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Strategic Practice Management: Interview with Robert G. Glaser, PhD

Douglas L. Beck, AuD, speaks with Dr. Glaser about his book on strategic practice management, as well as bank loans, business plans, pricing, and more.

Academy: Hi, Bob. Good to speak with you.

Glaser: Hi, Doug. Nice to speak with you, too.

Academy: Bob, I was recently in a conversation with a few AuD students and they were asking about issues related to private practice. I found myself quoting the book you and Robert Traynor co-edited in 2008, titled Strategic Practice Management: A Patient-Centric Approach, and as I told them, I thought it would be a good idea to catch up directly with you on these issues.

Glaser: Sure thing. Happy to help.

Academy: What was it that inspired you to write a book on practice management?

Glaser: I have always felt that our profession needed a textbook that could be used to orient and provide a resource for students as well as current practitioners to the business of successfully managing a practice with the focus on the patient at every opportunity.

I talked with my respected colleague, good friend, and long-time collaborator, Bob Traynor, about the project and we agreed that the need was there. At that time (4-5 years ago), we considered the robust interest and activity in developing AuD programs gearing up to graduating AuDs ready to hit the ground running and starting their own practices, and we decided to begin the project.

We selected several, key co-authors (Deb Abel, Glenn Bower, and Gail Whitelaw) and after two years of intense work we finished the task about 18 months ago. We knew the varied settings in which our colleagues were practicing so the book had no particular practice venue in mind. We wanted the information to apply to audiologists in independent private practices, ENT-audiology practices, school-based settings, and university clinics. We also felt that the need for a patient-centric practice management text would only increase over time—especially in view of the changing atmosphere in today's unsettled health-care market place.

Academy: I'd like to read a short list of abbreviated chapter titles so the readers will have a better idea as to the scope of the content: Strategic Business Planning, Legal Considerations, Pricing Strategies, Cash-Flow Analysis, Coding and Billing, Referral Sources, Patient Management, Personnel Management, Policies and Procedures, Compensation Strategies, Manufacturers and Suppliers, Marketing, University-Based Practice, Establishing the Value of the Practice, and Exit Strategies. Pretty much soup to nuts.

Glaser: Thanks, Doug. Yes, we think it's comprehensive and we hope the book will be of significant value for the readers. In fact, when we started writing the book, Dr. Traynor had just finished his MBA, which allowed us to incorporate current, up-to-date business information and models—not just for audiologists, but for health-care professionals in general. So, again, our goal was to focus on the patient, while maintaining reasonable and excellent business models and protocols that allow us to pay our bills, keep the lights on, and maintain consistent profitability!

Academy: Yes, good point. I think for many of us, business issues are things we initially don't think through pro-actively. I mean, we think them through and solve them as we go along, and when we have to, but it makes so much more sense to develop a plan and a strategy first, and to truly understand and resolve the issues before getting tangled up in the details.

Glaser: Right. Well, that's the whole concept behind writing a business plan before engaging in private practice. As you said, we do need to think it through and write it down and commit it to paper. And when it's finished, one should be able to show it to people with knowledge who can offer suggestions and insight from a constructive and business-like point of view. That's actually what chapter one is all about, Strategic Business Planning. It's so important to actually start with a plan and then execute the plan, sort of like diagnosis first, treatment second!

Academy: Agreed. Bob, what about the impact of the economic downturn on starting a new private practice. Are banks and lenders still willing to loan money for start-ups?

Glaser: Absolutely. Lenders, however, have become more cautious; they want to make sure that first-time borrower-applicants have the ability to repay the loan once the I's are dotted and the T's are crossed. Lenders want to see the business plan and the assessments and assumptions. Beyond an excellent business plan, they want to know about other potential sources that could be brought in to bolster the deal if needed.

Banks make money on money loaned—but only when the principal is paid back! As long as the new applicant has done his or her homework, there is a high likelihood loans will be granted. Banks have money to loan, especially now and loan officers want to make things happen in their respective communities. The key to acceptance is a well-written, comprehensive business plan. We cover this in the chapter on business plan development.

Academy: Okay, well that certainly makes sense. And, I suspect finding a banker that understands health care is a good thing to do, much like having an attorney and an accountant who understand how health care works?

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Glaser: Absolutely—I'm glad you mentioned that as it really is a key point. If the professionals, your accountant, your attorney, and your banker, have experience working with health-care practices and their respective rules and regulations, you are more than half way home! Dental and optometry practices have quite a bit in common with audiology practices.

Academy: Good point. As I often say, I'm an audiologist—but I don't do pediatric diagnostics. In other words, I only practice within areas of my profession in which I am an expert, and practicing beyond those shores can get dangerous quickly! Same for attorneys and accountants without health-care experience. I think it makes more sense to hire folks who bring that knowledge to the table.

So for people starting a practice, when they meet with attorneys and accountants, maybe they should think of those initial meetings as interviewing the accountant or attorney for the position, finding out their experience, fees, and expertise up front?

Glaser: Sure, that's a good strategy and a reasonable way to approach it. Remember, the accountant and the attorney work for you.

Academy: Bob, of course every situation is different and absolutely we cannot give advice on this issue...and I know you guys have a chapter by Glenn Bower JD (attorney) on legal considerations and the details, rationale, and differences between a C corporation, an S corporation, an LLC, a General Partnership, and more...but so many people just want to know what their colleagues and peers decided.

So I will disclose that back in the day, when I had a four office private practice, we were an S corporation for a multitude of reasons that made sense at the time. Can you tell me your personal corporate preference for your practice?

Glaser: Sure, we too, are an S corporation, which was established in 1980. But let me underscore what you said, although that may have been a good choice for you and me in our practices at the time, it may be a terrible choice for a new start-up based on their realities, relationships, and the specific details of their situation. So again, the best thing is to speak with an attorney who has familiarity with health care and private practice, because one might argue that the new LLC guidelines could be more advantageous in specific situations, and maybe another corporate structure makes even more sense. This is especially true in practices with multiple owners or cross-disciplinary owners as in ENT-audiology practices.

Academy: I have to admit, I really like Traynor's chapter on pricing. Frankly, I think this is an area worth lots of study and investigation. He notes fundamental pricing concepts, costs, fixed costs, incremental costs, price elasticity, and product demand, as well as horizontal and vertical pricing, cost-plus and markup-based pricing, as well as percentage of mark-up, break-even analysis, tiered pricing, competitive pricing, and potentially positioning the practice based on price...it's pretty intense and thought provoking.

Glaser: Yes, well pricing is critically important to the success of the practice and certainly to the patient. Of course, as you and I have previously discussed, what's even more important are the patients and referral sources—they make or break the practice.

Right now, patient loyalty is very low so there's lots of room to improve on that front. Across the country, it appears the boomers are more likely to gather their own research from the Internet, and they look for qualified professionals and importantly and to our advantage, they are very accepting on non-physician providers such as audiologists, dentists, and optometrists. However, we have to realize that boomers are more demanding than previous generations and as anyone in practice will tell you, boomers have very limited tolerance for errors, time wasted, and mistakes.

I call it "low-tensile strength." Simply, they expect you to be excellent and an expert, and okay, that's fair, you're a doctor and you are an expert in your profession...but the front office staff has to be near perfect, too, to make the boomers appreciate and enjoy them and want to return and refer their family and friends.

The front office person/people are the first people the patient speaks to when they phone in and when they send email and when they walk in the office door. And, the front office person is the last person they see when the patient pays their bill, reschedules, or makes their follow-up appointment with you. So again, it's the people in your office that make first and lasting impressions of you and your practice.

Academy: I agree wholeheartedly. Not to change the subject, but as an aside, Robert Cialdini, PhD, is a psychologist and a wonderful author and he's written and lectured extensively on "influence." One of the core principles he speaks about is "likability." Simply meaning people like to work with people they like, and frankly, no one likes to work with people they don't like. So I agree, the entire office and all the employees serve to influence the relationship with the patient and there's no substitute for friendly and pleasant interactions. I recall your chapter on patient management covers a lot of these issues.

Glaser: Right. In fact chapter seven covers some of these same principles as applied directly to audiology. Here are a few quotes from that chapter...the average practice will hear nothing from 96 percent of unhappy patients who believe they have received rude or discourteous treatment. Indeed, only 4 percent of all unhappy patients will even bother to complain to your office when they are unhappy—but they will surely tell the referral source and their family and friends about their experience.

Academy: And I recall you have charts that actually review verbal behaviors linked to positive and negative patient outcomes. Would you review some of those?

Glaser: Sure. The positive outcomes result from simple and obvious things like the professional expressing empathy as well as reassurance and support—allowing the patient's point of view to guide the appointment, encouraging their questions as well as laughing and joking with the patient to release tension and speaking at their level.

Likewise, activities that lead to negative outcomes include negative social-emotional interactions, passive acceptance without interest, antagonism, being too formal, a lack of attentiveness and offering solutions and answers to problems before the patient has completed their statements and explanations!

Academy: Right. Dr Luteran used to say...Don't be in such a hurry to offer a solution! And the book also addresses professional employees, as well as in-office policies and procedures, as well as the policy and procedures manual, hiring and firing, resolving issues with patients and employees, referring patients to other professionals and many other topics that we just don't have the time to cover.

Can I give you one billing and reimbursement issue that has always bothered me, and I'd like to get your thoughts on it?

Glaser: Sure thing.

Academy: Okay, so here goes. As professionals, we have very strict guidelines, we have to bill everyone the same fee for the same service. In fact, if I charged different rates for different payers or insurers, that would be illegal and unethical. Got it, makes sense and that's fine. But then, if I'm a Medicare provider and I happen to also accept private insurance like ABC or XYZ, and then if I also accept uninsured private pay walk-in patients and Medicaid patients, they each pay me different reimbursement rates, and I have to suck it up and not back bill the patient for the difference so as to obtain the \$99 fee. So to me, it's a little bit of the tail wagging the dog!

I'll make up some numbers to illustrate the point. Suppose I bill Medicare \$99, they may pay me \$49; suppose I bill Medicaid \$99, they may pay me \$19; and suppose I bill the commercial insurer \$99, they may pay me \$63, but then the uninsured walk-in guy winds up paying \$99 because I have to charge him the same as the others—which arguably means he is actually being penalized and paying more than Medicare, private insurance or Medicaid, and those entities are paying a grossly reduced fee for the same service. So I can only charge one fee, but they are legally and ethically allowed to pay me whatever they pay me and I must legally accept that as payment in full. Where is the logic?

Glaser: I didn't say there was logic there—but you're right, that's the way it works. The

thing is Doug, when you go into independent private practice, you get to choose whether or not you accept and work with Medicare and Medicaid and various private insurers. When you accept their terms, you accept everything that goes with it and that gets you into issues like free screenings, and the Stark Law, the False Claims Act, HIPAA, and all the other rules and regulations we must abide by. So the bottom line is, if you don't think their reimbursement is fair or appropriate, don't work with them. But as you know, if you don't accept Medicare and the others, that can work against you, too, in some situations. There is a balance and a middle ground that one often has to accept, although it does come with some drawbacks.

Academy: Absolutely, I totally understand, and I totally agree with Stark, Anti-Kickback, False Claims and the other mandated provisions, and although the spirit of HIPAA makes perfect sense to me, its execution often seems to border on ridiculous. So, okay, in general, the statutes and regulations are necessary and they play an important role, but this issue of willy-nilly-we'll-tell-you-what-we'll-pay-you reimbursement is insane. Can you imagine buying any other product or service in which the customer gets to decide the price? I guess my final word on this is, if professionals are bound to charge one and only one price for a given service across the board, we should (in an ideal world!) collect one, predictable and fair fee across the board. Okay, I am climbing off my soap box.

Tell me about free screenings?

Glaser: Well, the issue about free screenings is very much the discussion we were just having while you were up there on your soap box! Specifically, professionals cannot do a free test one week and then charge a state or federal agency or department for that same work the next week. Likewise, one cannot offer a free hearing test this week to accompany a promotion for a new amplification product, while charging a Medicare patient for that same test. As far as the federal government is concerned, if it's a free hearing test, meaning you charged Joe Blow zero dollars, you must also charge Medicare zero dollars for your Medicare patients. You must be compliant and consistent, and if you do anything else, the liability is potentially enormous. But again, when you decide to accept Medicare or any other insurer, you agree to their terms and if you violate those terms—look out!

Academy: Okay, fair enough. Bob, we could discuss and debate these issues for hours, but I know you've been very generous with your time and I'll let you run. I must say, the book is filled with pragmatic information and I absolutely believe it should be mandatory reading for anyone considering entering the world of private practice.

Glaser: Thanks, Doug. I appreciate your kind words.

Academy: My pleasure.

Robert G. Glaser, PhD, is a past president of the Academy, a private practice owner, and co-author of Strategic Practice Management: A Patient-Centric Approach, published by Plural Publishing.

Douglas L. Beck, AuD, Board Certified in Audiology, is the Web content editor for the American Academy of Audiology.