

Transcript Details

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A Nurse Practitioner's Guide to Starting an Independent Practice

HOW TO START AN INDEPENDENT PRACTICE, THE NURSE PRACTITIONER'S GUIDE TO SUCCESS.

With the shortage of primary care physicians throughout the United States, more and more nurse practitioners are starting independent practices to help fill the gap. How to start your own successful and _____ practice? Welcome to, The Clinicians Roundtable. I am Lisa D'Andrea, your host, and with me today is Carolyn Zaumeyer, a Nurse Practitioner and the author of How to Start an Independent Practice, The Nurse Practitioner's Guide to Success.

LISA D'ANDREA:

Hi Carolyn, welcome to ReachMD.

CAROLYN ZAUMEYER:

Hey there, it is great to be here!

LISA D'ANDREA:

Carolyn, there are many nurse practitioners who are currently considering the option of opening their own practice. How much business knowledge and skill is needed to operate a successful and profitable practice?

CAROLYN ZAUMEYER:

When you are first considering opening a practice, you need to assess your business knowledge and where your strengths and weaknesses lie, and once you identify what your weaknesses are, you can work on improving those things and also find experts that can help you with that. You can learn as you go, but it is best to have a good working knowledge of basic accounting and business marketing, but you can always call an expert for these things.

LISA D'ANDREA:

Is there a place that you recommend where NPs can learn that knowledge?

CAROLYN ZAUMEYER:

Sure, the SBA has excellent programs all throughout the country, and if you just go to their website, which is www.sba.gov, you can find local programs that can give you a basic overview on running a business on accounting, marketing issues, how to make a plan, how to write a business plan, all of those things are covered there, and they also have retired business people with this core program that will actually help mentor you and guide you through the process of starting a business.

LISA D'ANDREA:

How many years of experience should nurse practitioners have before opening their own practice?

CAROLYN ZAUMEYER:

I would say that the bare minimum 2 years. I have been asked this a lot. I have many students who contact me that are going to school and want to start a practice right out of the gate as soon as they get their license, and I really encourage them to get a couple of years under their belt, become comfortable and confident in your role as a nurse practitioner before you put yourself out to the public. You want to practice safely and know that you are doing the right thing for your patient as well as yourself. So, I would say minimum of 2 if not more.

LISA D'ANDREA:

And how many NPs own their own practices in US and how fast is that number growing?

CAROLYN ZAUMEYER:

We don't really have real numbers as of to how many independent practices there are out there, but I see it growing just as I see my book sale and my request for speaking engagements on independent practice rising. So, there is definitely the interest out there and I know there are a lot of nurse practitioners out there with their own practices, but we really just don't have a good database to tell you exactly how many there are out there, but I know just from what I have seen that there is a good bit and it seems to be on the upswing.

LISA D'ANDREA:

What are the reasonable expectations for a nurse practitioner in terms of profitability when they start own practice?

CAROLYN ZAUMEYER:

That really varies on what type of practice they are starting and who their payer is, how are they getting paid for their services? You

know, are they banking on just getting paid by Medicaid or cash, or is there a big insurance company that is going to be able to reimburse them at a decent rate in their area, but it really depends on the location and who the payer is. I know I was very surprised in my first month of practice. I was able to cover my bill that was a big surprise to me. So, my overhead for the first month was paid with my first working month. Of course, I still had debt that I needed to work on, you know, so it took a couple of years before I was able to really pay everything off because I kept putting more in for marketing, and you know, growing the practice. So, it also depends on what you need to take out of it. You know, if you can keep putting in and help grow it quicker, then you may get a bigger return on the end.

LISA D'ANDREA:

How do you estimate your start-up cost?

CAROLYN ZAUMEYER:

That's a fun process for me. I have developed a couple worksheets that are in my book where you actually pencil in estimates of what you think that you are going to need to be paying, you can research your area because real estate is so very different in all different parts of the country I can't say that, you know your lease will be 1700 dollars a month where you know in New York City that wouldn't be appropriate. So, you can check your local areas and find out what your rent would be, what your utilities might be. You know how much are you going to have to pay for staff or taxes, etc., but I have a very complete listing of things where you can pencil in what your one time start-up cost would be as well as what your monthly fees are going to be, you know, that you can expect, and then from that there is another worksheet where you can basically estimate what your income will be going with what you are currently doing in another practice or wherever you are working. You know how many patients per day, what you can charge for, and it's just a little worksheet where can get a good guesstimate as what your potential could be for your income and then you compare the two, you know, is this going to be financially viable, are my expenses exceeding what my potential income is? You know, so you can make a decision just doing these worksheets as to whether you really have a shot at having a successful practice.

LISA D'ANDREA:

How do you recommend an independent practice operated by nurse practitioner charge for services and could you give some guidance on what to expect with reimbursement and how to apply for provider status?

CAROLYN ZAUMEYER:

The way I designed my fees is I was working per diem in several different locations for a physician in a private practice as well as per diem in sub clinic, and I knew that my practice was not going to be a clinic and I am not a physician, and so I kind of met it in the middle. I figured I am not a clinic, I have nice carpet, I have a nice office, but I am still about a doctor. So, I took both of those, these provided access, so you know what they were charging and I kind of met it in the middle and found an appropriate price that I felt I would pay as a patient, and most of my patients were cash-paying patients, so I needed to keep it affordable and I was able to do that by meeting it kind of in the middle between a clinic and a physician's office.

LISA D'ANDREA:

So, let's talk about the scope of practice. How is that defined with an independent NP practice?

CAROLYN ZAUMEYER:

The scope of practice is defined by your specialty, by your profession, you know, your area of expertise and the law, as well as your agreement with your collaborating physicians. So, you need to know where your scope of practice is, what you are trained to do, what's you are confident at doing, what you are competent in doing, and go from their, and then if you ever feel like you are approaching that line, that's when you refer out, and it's all basically a judgment call for me in my head. You know, is this something that's appropriate for me to be doing or is it not because if you step over the boundaries and you practice outside your scope of practice, you are not doing yourself or the patient any favors. You need to practice with what you know and follow the laws of your State.

LISA D'ANDREA:

So, tell us some of the positives and negatives of NPs in independent practice.

CAROLYN ZAUMEYER:

Well, the positives for me were autonomy. I was able to practice the way I felt was appropriate, treat the patients along with guidance from my collaborating physician in the most effective kind and affordable way I was able to provided health care. I was able to set the schedule and be flexible for my patients, but it also was flexible for me. I could still teach, I could travel. The flexibility was very, very good for me, plus I am in a bit of control freak and having control over how my practice ran, how clean it was, how the employees treated the patients, communication, that was very important and rewarding to me that at the end of the day I truly was able to say that I gave the patients the time, the consideration that was required and necessary and a lot of times over the line, you know, we really extended ourselves out for the patients and saw many patients that would not be seen at other locations.

LISA D'ANDREA:

And what is about negatives?

CAROLYN ZAUMEYER:

I try not to focus on the negatives. I always felt like if there was a barrier or roadblock that I would find a way around it, under it, over it, knock it down. I didn't have any negatives. I mean it was just really a very positive experience for me, I would say may be the reaction from the insurance companies because I started my practice back in 1992 which does not sound that long ago, but it was a long time ago and I sent out over 200 query letters to insurance companies and I got the most bizarre responses. They decided that advance practice nurse was really an LPN and why would she have her own practice, you know, things like that. Out of the 200 letters that went out, I got 3 positive responses. So, I think the insurance companies, you know, that will be a negative. If I have to look out at that way, but what I did is with that knowledge that they really did not know who I was and was I going to really take the time to educate them or was I going to revise my plan? I did the research to find out how many of the population in my area were uninsured and with that I had the confidence that I could start a cash practice and run that practice just basically with cash, provide the patient with a super bill with all the fees and charges and all the codes they need to submit to their insurance if they choose to and that worked out well for me.

LISA D'ANDREA:

Carolyn, you mentioned earlier about laws regulating scope of practice. Could you explain that a little bit more?

CAROLYN ZAUMEYER:

Every State is different and they really vary widely, as what the laws entail and it is your responsibility as a nurse practitioner to research the laws and know the laws, and follow the laws. There are differences as far as the law collaboration with the physician or supervision, the way it is written, the prescribing is different whether you can write for controlled substances or you need to have a physician's signature or what needs to be printed on the prescription pad, everything is different State by State and you need to know what the laws are because, you know, that you are following all the rules of the law.

LISA D'ANDREA:

You also mentioned that your practice is a cash-pay practice. Are most NP practices run that way?

CAROLYN ZAUMEYER:

Not really. I have been speaking throughout the country to nurse practitioners in the independent practice and they are as varied as they can be. Some depend wholly on HMOs or insurance reimbursement, some are cash, some are Medicaid based or they are serving the indigent working on grants, so the payer is very, very different depending on, you know, where they are and what type of services they are providing.

LISA D'ANDREA:

So, what are the top 3 mistakes made by nurse practitioners when starting their own practice?

CAROLYN ZAUMEYER:

I guess, like with any business, not planning the finances properly, not having enough capital, and may be not marketing properly, doing a good marketing plan, so that you get the word out, so that people know that you are there so that they can come.

LISA D'ANDREA:

What marketing activities do you recommend that the nurse practitioners utilize?

CAROLYN ZAUMEYER:

I think most importantly is to write out a yearly plan, so that you are not just throwing money here and there and hoping for the best. You need to have somebody guide you that are an expert in marketing as to print advertising, TV commercials, in the movie theater, all kinds of different things. One of our most successful things was a special we put together for STD testing. In my area, it is a quite promiscuous area, and so I put together a package of STD testing, HIV, syphilis, chlamydia, and gonorrhea for like 75 dollars, and then we run these ads and these magazines that cater to the nighttime, you know, concerts and movies and all that, and, you know, _____ all things like be kind to your valentine, get tested today, you know, so just a little fun different things like that to get the word out to the public that you are there and also networking, you know, going around and meeting people, shaking hands, and projecting that you are a confident

business person as well as a provider.

LISA D'ANDREA:

Do independent practices employ physicians to work on staff?

CAROLYN ZAUMEYER:

Some do, yes. I have been reading about some that do employ physicians and a lot of them are very successful, so you can work both ways. It could be very good for the physician as well as for the nurse practitioner business owner to have that relationship.

LISA D'ANDREA:

I want to thank my guest, Carolyn Zaumeyer, for coming on the show.

I am Lisa D'Andrea and you have been listening to The Clinicians' Roundtable on ReachMD XM 157, The Channel for Medical Professionals. Please visit our website at www.reachmd.com, which features our entire library to on demand pod casts and thanks for listening.