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Do you have an independent spine practice? These ancillaries will keep you there Featured

Written by Laura Dyrda | Tuesday, 14 July 2015 00:00

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Lower reimbursements coupled with increasing operating expenses are tightening margins for independent medical practices. Physician owners are combating this trend in several ways, including adding ancillary services.

Ancillary opportunities for spine practices include:

- Physical therapy
- Neuromonitoring
- Ambulatory surgery centers
- Durable medical equipment
- Health supplements
- Imaging

"At Texas Back Institute, we want to stay independent and control the decisions we are making for our patients," says Michael Hisey, MD, of Texas Back Institute in Plano. "Having an extra ancillary income helps replace income lost from other sources."

Regulatory issues

Texas Back Institute has been involved with neuromonitoring and physician-owned distributorships, which have strict regulations. Physicians can participate in these types of ventures, but Dr. Hisey advises paying close attention to the rules and working with an experienced lawyer.

"Make sure the regulations allow you to do what you're doing," says Dr. Hisey. "People become worried because they think if physicians own services they'll use them more. We invest in ancillaries because we can provide a better continuum of care for our patients. We can provide better physical therapy services and show our patients need fewer visits to complete their regimen, which means less cost to the insurer if we are using these services appropriately."

There are also opportunities for practices to own imaging services as part of their office.

"If you think of it as an extension of your office, you're more likely to stay in compliance," says Dr. Hisey. "For surgeons who are able to invest in imaging, that can be a significant opportunity in the practice. Reimbursement for imaging is going down, but if you are sending out enough business to keep it busy, it's worthwhile. Make sure you have enough business beforehand to offset costs without increasing utilization."

Best opportunities in the future

Independent physicians are struggling to avoid hospital employment, and ancillary investments can help offset rising costs. But not all of the traditional avenues are still great options.

"We have had physical therapy for years as part of our practice," says Dr. Hisey. "It's not a huge money maker, but it provides good service for our patients and we feel it's good for them. We also have more profitable investments, including a hospital investment, to offset increasing overhead costs."

Not all opportunities are possible in every location. For example, investing in an ASC may not be available to spine surgeons in every market, based on current saturation, contract availability and local hospital presence. In other markets, the regulatory environment could make it difficult to own imaging or physical therapy services. In those cases, partnerships may be better.

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"You have to look at different opportunities in terms of a realistic pro forma," says Dr. Hisey. "Some of these investments are based on economic models that aren't sustainable in every market."

The best opportunities going forward are a mix of the old stalwarts and new trends: DME, orthotics, bone growth stimulators and supplements.

"As medicine becomes more boutique, if you have a good supplement you could sell it out of your office," says Dr. Hisey. "Other specialists are already starting to do that, and it could be something spine physicians adopt for their patients as well."

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