

*More and more family physicians are adding new services and getting rave reviews. Here's how to find the niche that's right for you.*

# Expanding Your Practice Through Niche Services

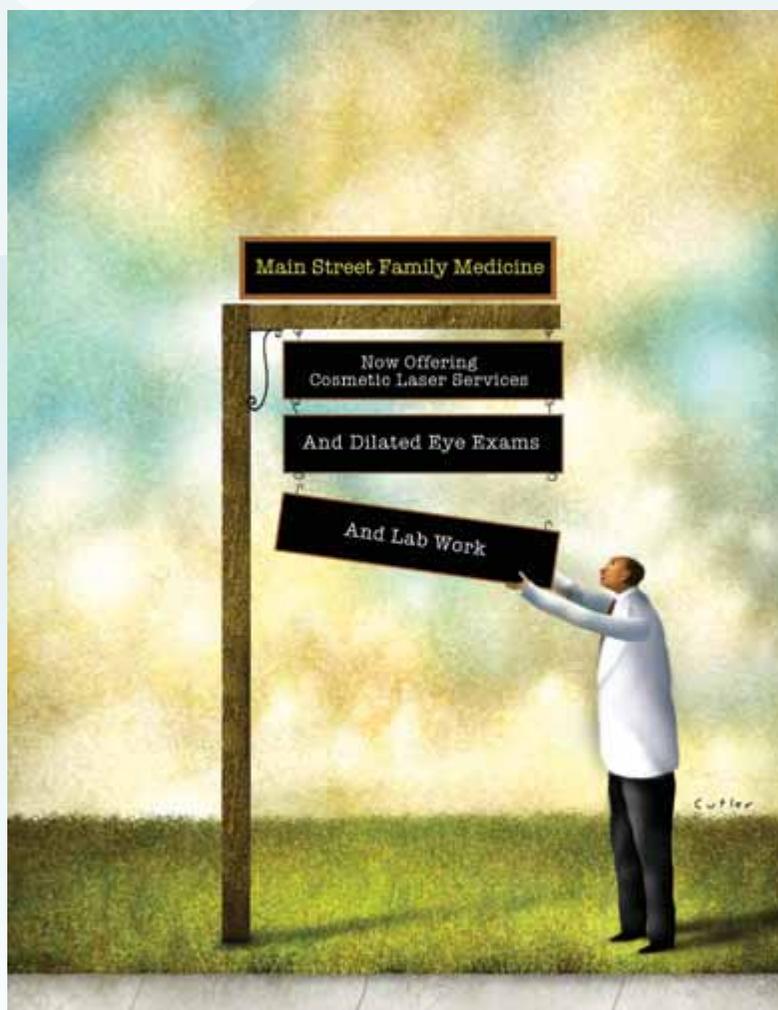
Mara Reichman



Patients who walk into their family physician's office these days might get more than they expect. They may be pleasantly surprised by the wide array of services their doctor offers, from laser cosmetics to X-rays. Though some family physicians are limiting their services because of poor reimbursement, others are adding services to improve their quality of care and patient satisfaction, and many have found ways to make these services profitable.

"There are a lot of niche services you can get into depending on your personal interests and the availability of such services in your area," says family physician Gaspere Geraci, MD, medical director of PMSCO, a practice management consulting subsidiary of the Pennsylvania Medical Society in Harrisburg, Pa.

Geraci recommends that physicians use their entrepreneurial skills when deciding which services to offer. This involves ask-



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Family physicians are adding niche services to their practices to improve the care they can provide their patients.



Some physicians choose to offer a niche service based on their professional interests and the needs of their patient population.



Cosmetic laser services are becoming more common in family practices because they encompass multiple procedures and generate significant revenue.



Lasers can be a big investment for a practice, but they are long-lasting and easy to use.

ing themselves, “What are the needs in the area?” and then assessing their patient population and local competition. It also involves some self-assessment to identify their personal medical interests and skills. These efforts will result in a well-chosen niche, which leads to satisfied physicians *and* satisfied patients.

### A different approach to skin care

Donald Brideau Jr., MD, MMM, of Alexandria, Va., incorporated cosmetic laser services into his family practice in November 2002 and uses them for a variety of services, including permanent hair removal, varicose vein treatment, pigmented lesion treatment, and acne and wrinkle treatment. “We were looking for ways to generate additional revenue and knew that a lot of our patients were going to other facilities that had no medical directors in the building,” he explains. “They were getting inferior treatments with other types of equipment used by nonmedical professionals in salons.”

Brideau and his colleagues did their homework and found that the No. 1 treatment their patients were seeking was laser hair removal, followed by wrinkle reductions and varicose veins. “We wanted to make sure our laser met the needs of our patients,” he says.

After researching the expenses involved and evaluating their patient base, the practice of 3.5 full-time-equivalent physicians knew it was feasible to proceed.

“It just so happened our neighbor practice was doing the same thing, so we were able to share a laser initially and not have the full cost to start,” Brideau says. Because of this arrangement, the practice was able to purchase its own laser four months later, and it recently acquired another.

Brideau says cosmetic lasers range in price from \$35,000 to \$80,000 and may come with a three-year warranty. Although the initial sticker price of a laser may scare some physicians away, Brideau encourages them to look beyond the cost of the equipment, as most lasers are long-lasting and rarely become obsolete.

Because certain lasers can perform multiple procedures, depending on the wavelength setting, Brideau recommends that physicians prioritize which procedures they want to perform before purchasing a laser.

When it comes to learning how to use

### KEY POINTS

- Family physicians seeking to expand their in-house services have a variety of options depending on their location, patient population and professional interests.
- With careful planning, adding a niche service to your practice can be profitable to you and beneficial to patients.
- Some services will require extra training as well as extra equipment.

lasers, Brideau says physicians have several options. Many companies offer free or inexpensive courses to promote their lasers and to demonstrate what they can do. (Brideau mentions companies Candela and Lumenis as two options for physicians looking into lasers.) Once you decide on a laser, the company will likely send a clinical specialist to your office to perform an all-day training session with your staff. The AAFP also offers an annual dermatology course (<http://www.aafp.org/x14388.xml>), as well as workshops and a lecture coordinated by Brideau at the Annual Scientific Assembly (<http://www.aafp.org/x15315.xml>).

Brideau cautions that while such courses are valuable, they alone are not sufficient for physicians to begin performing laser services. “The courses give you a feel for how easy it is to do these things,” he says, but doctors still need to start slowly. “We began by using the laser for only one of its applications. Once we understood how to use it for laser hair removal and adapt the settings for various patients, we then expanded the use to varicose vein treatment and then wrinkle reduction. Additional training can come from colleagues in your area. We now train other doctors in the office so they get a one-on-one, hands-on discussion, sharing past clinical experiences.”

Because the lasers are easy and safe to use (many have safety precautions built into the software), some physicians use an ancillary staff member to perform the procedures after they determine the proper setting. In Brideau’s practice, however, the physicians perform the procedures themselves. “Our practice decided to market laser services differently,” he says, “and we think our efforts were more successful than others in the area because our physicians actually do the

procedures themselves. It's a marketing tool rather than an absolute clinical necessity."

He and his partners chose not to extend their marketing efforts beyond their existing patients. "I don't recommend mass marketing. You don't get the return on investment. It's better to market just to your individual patients or to develop business relationships with other physicians or salon-type businesses that can give you referrals," he says.

Brideau estimates his practice performs 14 laser procedures each month, about half of which are part of a package deal and therefore not individually reimbursed. The practice requests payment up front because the services aren't normally covered by insurance. On average, procedures cost around \$900. A full five-course treatment for laser hair removal can cost \$500 to \$3,000 depending on the area of the body, wrinkle reduction packages cost about \$2,000, and varicose vein treatment can range from \$300 to \$700 depending on the number of pulses used.

Taking into account monthly costs of \$2,000 for the laser loans, \$1,000 for extra malpractice insurance (which some insurance companies will require) and \$250 for marketing, Brideau's practice nets about \$3,125 per month, which translates to almost \$100,000 after 2.5 years.

Even though they pay out-of-pocket, patients greatly appreciate the services. "Many of our patients had looked into laser services elsewhere," Brideau says, "but when they went and interviewed those places, they were very concerned that no doctor was on

testing clinic in their family medicine clinic and residency program. Because their patient base is about 35-percent Medicare, the physicians had been getting recurring complaints about hearing loss among patients.

"It was affecting their lifestyles and affecting the people around them," Casey says. "There were concerns of falls because of not being able to hear and concerns of driving because of not being able to hear. There was stress among family members because one individual couldn't hear what the others were saying."

Before making their decision, the physicians conducted a random survey to get a more accurate idea of how many patients were affected by hearing loss. The registration staff asked all patients over age 65 to complete a hearing loss survey.

During the first month, the practice found that more than half of the respondents reported some degree of hearing loss. The survey questioned patients about what volume level they watched television, how frequently they asked others to repeat themselves and whether they had ringing in their ears.

"These questions are many times red flags telling us that someone may be having difficulty hearing," Casey says. "When we found such a high rate of positive responses on our hearing questionnaire, we knew that we had to do something."

That "something" was to develop a comprehensive hearing evaluation program.

"We felt that in family medicine we should be doing this for our patients," Casey explains. "We should be screening

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site. They were pleased when we started to offer the procedures. They've been almost universally ecstatic about the results they get, and they usually end up doing more."

### Listening to patients' needs

One group of physicians discovered a niche service by keeping their ears open. After studying their patient population, Baretta Casey, MD, FAAFP, and her colleagues in Hazard, Ky., decided to create a hearing

for hearing loss. And we should be sending patients to the appropriate place if they need additional testing."

The comprehensive hearing evaluation that the office provides is a preliminary screening test that identifies patients who need more formal hearing testing. The equipment, which tests air, bone and speech, identifies about 80 percent of patients who have difficulty hearing.

Because there are only a few companies

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Most laser companies offer tutorials on how to use their products, and the AAFP offers dermatology courses and laser workshops.



Patients generally pay out-of-pocket for cosmetic laser treatments, with prices ranging from several hundred to several thousand dollars.



Practices that see a large number of elderly patients should consider offering comprehensive hearing evaluations in their offices.



Hearing screening equipment can test air, bone and speech, and identify 80 percent of patients with hearing loss.



One company offers a user-friendly, portable hearing screening unit that fits on a rolling cart in the exam room.



Practices that offer similar hearing screening services can submit CPT code 92557, for which Medicare reimburses an average of \$47, depending on the region.



Physicians worried about eye exam compliance from their patients with diabetes can now offer dilated eye exams in their own office.



Using a special digital camera, the practice can send images of the eye to an off-site location where they are analyzed by retinal specialists.

that make this type of equipment, Casey's practice did not have many options. The machine they selected, the Otoqram, is a small portable unit that fits on a rolling cart. It includes a lightweight halter that fits around the patient's neck, a halo that fits around the patient's head and a beeper for staff members to carry that notifies them when the patient has finished the test.

Casey says the equipment proved user-friendly for both patients and staff. After an hour of training with the company's representative, the nurses and physicians were able to set up the equipment, introduce

age at \$22, \$16 and \$82, respectively, based on the 2005 average Medicare-allowable.

After one year, the practice averaged five to 10 hearing evaluations per day. "The equipment was paid for within 10 months, but that wasn't our initial reason for offering the tests," Casey says. "We were looking for something to improve quality of care for the patients."

### Focusing on eye exams

Howard Haft, MD, and his 20-physician practice in Waldorf and Fort Washington, Md., became interested in their niche service about four years ago after a quality initiative

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patients to the machine and start them on the screening test, which takes five to 10 minutes to complete.

"We've had a lot of folks thank us for doing the initial screening," she says. "Some say, 'I knew that loud noise would bother me or that I couldn't quite hear if I got in a crowded room, but I didn't ever think about it being a problem with hearing loss.'"

"We have been able to send a lot of our patients for the formal testing, and they've now gotten hearing aids. Their quality of life is much improved."

Casey's practice spent about \$20,000 for the equipment, which tests air and bone conduction, speech recognition and speech discrimination. They later purchased an upgrade for the unit that enabled them to perform otoacoustic emissions, acoustic reflex tests and tympanometry. (The current price of the machine that provides all these testing options is \$37,500.) Casey estimates the practice spends an additional \$500 a year for calibration.

For reimbursement from Medicare and other third-party payers, Casey's office submits CPT code 92557 for comprehensive audiometry. In 2004, Medicare's average reimbursement for 92557 in Casey's region was \$47. Depending on the patient's results and history, the office may also perform and bill for tympanometry (92567), acoustic reflex tests (92568) and otoacoustic emissions (92588), which are reimbursed on aver-

showed room for improvement in caring for their patients with diabetes. Although many of their diabetes indicators showed acceptable results, the results were "abysmal" when it came to dilated eye exams, he says. Haft attributes those scores to the practice's need to direct patients elsewhere for eye exams.

"We relied on the referral system and the good will of the consultants to get the exams done," Haft says. When he and his colleagues learned of a new technology that allowed primary care physicians to perform eye exams in the office, they jumped at the chance to try it. "Conceptually, it seemed like the greatest thing since sliced bread. It was exactly what we needed to improve our indicators for dilated eye exams."

Using a camera called the DigiScope, the procedure involves taking a series of photographic images of the eye and converting them to a digital file, which the office can then send out to be analyzed by retinal specialists. The costs for implementing these exams in the office include about \$2,000 in start-up costs, a \$75 monthly fee for the ophthalmic equipment, minimal staff costs and the costs of a telephone line to transmit the images over the Internet.

Any trained staff member can set up the exam, which takes about 10 to 15 minutes for patients to complete. Although the company offers on-site training, Haft says the equipment comes with its own interactive training program. "It allows people to sit

down in front of the equipment and, in the course of an hour, more or less, get certified. The procedure is like doing a video game; it's very, very easy."

After the practice began offering the eye exams in-house, compliance rates increased significantly. "In the first year, we were able to take our indicators for dilated eye exams from the range of 50 percent to over 80 percent," he says. "Unbeknownst to us, we won an award from the Delmarva Foundation, the quality improvement organization for the region, not only for the most improved, but for the highest compliance with dilated eye exams in our region."

Aside from some local newspaper articles written about the practice's success, marketing efforts consist of distributing brochures about the eye exams to patients and displaying some posters in the office. However, most patients learn about the exams when the nurse takes them through a checklist of preventive services at the beginning of each diabetes visit.

Although the practice has an electronic health record (EHR) system, each patient with diabetes has a "dummy" paper chart with a small sticker to indicate when he or she last had a dilated eye exam. When the anniversary date of the last exam approaches, the physicians know it's time for another exam.

Billing for the procedure has changed over the course of the three years the practice has offered the exams. Both the practice and the company have had to learn which

costs. The practice performs about 750 dilated eye exams per year, earning a profit of about \$9,000.

All in all, Haft is pleased with how his practice's niche service unfolded. He advises other physicians to consider adding it to their practices if they are concerned about patient compliance with dilated eye exams. "I can't think of any other technology we've adopted that's been so easy to install and roll out, and so trouble-free in terms of the payment system."

He emphasizes that giving eye exams in the office was a win-win situation. "It's a win for the patients because they get their eye exams taken care of and avoid the problem of potential blindness, which is probably the biggest fear of most people who have diabetes. It's a win for us in terms of the economics, but also a win in terms of quality. We know that we can be much more successful in terms of meeting the standard of care than we ever were before."

### Offering a little extra

For Jeanne Wolfe, MD, in Gilbert, Ariz., performing X-ray services in the office is about providing a convenience for patients. Wolfe purchased her first X-ray machine second-hand from an urgent care clinic when she started practicing more than 20 years ago. It is now an integral part of her office.

Although Wolfe learned to do basic X-rays during residency, her practice, which consists of two physicians and four nurse practitioners, has employed a full-time X-ray

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payers recognize the procedure and what documentation they require. "We spent a lot of time working with payers, saying, 'This is an already existing CPT code. It's not novel. It's just that the application to primary care is novel,'" Haft says.

Eventually, it was agreed that the company would bill the patient and Haft's practice would be reimbursed by the company. Currently, the practice receives a flat fee of \$22.50 for each procedure performed, with a net of \$12 after subtracting staff

technician for the past eight years to do more complex procedures such as abdominal films, C-spines and sinus films. "Patients love it because they don't have to go anywhere else," she says. "We're not close to a hospital, so if somebody comes in with an injury, it's nice to be able to do an X-ray of an extremity or a chest X-ray. That X-ray comes in handy if you're trying to decide whether this is a patient who has to go to the hospital or a patient you can treat in the office. The X-ray becomes a wonderful thing."

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The eye exams are reimbursed at a flat rate, which is paid by the company that sets up the ophthalmic equipment.



Within a year, one practice was able to increase its indicators for dilated eye exams by 30 percent.



The practice uses stickers on patients' charts to remind physicians when patients are due for their annual eye exam.



Offering X-ray services in the office can save patients a trip to the hospital.



One practice paid off its \$15,000 X-ray machine within 15 months.



Taking into account expenses for supplies, X-ray over-reading and the technician's salary, the practice nets about \$12,250 per year.



Performing blood draws in-house is an added convenience for patients and increases their compliance.



Investing in a niche service that you enjoy will result in overall satisfaction for you and your patients. It may even boost your bottom line.

## By performing an average of 11 X-rays per day, Wolfe's practice nets about \$12,250 each year.

After wearing out the first X-ray machine just last year, the practice bought a second one for about \$15,000. (The practice notes X-ray companies Amrad and Americomp as potential starting points for interested physicians.) Wolfe figures the second machine paid for itself within 15 months. "It wasn't horribly expensive. It doesn't have any bells and whistles. It just does the basic stuff," she says. The X-ray machine fits in a separate exam room with a smaller room off to the side for the processor and film developing.

The practice has its X-ray films over-read by neighboring radiologists for approximately \$10 per chest film. A courier picks up the films and usually returns them the next day.

By performing an average of 11 X-rays per day, even more during cold and flu season, Wolfe's practice nets about \$12,250 each year. This includes expenses for the technician's salary, the over-reading of films and the supplies for film developing. The practice bills patients' insurance for the X-rays and rarely has a problem with denied claims.

Their marketing costs are minimal as well. "The only marketing we ever did was in the yellow pages," Wolfe says. "We just advertised our hours and that we had X-ray on site. That's all we've ever done, and, frankly, it seems like that's all we've needed to do."

In addition to providing X-ray services, Wolfe's practice performs blood draws in-house and has been doing so for the 20 years they have been open. "Initially, for the first 10 to 12 years, we had our medical assistants draw the blood," Wolfe recalls. Because few payers were reimbursing for it, they considered stopping the service – and eventually did. But it didn't last.

"The patients were complaining bitterly because they had to wait so long to get their labs done," Wolfe says. When she complained to the lab that her patients were unhappy and threatened to send them elsewhere, the lab made an offer she couldn't refuse: "They offered me a phlebotomist in-house because we do so much lab work."

That was eight years ago, and the arrangement suits Wolfe just fine. The phlebotomist

works full time, and the lab pays her salary. She is well-liked by patients, and she frees up the rest of the staff to do other tasks.

"She's an integral part of our practice," Wolfe says. "We have an electronic health record now and an interface with the lab, so the labs actually shoot through the computer and show up on our EHR. She is sort of the go-between between the lab and our office."

Wolfe says the lab offered this arrangement because of the volume of lab tests the practice was ordering. She estimates her practice conducts between 2,500 and 3,000 patient visits per month. "When you have enough volume, that gives you a negotiating tool," she says.

Because the lab bills the patients' insurance, the practice does not make money on the blood draws. Wolfe emphasizes that they offer in-house blood draws purely for patients' convenience, and she feels it's worth it, especially for patient compliance.

All in all, Wolfe is satisfied with the services the practice is able to provide in the office. "As I get closer to retirement, I look at all these things and say, 'Gee, should we continue them?' But I can't think of anything that I'd drop. Our patient-satisfaction ratings are always in the 90-percent range."

### Something for everyone

While niche services can be a worthwhile investment, profitability isn't the key benefit for physicians. "It wouldn't make any sense to try to do something that you have no interest in just because it might make some money," Geraci says. "Your willingness to do it would wane."

Just as important as the bottom line is the satisfaction physicians derive from performing niche services and the satisfaction patients take away from the experience. As Wolfe summarizes, "I don't know that it makes us a heck of a lot of money, but it does mean that patients are more likely to come here than someplace else." In the end, that is what niche services are all about. 

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