Podiatry Super Groups– The Upsides and Downsides

Podiatrists share what you should know before joining a management group.

BY ANDREA LINNE

The most common question podiatrists ask when they're considering joining a supergroup is, "Will I lose my autonomy?" The answer isn't simple. It depends on whether the supergroup is managed by doctors or a private equity firm. More specifically, it depends on the rules and protocols established by each super group.

Another common question is, "What are the financial benefits of the supergroup?" That question gets to the root of why podiatrists who had solo or small group practices are banding together, and here, too, the answer varies based on individual concerns. Some podiatrists want to offload billing and collections. Others cite better negotiating and purchasing power to lower costs. Still others want help with marketing to grow their practice. And many older doctors who are thinking about retiring are looking for an exit ramp.

There are many different models of super groups, and some don't even like to use that term. The following five profiles will give you insights into the pros and cons of joining a supergroup. A model you prefer might not be available in your area, but the profiles will help you evaluate a supergroup that might come calling.

Lose a Little, Gain a Lot

Gene S. Mirkin, DPM, began as a sole practitioner in Burtonsville, MD, 31 years ago. Then he opened a second office and over time added three associates. "In 2007, another doctor and I talked about merging practices for efficiencies," he says. "It was so successful we asked another doctor in the area to join us. We discussed goals and aspirations and a plan to add other doctors. We developed shared goals, which included sharing management to allow us to have more personal time, better purchasing and negotiating power, and shared overhead costs. As we grew, we hired a professional team, including a billing manager, administrator, and HR consultant."

"The hardest decision we had as a group was deciding on a name," says Dr. Mirkin, who is president of Foot and Ankle Specialists of the Mid-Atlantic (FASMA), a podiatry group practice formed in October 2011. Today, it has 108 providers at 58 locations, in Maryland, North Carolina, Pennsylvania, Virginia and Washington, DC.

"We began with nine founding partners and by 2017, we had 24 partners," Dr. Mirkin says. "As our group grew, we realized our management structure wasn't sustainable and the

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cost to hire the right people was just too much for the partners to tolerate. To do things right, we needed an experienced C-suite and an infrastructure that would require a significant cash infusion. That is when we began to entertain the idea of partnering with the private equity world. Some offered a good financial opportunity to the doctors and practices. Some did not care about the patient experience. Many were likely to slash and burn to make the group more profitable. With others, we didn't get a warm fuzzy feeling."


Dr. Mirkin

"New MainStream Capital [NMS], a private equity firm, said it would accumulate data over the first year and then recommend changes that could make us more profitable," Dr. Mirkin says. "They said, 'We're not here to tell you how to practice medicine but to give you a better business model.'" In 2018, the doctors unanimously agreed to partner with NMS. "They are observers and mentors," Dr. Mirkin says. "They invited four of our board members to serve on the parent company board."

"We did lose some control," Dr. Mirkin says, "such as the ability to make changes in our practice as we could before we joined. There are protocols for who we contact and there is a chain of command. You can't just go to your own office manager and make a change. At first, it was a bit frustrating, but we all got used to it. Also, we have certain compliance guidelines on how we chart and what we include so that we can survive an audit. We all understand why; it's just adapting to anything new always poses a challenge. However, we now employ software that works behind the scenes to help ensure we are compliant and include the necessary things in our electronic medical records."

"If you do what's right, control doesn't matter," Dr. Mirkin says. "We now have an infrastructure we couldn't have afforded, including a complete C-suite. We have streamlined processes, such as patient charting and acquisitions. They negotiate our insurance contracts and costs for medical and office supplies. They do our marketing and staffing. We can get involved in committees or just see patients and go home. They don't tell us how much to work, but your financial reward is based on productivity. NMS also came up with a plan that would allow our associates to partner with the organization."

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Podiatry Owned, Podiatry Controlled

Weil Foot & Ankle (WFA) also began as a small practice that grew by partnering with other doctors. But unlike FASMA, WFA, a podiatry owned and controlled group, is proud of its independence. "We have no debt," says Lowell Weil Jr., DPM, and CEO of WFA. "We have an amazing and growing management team—more than 300 people—and I oversee the business on a day-to-day basis, which adds up to about 40 to 50 hours a week. I still see patients, so I work about 60 to 80 hours a week. For now, working these hours is okay. I'm super passionate about it. I love the work. I love what our organization does."

In 1996, Dr. Weil Jr. and his wife, Wendy Benton-Weil, DPM, joined the Weil Foot & Ankle Institute, in Mount Prospect, IL, which was founded by his father, Dr. Lowell Weil Sr. At the time, there was another doctor in the practice. "We merged with other doctors who were looking for help managing their business," says Dr. Weil, who also has an MBA. "Today, we have 51 doctors at 32 locations, in five states—Illinois, Indiana, Michigan, Virginia and Wisconsin. There is a huge benefit of banding together, because costs are getting higher and reimbursements are going down. We can find economies of scale, efficiencies and systems to support our physicians for the benefits of patients and the entire organization."


Dr. Weil

"Podiatrists join our group because we provide an environment that allows them to provide better patient care," Dr. Weil says. "We manage all aspects of running a business, so doctors can spend more time with patients. We suggest they see no more than 35 patients a day and provide more comprehensive care. This typically provides faster and better outcomes and increased revenue follows. We compensate doctors based on productivity, some work part time, some full time. We have evidence-based medical protocols, which are more like guardrails. We don't tell podiatrists how to practice."

"Part of being a big organization includes being able to provide

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services that many doctors typically refer out," Dr. Weil says. "Having physical therapy, radiology, pharmacy, pathology labs, vascular office-based labs and surgery centers all inside the organization lets us control quality of care and provide one-stop shopping for patients. We distribute a portion of the profits to all doctors."

"Our members wish to maintain their autonomy but have the benefits of purchasing power," says Paul F. Brezinski, DPM, who joined in 2003 and is the current president of the organization.

In some cases, Weil Foot & Ankle buys a practice, and the doctor becomes an owner in the national organization through rollover equity. In other cases, the company buys the practice, and the podiatrist becomes an employee. "It typically takes three to six months of comprehensive due diligence, including an on-site visit from our integrations and operations team, to evaluate a practice's financials and to ensure that the doctor and their employees are a good fit for the organization," Dr. Weil says. "Doctors who join us enjoy a better quality of life, more take home revenue and improved patient care. Our retention of doctors who join us is high."

Dr. Khader

Independent Shareholders

Another podiatry-run group based in Chicago is Advanced Foot & Ankle, IPA, which has 35 members at 52 locations in metro and suburban Chicago and Indiana. "Our members wish to maintain their autonomy but have the benefits of purchasing power," says Paul F. Brezinski, DPM, who joined in 2003 and is the current president of the organization. "We have shareholders," he says. "We're not owned by anyone but ourselves. We have listened to pitches from various equity groups, but we've decided to maintain our independence."

"We have a chief administrator officer who handles day-to-day matters," Dr. Brezinski says. "Each office does its own billing and staffing. We investigated consolidation but decided a group model doesn't work for us. As president, I put in about three hours a week. It's a volunteer position, and it's not taking away from my medical practice. I have help. We have a board of directors and eight committees. We now have more input from members, so they feel more involved, have skin in the game and a say in what's going on. It's a new approach that's working."

"Our organization gets better reimbursement rates from health insurance companies and an ability to negotiate contracts and gain access to provider networks that are typically closed to individual providers," Dr. Brezinski says. "We do not offer health insurance to our members. However, most of our members are members of the Illinois Podiatric Medical Association, and the IPMA in partnership with the Office and Professional Employees International Union offers a group health insurance plan. We encourage our members to join these organizations."

"We have an application fee but no membership fee," Dr. Brezinski says. "Doctors submit claims with a group ID number. We have a podiatric management system that handles claims and payments. A seven percent administrative charge is assessed to members on each claim, which covers administrative and management fees. Doctors receive an electronic payment weekly."

"We have management meetings every other month, Dr. Brezinski says, "and we expect members to attend so they can be informed. We ask that they use our tax ID number and participate in plans we contract with. We don't get discounts unless members use preferred vendors. We're all busy, and members need to make time to handle administrative duties and respond to emails, directives and communications from the group. Getting people to respond is a downside for me. But members are very supportive and loyal to the group. Most are mature and established podiatrists."

Dr. Brezinski

"We want to grow our group," Dr. Brezinski says, "and there are people in the pipeline. Potential members are vetted with the State of Illinois Department of Financial and Professional Regulation and the National Practitioners Data Bank. It takes about three to four months. The size of a practice is not necessarily a condition for membership."

"There's a lot of stress and financial responsibility that comes with managing a group practice," Dr. Khader says.

Embracing Change

"Change is coming, and if you don't accept change it will be difficult to practice independently," says Syed A. Khader, DPM, who was president of Kentucky/Indiana Foot and Ankle Specialists, based in Louisville, when the group decided this year to partner with the private equity firm Podiatry Growth Partners. "We have 16

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podiatrists working at seven offices, six in Kentucky and one in Indiana. We grew the practice over 12 years, and we wanted to find doctors who have a similar mindset and vision. Our goal was to get better contracts for insurance, employee benefits and medical goods. We had an administrative team, but we were too small to negotiate better terms."


Dr. King

"There's a lot of stress and financial responsibility that comes with managing a group practice," Dr. Khader says. "Mentally, I was ready for the next step. I knew I would need help to grow. I was looking for a partner, so I interviewed four private equity firms. Some were just driven by numbers. They give you a flow chart on how to practice medicine, and they treat you like a technician rather than a physician. I didn't want to become a commodity. I was looking for a partner that would help us grow our practice. Podiatry Growth Partners was just a year old, but I liked their philosophy and their focus on both medical care and growth. They respect you medically. It wasn't just about numbers."

"The other doctors were a bit nervous about taking this step," Dr. Khader says. "I spoke with all our podiatrists and explained why I thought joining Podiatry Growth Partners would be a good move. The associates were also able to buy into the company. Everyone was on board. We joined in March, and it's been a good decision for me and our practices. My stress went away immediately. I thought we were doing great until we got better rates for insurance, medical goods, and employee benefits, which help us attract and keep employees. We have much needed funds to buy equipment and market our practice. They have a doctor's advisory board. Podiatry Growth Partners provides business and medical guidance. They discuss how and why you can benefit from doing something differently. But they let you keep your independence. We still have our own website. We're still Kentucky/Indiana Foot and Ankle Specialists. We have a lot of autonomy. It's a unique model."

"My husband and I have been in practice together for 30 years, and at this time in our careers we don't want to give up the advantages by joining a group."—Reid

Working toward a Paradigm Shift in Healthcare

In 2019, after 30 years of private practice in Fall River, MA, Michael J. King, DPM, became the chief medical officer of Upperline Health, a management company for podiatrists. "I don't like the term supergroup, and we are not a private equity firm," he says. "We are sponsored by an equity firm, which means they are an investor. They don't own us, though they have a say through votes on the board. I joined Upperline Health to change the paradigm of healthcare. A podiatric management group has better leverage to deliver value-based medicine. Our goal is to save the patient and the system money, leading to better care and reimbursements for podiatrists."

Upperline Health offers comprehensive services, but a focus of attention is wound care. "Podiatrists are well positioned to recognize at-risk extremities," Dr. King says. "Early treatment is essential, and we provide treatment in offices or clinics owned by the management company. We're trying to lower costs by eliminating facility fees. We can do things cheaper and more efficiently. Along with specialists, such as vascular doctors who work for us, we can treat anything that can be done outside of a hospital. We also have pathology and pharmacy services in-house."

Upperline Health offers comprehensive services, but a focus of attention is wound care. "Podiatrists are well positioned to recognize at-risk extremities," Dr. King says.

Upperline Health is based in Nashville and has 160 doctors in six states, Alabama, California, Florida, Georgia, Indiana and Tennessee. The company buys practices, so doctors become employees and are paid based on productivity. Dr. King advises podiatrists who are considering joining a group to ask candid questions: "How does the group value the purchase price of a practice? If you're paid based on productivity, what that mean? Does the group cover malpractice, license and CME fees? Upperline Health does, but many supergroups take it from the doctor's purchase price or salary."


Dr. Reid

"We handle all the business aspects of a practice and make things more efficient, including billing, coding, ordering supplies and dealing with insurance companies," Dr. King says. "We allow podiatrists to do what they do best, which is taking care of patients. We want to disrupt healthcare without disrupting practices."

Going It Alone

"My husband and I have been in practice together for 30 years, and at this time in our careers we don't want to give up the advantages by joining a group," says Marlene Reid, whose Family Podiatry Center prac-

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tice is in Naperville, a suburb of Chicago. "We were approached by three groups. The first time was 10 years ago, and we identified what we needed. One issue was staffing, but since the group wasn't local, it couldn't help with that. We also wanted an established group that could help with billing, collections, and marketing, but the group that asked us two years ago was just forming in the Midwest. Another group contacted us about a year ago. By then, we realized how much we value our independence. When we want time off, we take it. If we want more money, we work more. Of course, we realize that we may not be able to sell our practice and get a big buyout."

For Gideon J. Lewis Jr., DPM, whose Foot & Ankle Sports Medicine Institute is in Orlando, it's all about autonomy and accountability. "I have no incentive to join a supergroup now. I've been a solo practitioner for 15 years, and it's the only way I know how to practice. Managing my business takes time, and I don't have the advantage of large volume purchasing or negotiating better terms with contractors. But having control of my practice is worth any sacrifices."

"In Central Florida, most podiatrists have joined supergroups and, as a result, my practice has gotten busier," Dr. Lewis says. "Patients sense a corporate structure and want a more intimate environment. Approximately 95 percent of my patients come to my office from word of mouth, and recently a good majority have come because other offices got too big."

"I also hear from doctors who had solo practices or were in small group practices that since they joined a supergroup, they feel overwhelmed by the loss of autonomy," Dr. Lewis says. "From conversations with podiatrists, including those I meet at conferences and in forums, they are not happy that they have to get permission to make decisions."

"I have no incentive to join a super group now. I've been a solo practitioner for 15 years, and it's the only way I know how to practice."—Lewis says.

Exit Strategy

"I'm very aware that a good exit strategy is needed, but at this time in my career it's not on the horizon," Dr. Lewis says. "The beauty of having my own practice is that I'm building equity to make it more attractive for a potential buy-out in the future. Also, I own the building. A supergroup buy out might be an option when I'm ready for retire."

"Before you join an equity group, consider whether there's an advantage when you're ready to retire," Dr. Mirkin says. "Does it have an exit strategy? Will the supergroup give you cash, let you cash in stock you own in the company or pay you a certain amount of receivables?"

"Right now, an exit strategy is not an overriding concern for our members," Dr. Brezinski says. "Most of our members are mid-career. A few members who retired did sell their practice. Some new owners chose to stay with the group, and others decided to go in different directions."

"Older podiatrists who are thinking ahead toward retirement must consider an exit strategy," Dr. Khader says. "A lot of new podiatrists don't want to buy a practice. They're more focused on patients than business. They want to go to work but don't want to take care of administrative and financial issues. The exit strategy for me is to continue to practice for as long as I can without being burdened with the stress that comes from day-to-day management and worries about finances. I sold my practice to the equity firm. When I retire, I can sell my stock and walk away." **PM**

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