

HIRING AN ASSOCIATE



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Nowadays, it is a common practice for private specialists to expand their practice by hiring additional doctors, who may be partners, employees or associates. When I left public service in 2006, I first joined a private group as an employee, before leaving the group in 2011 to start my own practice as the sole practice owner.

I have been considering hiring an associate to expand my practice but so far, I remain a solo practitioner. There are both advantages and challenges associated with this, which I share in this article.

Advantages of expanding a practice

Providing more comprehensive service

No one specialist knows everything in their specialty. In the case of gastroenterology, it is generally divided into luminal gastroenterology and hepatology. There are further sub-specialisations like liver transplantation, inflammatory bowel disease and advanced endoscopy.

My own Health Manpower Development Plan training was in hepatology and liver transplantation. While I do general endoscopy and gastroenterology work, I refer patients who need advanced endoscopy procedures such as endoscopic submucosal dissection or endoscopic ultrasound to other doctors.

It will thus be logical for me to hire an associate who can cover this shortfall and provide more comprehensive gastroenterologist services within the clinic.

Enabling holidays coverage

When I go on leave or overseas travels currently, my clinic is closed. It is a waste of resources as I continue to pay for my clinic staff, rental and other overheads

despite being closed. My patients may also seek out another doctor if they need such services while I am not around.

It will certainly be better if an associate can continue to run the clinic and attend to patients when I am unavailable.

Expanding clinic footprint

I currently run clinics at two separate hospitals on different days in a week. With an associate, we will be able to run clinics in two more locations, hence expanding the coverage. The clinic can also get onto more Urgent Care Centres' (UCCs) calls rosters and possibly receive more inpatient referrals from specialists within those hospitals.

Lowering cost per doctor

Certain clinic operating costs are fixed, such as fees for accountants, secretary, electricity, clinic facilities, administrative staff, etc. With more doctors practising at a clinic, the running costs per doctor will be lowered.

This is especially so for specialties that require expensive clinic equipment, such as LASIK machines, exercise treadmills and echocardiogram setups.

Improving economy of scale

Clinics with more practising specialists can offer improved services. Some groups are able to have their own ultrasonographic machines, FibroScan machines, physiotherapists, dietitians, pharmacists, etc, within the premise due to having a pool of doctors.

However, as a solo practitioner, it is not economical hiring a digestive dietitian or purchasing my own FibroScan machines as they will be underutilised. These costs will be relatively lower if the staff or equipment is shared with more doctors. In addition,

pharmaceutical companies that supply medications to clinics often charge less per tablet if a larger quantity is ordered. Tapping on the economy of scale will help improve profitability.

Being better target for opportunities

Many private equity firms have been actively acquiring medical groups for further merger or initial public offer (IPO).¹ My observation is that they typically acquire groups with three or more doctors, rather than solo practices. One multidisciplinary specialist group was purchased at S\$109 M.² That is an opportunity that solo practices like mine will not qualify for, unless I expand my practice to three or more gastroenterologists.

Although it sounds good to have a group, being able to sustain and grow a group requires much management and leadership skills.

Challenges of hiring an associate

Finding the associate with the right skill

This is **THE** most difficult part. I will need someone with skills that complement mine, and can do things that I cannot, such as endoscopic ultrasound and endoscopic submucosal dissection. However, gastroenterologists who are good at these can easily set up their own practice. It means that I will need to find one and also convince him/her to join me.

Hiring the associate with a compatible attitude

Some doctors would put in time and energy to give marketing talks to the media the public and GPs to advertise their skills and services. They do not mind receiving calls at odd hours or during holidays when there are patients to be seen. Their main reason going into

private practice is to see more patients and to earn more.

On the other hand, some go into private practice to have more time for themselves, their hobbies and families. Their priorities are to have total control of their time and better work-life balance. They do not mind earning less as long as they are happier.

Thus, finding one with the attitude that matches mine is important.

Setting a fair compensation package

I will need to derive a package that is fair to both the new hire and me. While the associate must be paid well enough to entice him/her to leave public service, I also need an incentive system that will encourage him/her to work hard for the clinic. I would not want the associate to receive a high salary and become less motivated to bring in more patients.

The new hire might be wary that it could take up to several months or years for him/her to build up the patient load, meaning that his/her initial income would be low. However, he/she would also have financial commitments like housing and car mortgages, and children's education to worry about.

As such, most packages will have a fixed, guaranteed component, as well as a profit-sharing formula. This is to ensure that the associate's take-home is guaranteed during the initial stage. When he/she is established and brings in more revenue, he/she can then get a share of the profit. Ideally, the associate will eventually make more than what he/she gets in public service.

Setting the guaranteed amount, as well as the profit-sharing formula, however, is a major task that no one has the magic formula for. Additionally, the formula needs to be adjusted as the associate matures in private practice.

Getting patients for the new hire

As I am giving a guaranteed basic pay for the new hire, I need to ensure that he/she sees enough patients. He/She will likely have to enrol onto panels of various Integrated Shield Plan (IP) providers, as well as third-party administrators (TPAs).

It is hard for private practitioners (GPs and specialists alike), especially new ones, to survive without being on any panels.

I am personally not a big fan of TPAs, as their fees are lower than that of IP

providers. Additionally, TPAs typically require their panel clinics to issue medication to patients first, then bill the TPA after. My personal experiences with several TPAs have not been pleasant especially when they have taken up to several months to disburse payment.

But things are different when I have a new hire. My task is to find him/her enough work such that he/she makes enough to cover the basic salary. One thing to note is that many IP providers may not be accepting new specialists on their panel and thus, getting my new hire onto IP panels could be an uphill task.

Marketing the new hire

It is important to let the public, GPs and fellow private specialists know about the new hire's skills. I will thus have to find ways to introduce the new hire via social media, GP talks and hospital continuing medical education talks.

I may also have to tap on my experiences and connections with various media outlets to arrange for public appearances on television, public events and newspapers for the new hire. It is also essential to convince my existing patients that he/she is good and that they can see him/her when I am not available.

Departure of the new hire

No group sticks together forever. The associate could leave during any of the different stages of his/her private practice journey.

Some leave private practice after a short stint. Not all enjoy private practice, where patients are more demanding, UCCs call you at odd hours, and ward nurses call you at all times with no junior doctors as buffer, etc.

Some leave when they persistently fail to earn more than their basic pay. Others prefer the leave benefits in public service, such as the 20 days of annual leave, 28 days of conference leave and five-day work weeks.

Some may realise that their public hospital pay is larger than they thought, after taking into account their 13th month, mid-year, year-end and performance bonuses, sign-on and retention bonuses and the corresponding CPF contributions.

And some do so well in private practice that they may start their own group, with themselves as the boss and leader.

It is a great financial loss when a junior associate leaves the practice. The

clinic's cost will take some time to drop back to solo practice levels as I would need to continue to pay for the rental and manpower for the extra clinics till the contract expires. Renovation works for the new clinics, which are usually a six-figure sum, will also go to waste. And some of my existing patients may decide to leave and go to the associate's new clinic instead.

Keeping my junior associate happy

This is an important issue. The remuneration package offered needs to be adjusted with time, to ensure that the associate is satisfied and paid what he/she deserves. Involving him/her in making administrative decisions and eventually making him/her a partner with better profit-sharing formula will help. The potential to enjoy financial gain when the whole group is acquired or doing an IPO may also entice him/her to stay.

Conclusion

Having a group brings in many advantages, both professionally and financially. However, finding a new hire and keeping him/her happy require lots of hard work. As of the time of writing, I have not found a new hire, but I will continue to search.

It is better to be happily solo than to be unhappily grouped. Just like finding a spouse, it is better to remain single than to marry the wrong person. ♦

References

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Dr Wai is a gastroenterologist in private practice. He enjoys writing about life as a doctor. He strongly believes that doctors must share their experience and knowledge with one another to raise the standard of the medical profession.

