

“Is the era of private practice over? Is entry into private practice a viable option for new graduates? How should optometric education respond?”

The era of private practice is not over, far from it. Reward and success will follow calculated risk, and this idea is a powerful motivator.

Reward and success is personal, but it can be whatever you want it to be. Many opportunities will be available for new or recent graduates, but it is their responsibility to seek out these opportunities.

Entry into a private practice situation is absolutely a viable option for new or recent graduates. It simply depends on the opportunity or situation, and this may take many different paths. The beauty of joining an existing practice as an associate, partner, or owner is the established patient base. This simply creates stability and an opportunity to make positive changes. Starting out “cold” has obvious pitfalls and challenges, but without question, it has a high reward and success potential, and yes, it can still be done.

Any private practice situation will not provide success overnight. Just like making a long-term investment, it will take research, good decisions, hard work, time and, most importantly, patience. The first opportunity may not be the “dream job,” but at minimum, it is still a valuable learning experience.

Optometric education is available to provide knowledge and tools to allow for informed choices about modes of practice. We are able to capture students early in their optometric career and discuss these options. The attempt is made to get them excited about their choices and move them in the direction that best suits them. Every step of the way, there are mentors to offer advice.

I currently have the unique luxury of practicing optometry in a dynamic situation that balances academics and private practice. It was after I completed a residency in ocular disease that I joined Southern College of Optometry to hold a full-time faculty position. During this time, I continued to work part-time in an optometry-oriented comanagement surgical center. I later joined a large progressive practice as an associate, but left to start my own private practice with Dr. Jared Powelson almost seven years ago. I still proudly hold a full-time associate professor appointment at Southern College of Optometry, where I split time between patient care, teaching, administration, and private practice. All of these past and current experiences have provided me with the knowledge and clinical skill to be successful.

Michael Gerstner, OD
Associate Professor, Southern College of Optometry
Chief, Advanced Care Ocular Disease at the Eye Center
Partner, Midtown Eye Care
Memphis, Tenn.

Think Tank ...

I was in private practice optometry for 25 years, and I am currently a full-time faculty member at Western University of Health Sciences, College of Optometry in Southern California.

I do believe that entry into private practice is still a viable option for our new graduates; however, I also believe the face of private practice will change in the near future. The focus of private practice in the past has been materials first and professional services second. In the future, it will need to be professional services first and materials second.

I envision the era of solo practitioners will end, and the era of group practices of optometrists and multidisciplinary group practices will be the mode of practice in the future. The cost of new, technologically advanced optometry equipment is prohibitive for our optometry students, most of whom have student loans, to consider opening a new solo private practice.

Optometric education will respond with an emphasis on residency training, clerkship and externship clinical experiences for optometry students in multidisciplinary settings, and practical practice management courses that encourage skills that lead to successful placements for optometry graduates in group practices and multidisciplinary clinics.

Kristy Remick-Waltman, OD, FCOVD
Director of Community Outreach and
Assistant Professor
Western University of Health Sciences
College of Optometry

The era of private practice is not over. Although competition from ophthalmology and corporate optometry make it challenging to maintain a viable private practice, I feel the right entrepreneurial types can be successful in small or medium-sized practices. There are many resources today to help the private practitioner compete. Industry-sponsored programs, one-on-one consulting, and even journal columns can give practitioners strategies to better compete in a difficult market.

The optometry schools are also developing programs to enhance practice management skills for their students and alumni. Southern College of Optometry has the Hayes Center for Practice Excellence, and Nova Southeastern has an Optometric Practice Enhancement Program, which hopes to support independent practitioners. The schools can do more, however. More emphasis on practice management, especially in the latter half of the curriculum, in small group discussions and practice settings can help make the topic more relevant to students preparing to strike out on their own. Working in well-run private practices as a requirement over summers or even before entering school may also be beneficial.

In the end, a graduating optometrist who has the interest, motivation and communication skills to take on private practice can find the resources and support from other practitioners to succeed in today's market.

Ronald Watanabe, OD
Associate Professor of Optometry
New England College of Optometry

I believe private practice is a viable option for recent or new graduates for several reasons. I have tried several different types of optometric practice. I worked for four years in a corporate-owned comanagement center, where I also completed a fellowship. I worked for three years in an established practice as an associate optometrist with the hope of buying the practice. I have done fill-in work at several practices, including commercial settings. I am currently an assistant professor at the Southern College of Optometry on a part-time basis. Dr. Michael Gerstner and I started our practice from scratch six and a half years ago.

I learned countless lessons in these different modes of practice. I have seen qualified ODs try to set their own fees in a commercial setting. Because these individuals refused to participate in a commercial marketing plan that provided for inexpensive eye exams, their lease was taken away from them. As an associate optometrist in an existing private practice, I learned the necessity of getting a detailed written contract for buying into a practice before beginning work. Otherwise, six months turns into three years with nothing to show for it.

Most of all, I learned two things. First, I like having control of how I practice optometry. Dr. Gerstner and I can charge what we think our time is worth, instead of charging what a corporation thinks our time is worth. We determine how many patients we

can see per hour while maintaining the highest quality of care. Second, I learned that as an employee, your earning potential will always have an upper limit. As a practice owner, the only limitations are those that you impose on yourself.

For these reasons, I still see private or group practice as a viable option for recent graduates. We had no problems getting start-up loans for our new practice. There are several companies that specialize in providing loans for health care practices. The equipment that is purchased in an optometry practice serves as collateral for the loan.

My only regret about my work experience is that I had to rebuild my patient base at least three times. Every career move I've made has given me invaluable experience: primary care optometry, tertiary care optometry, employee management, billing and coding, accounting and business practices, frame adjustment and repair, etc. However, because the places I've worked are geographically separate, I had to build my patient base again mostly from scratch. In many ways, I wish I had gone ahead and opened a practice straight out of school.

*Jared T. Powelson, OD
Assistant Professor, Southern College of Optometry
Partner, Midtown Eye Care
Memphis, Tenn.*

Think Tank ...

Is the era of private practice over?

I do not think that private optometric practice will ever be over. Patients continue to need eye care, and private practitioners can deliver it to them at a very high level. I truly believe “value” still motivates people, even in the current managed care environment. If a private practitioner is able to provide a level of care and service that their patients will value, then these patients will continue to return to the private practice. Health care decisions are often driven by cost, but service and quality still play a significant role. Private practice optometrists need to demonstrate the value in their services to every patient.

Optometry is unique in that it combines medical care with retail sales. Very few professions have these two sources of income. Many health professions try to incorporate retail sales into their practices. For example, dentists often sell home teeth-whitening systems, chiropractors sell special pillows, physical therapists sell vitamins/nutritional supplements, and the list goes on. All of these health professionals are looking for an additional income stream as their professional reimbursement rates have declined over the years. Only optometry has the unique capability of prescribing a device and then selling that device to the patient. In my years in private practice, I saw my patient base transition from 80% private-pay patients to 80% third-party patients in just 10 years. With proper study and strategizing, however, I was able to maintain my net income at a comfortable level, largely due to my management of optical sales.

Another new consideration for optometry will be the impact of health care reform in the United States. If the President and Congress do pass a wide-ranging law that provides increased access to health care but at much lower reimbursement rates, all physicians' net income will suffer. Private practice optometry, however, will have protection from this decrease in professional fees because of the retail side. I have confidence that optometry will fare well. In fact, if the government looks closely at cost and access to care, optometry stands to gain a larger patient base. Many “doomsday” pundits are out there, but some ODs are predicting that health care reform will provide increased income for private practice optometrists. Their logic is based on the concept that in the health care reform era, more patients will have insurance to help them pay to have their eyes examined by optometrists, but they will not have insurance to pay for eyewear. Therefore, as patient volume increases, private pay optical sales also will increase. I think this stream of logic is a bit premature, considering no one knows what will emerge from Washington, D.C., but I do remain optimistic about the future of private practice optometry.

Is entry into private practice a viable option for new graduates? Why or why not?

I believe entry into private practice is a viable option for new graduates. I study student debt each year, and I am fully aware of the significant financial responsibilities our new graduates face, but I still believe in private optometric practice. Specifically, I believe in the model of a young graduate buying an established practice. If a young OD is able to obtain owner financing from the seller (something all sellers should agree to if they really want to sell!) or has some external financial backing, buying a practice is a great option, in my opinion. When you buy an established practice, you buy an income stream. Opening a practice cold does not provide this important daily income. For example, if a young OD buys a prac-

tice for \$350,000 and has a monthly debt service of \$4,500, he can manage it if the practice is viable. For a practice to be worth \$350,000, its gross income could be estimated to be \$600,000 per year. This means the daily income for this practice is approximately \$2,500 per day. Therefore, in two days of work, the young OD would generate enough income to manage the monthly debt service. This would not occur if a young OD borrowed \$350,000 to open a new practice. His income the first month might not reach the \$4,500 monthly debt service, and without significant financial back-up (operating capital), the practice may fail.

How should optometric education respond?

At Nova Southeastern University College of Optometry, we responded to the changing practice environment in a variety of ways, but all of them are aimed at increasing our students' knowledge of the business aspects of optometry. For example:

- The main practice management courses are taught toward the end of the curriculum (third and fourth year), so students will see more relevance in the material being presented.
- We switched to a team approach, with three faculty members teaching the practice management courses. All three faculty members have advanced business degrees and experience in private practices prior to teaching.
- We begin discussing educational debt during the first days of orientation, and we reinforce the importance of minimizing the amount of money students borrow each year.
- We instituted an Individual Plan for Success project, whereby each fourth year student calculates his total indebtedness and looks at the best ways to manage this debt. Through a series of lectures, the students are exposed to different methods and ideas for maximizing practice success and growth.
- We formed a partnership with the H. Wayne Huizenga School of Business and Entrepreneurship at Nova Southeastern University, where our rising fourth year students can take a 1-week (40 classroom hours) intensive course in business management taught by the executive education faculty of the business school.
- We stress proper coding of all procedures and diagnoses. The use of electronic medical records has aided in this area by counting the components of each patient visit and suggesting the proper coding level.
- We formed the Nova Optometry Practice Management Association three years ago as an official student organization. With more than 100 members, this club explores aspects of practice management on a monthly basis by inviting expert speakers to present to this organization.

The environment and business of optometry has changed over the past decade, but our profession is still strong and viable. With good education, hard work, and an entrepreneurial spirit, private optometric practice will continue to be a great opportunity for new ODs.

Michael Bacigalupi, OD, MS, FAAO
Assistant Dean for Student Affairs
Nova Southeastern University College of Optometry

The practice of optometry has evolved into a mix of private practices and corporate type practices. The number of private practices along the South Shore in Massachusetts has remained stable for the last 20 years, with one to three practices per town. In Plymouth, we opened a new practice in December 2007, and the business showed a profit for 2009. Patients will go to a practice that offers quality eye care and excellent customer service. This is one of the keys to a successful private practice.

The entry into a new private practice by a new graduate is possible but unlikely, because realizing a profit normally takes two to five years. If the graduate could enter an established practice and be mentored by a seasoned optometrist, this would give the new graduate the best chance of owning his own practice.

US News & World Report in December listed "optometrist" as one of the best careers of 2010. This outlook is due to the increasing elderly population and improvements in eye care technology, predicting 8,500 new jobs for the profession from 2008 to 2018.

From the student's perspective, the practice of optometry is a profession and a business. The profession of optometry allows one to evaluate and treat the visual system relative to the whole body and its surrounding environment. The business of optometry allows one to make a living while effectively evaluating and treating this visual system.

What are a student's options upon graduation? Mode of practice possibilities include: hospital-based optometry, corporate or commercial practice, independent private practice, ophthalmological and/or optometric association, government affiliation, such as the military, Veteran's Administration or Indian Health Service, advanced training in a residency program, or teaching at a school or college of optometry.

In July 2009, Review of Optometry reported that approximately two-thirds of 2009 optometry graduates surveyed by Practice Advancements Associates would prefer to go into private practice, with the ultimate goal of owning or co-owning their own practices. Seventeen percent expected to be employed in a corporate setting.

The perceived advantage of private independent practice is control. This includes control of the range of services and the scope of practice, as well as fees, hours, policies, personnel, and overhead expenses for equipment, technology, stock, supplies, etc. The perceived advantage of corporate or commercial practice is immediate, significant income with employer-supplied benefits and organizational support. This usually means guaranteed, contracted income with minimal investment, overhead expense, and control.

Independent private practice was considered the desirable option by most students upon graduation. In addition, the increasing specialization of optometric practice is also attracting graduates to private practice optometry. Optometric specialty practices include: general practice, low vision, pediatrics, geriatrics, sports vision,

The substantial debt that most new graduates owe may preclude the above possibility. These graduates may have to work in corporate optometry to pay down their debt before entering the private practice arena.

Optometric education needs to prepare our graduates for all of these possibilities by offering business management courses and rotations in private practices. Within these business courses, students should learn how to determine if a region can support a new optometric practice and how to evaluate an optometric business for purchase. Students need to learn the ins and outs of optometric practice management, such as hiring staff, managing the books, and purchasing products that they will market. This should help ensure that our graduates will succeed in the private arena.

*James Mertz, PhD, OD
Assistant Professor of Optometry
New England College of Optometry*

contact lenses, vision therapy, ocular disease, behavioral optometry, and developmental optometry. Independent private practice also can have a corporate or commercial affiliation.

Even though private practice is the preferred choice, the driving force of substantial debt – some still left over from undergraduate studies – typically prompts the new optometrist to explore, at least temporarily, commercial or corporate employment to pay down this debt or as supplemental income while also developing a solo private practice or association. Debt incurred while in school can easily reach \$200,000.

Since time immemorial, graduates have reported they are well prepared for the clinical and practical aspects of optometry, but poorly prepared in the business, financial, and management aspects of practice. What is needed and what students require is a strategy to develop an understanding of how to manage debt while at the same time developing their ideal practice, no matter which mode of optometric practice they choose.

The challenge of optometric education is to provide students the necessary business skills and financial training to succeed in practice. This should include, at a minimum, the art of the business proposal, practice location, renting and leasing, office floor planning, hiring and firing practices, marketing, equipment, office supplies, office manual, practice promotion, Web design, contract law and, most importantly, a long range plan.

At Western University College of Optometry, students experience optometric practice in their first year with community outreach and clerkships at private practice locations. Early experience in optometric practices combined with business management education and exposure to all types of practice during the entire educational process is necessary to help formulate a true business sense that complements the students' clinical skills. It is probably time to consider that pre-optometry advisors at the undergraduate level recommend additional business coursework that would create a foundation for the business side of professional practice. Would business courses added as prerequisites at the undergraduate level also be a helpful option?

*Donald J. Egan, OD, FAAO
Western University of Health Sciences*

During my time in optometric education and practice, I have observed changes in students' attitudes toward private practice. In this time, I have seen private practice being basically the only choice, corporate commercial practice being the necessary choice, and, finally, a swing back to private practice.

In the 1970s, the concept of corporate practice was not well defined nor was there active recruiting. This was a time when tuition for optometric colleges was not overwhelming. Working part-time while going to school was doable. Coming out of optometry school with a manageable debt made private practice attractive, as well.

Optometric education changed in the 1980s and 90s, reflecting the increase in optometric usage of medical diagnostic and therapeutic procedures, as well as pharmaceuticals. These two aspects changed optometric education and the direction of the profession. The 1980s and 90s also saw a tremendous increase in tuition to optometric colleges, as well as an increase in tuition at undergraduate colleges and universities. Graduation from an optometric institution with significant debt was the norm, and because of increased academic and clinical time while in school, fewer students were able to work outside of the academic program. I believe this aspect of increased debt load was a major contributor to the lack of interest in private practice.

In the 1980s and 90s, the optometric profession was not, and to a certain extent is not now, prepared to have established practices take on partners at an income level necessary for the new graduate to survive economically. This holds true for the outright sale of a practice at an initial price that would allow the new graduate to survive economically. A practice management strategy program that would allow the new grad to integrate into an established office without disruption, and maintain a steady flow of established patients was not available.

The optometric graduate of the 1980s and 90s found it necessary to seek a professional position with relatively high, stable income to allow the repayment of debt as well as live. Optometry school debt was as high as \$1,500 per month for approximately a 15-year commitment. This 15-year period was a good portion of a new practitioner's creative and productive professional life. Starting a private practice after 15 years of corporate practice would be challenging. There was more comfort in having no responsibility for the business end of the optometry practice; therefore, private practice produced very little reward for increased risk.

The 1980s and 90s produced a tremendous increase in women optometric students and, therefore, practitioners. At the time, the general female perspective on private practice was not favorable. Marriage and the responsibility of raising a family were priorities after graduation, and the commitment to private practice was not perceived as possible or practical. Many women graduates from this time wanted to practice

their optometric skills without the burden of the business side of the profession and, therefore, worked part-time, usually in a corporate setting. When the professional day ended, there was no need to look at the business side. The practitioner could simply go home at the end of the assigned time and leave the professional day at the office. There was also the ability to work flexible hours during the day or evening, with some control over the schedule. These individuals had little incentive to go into private practice because the corporate setting offered income virtually without risk.

A certain percentage of graduates during the 1980s and 90s feared owning a business and decided to work for someone else. This someone else could worry about the business side of the practice. Until recently, many optometric practice management courses did not recognize this fear of business in the course structure. This compounded the problem by possibly discouraging individuals from going into private practice.

Looking at a list of the business knowledge base necessary to go into private practice, it becomes clearer why many decide not to go down this path. Here is a basic list of necessary items that can intimidate a new practice owner:

1. **Contracts.** Contracts of any type – with established practices, contractors, and landlords – can be intimidating. How do you find a good attorney?
2. **Practice location.** The practice owner must understand the traffic flow, as well as the needs and wants of those who will be served professionally in the selected location.
3. **Insurance.** Navigating the complexities of insurance can be daunting. The many details that challenge practice owners include:
 - a. Understanding insurance and how to bill insurance for procedures that are performed
 - b. Understanding the types of insurance that may have limitations for optometry
 - c. Training someone in the office to file insurance claims and how to handle insurance questions.
 - d. Deciding which insurance plans to accept
 - e. Understanding Medicare and all government assistance programs
 - f. Making sure to apply for all provider codes, licenses, and PINs.
4. **Legal responsibilities.** This includes all liabilities, not only professional, such as laws governing access for the handicapped, fire and building codes, parking, etc.
5. **Equipment selection.** This includes equipment for the business side as well as the professional side.

6. **Physical aspects of the practice.** This includes providing a comfortable atmosphere; looking at lighting, water availability, and electrical needs; possibly hiring a professional to design the office to meet your needs and proper trades people to perform the work to code.
7. **Demographics.** The practice owner must learn the vision-correction and eye health needs and wants of patients in the practice location.
8. **Ophthalmic partners.** Finding a quality ophthalmic laboratory that can supply all materials to the necessary specifications in a timely manner is important to a practice's success.
9. **Inventory management.**
10. **Record-keeping.** This includes designing forms, as well as choosing and staying current with an electronic health records system.
11. **Professional and material pricing structure.**
12. **Hiring staff and delegating duties and responsibilities.**
13. **Managing salaries and benefits.**
14. **Taxes.** Practice owners must comply with all laws related to federal, state, and local taxing entities, as well as workers' compensation, 401(k) plans, etc.
15. **Advertising and promotions.**
16. **Cash flow.** This includes deciding whether or not to accept credit cards and then which cards to accept.
17. **Community service.** Getting out in the community and becoming involved can occur through local clubs and organizations, as well as through schools and local industry.
18. **Retirement planning.**

My observations suggest another change in attitude toward private practice during the last decade. The optometric knowledge base is still expanding exponentially as it did in the 1980s and 90s, and the debt upon graduation from an optometric college is the same or higher. The biggest change is that students today seem to feel more comfortable with their debt load. Today's students look at the track record of their predecessors and know survival and success is the norm. These new graduates simply have adapted to living with debt. Today's students are asking questions of private practitioners and deciding that this form of practice has some definite advantages. The thought of being in control of the practice environment through private practice has become an exciting challenge, and I believe it will gain in popularity, with more individuals becoming successful. Having to add debt to open a private practice still has a sobering effect, but with proper planning and knowing what to expect, the prospect of control is becoming the norm. Today's students are tougher

mentally when it comes to debt and debt management. Part of this is because the colleges of optometry have recognized the need to inform prospective students of what the debt load will be after four years of postgraduate study, and they are offering the strategies necessary to manage the debt. Planning from day one of optometry school has empowered students so they can be in control of their debt. This control and the debt management strategies have started a new thinking toward private practice. The control factor will allow students to enter into private practice and reap the rewards that are there.

To take this control factor to its highest level, the colleges of optometry need to prepare students for private practice, not only in professional knowledge base, but also the strategy of business. The goal should be not only to handle a patient's health, but also to handle the economics involved. The following is a proposal that may encourage students to enter private practice.

Colleges of Optometry

1.
 - a. Take an active interest in students' mindset of life after school.
 - b. Bring in "real world" encounters in the lecture hall.
 - c. Bring in clinical corollaries to the academic world that make private practice a viable route.
2. Make available to new and recent graduates a mechanism for success in private practice. Make faculty with expertise in practice and business management available to new and recent graduates who are looking at the private practice sector. This would include help with:
 - a. Reading contracts
 - b. Selecting a location
 - c. Hiring and training office staff
 - d. Ophthalmic frame considerations
 - e. Building a business model for the individual and the individual practice setting.
 - f. Help with interpreting data that enters into the business model and how to read and adjust the business model.

Colleges of optometry should offer these services at no charge and consider them part of the academic knowledge base, applied after graduation. Faculty members should be compensated by the college for these services, as well as all associated travel expenses. Each faculty member should be available for follow-up visits to monitor progress. Experienced alumni who serve as mentors to the new private practitioner can supplement this process.

The benefit from this would be an increase in the private practice sector of optometry, a sector that has been overlooked for many years. The colleges of optometry can make the integral and determining factor in helping graduates choose private practice to apply their expertise. The indirect benefit may be in successful private practitioners supporting and giving more monetarily to their institutions.

3. Business management courses taught at the colleges of optometry need to look at partnering with business schools for complete business education.
4. Business management must be taught in all segments of the curriculum, especially in clinical encounters. The cost of tending to a patient's needs should be discussed at each clinical encounter.

American Optometric Association

The AOA leadership must do more to encourage private practice. At the very least, they should work with the colleges of optometry in making their practice management gurus available to new graduates at no cost to the graduate or the institution. Those AOA members who have expertise in practice management must take an active role in the success of the profession in the private sector by making their time and knowledge available to the new or recent graduate who is entering private practice.

Ophthalmic Industry

The ophthalmic industry has many resources that can be used for the new graduate going into private practice. These resources need to be used without the expectation of monetary gain. The industry as a whole must set aside its differences and competition and join together to help new graduates in private practice. This sounds idealistic, but it is necessary that the entire ophthalmic community join forces with a common goal, helping those who will support the industry in the future. Industry sponsors must be willing to aid the new practitioner who is going into private practice by:

1. Help to defray the cost to the colleges and the AOA as they provide the necessary experts to consult at no charge with the new graduate who is going into private practice.
2. Provide equipment at reduced cost, at least during the first few years of practice.
3. Provide frames on consignment until the practice can sustain an inventory of frames on its own, or at least provide frames at a reduced cost.
4. Provide professional frame counseling as to the types of frames that would fit the practice philosophy.

5. Provide ophthalmic lens services at a reduced cost initially, and provide consultation services to new private practice practitioners.
6. Provide at no charge or at a significant reduction, service contracts for equipment. Also, provide loaner equipment, at no charge, for equipment in need of repair.

The private practice of optometry never went away, it just wasn't economically available. Private practice is not for everyone, but I believe many young practitioners would enter private practice if optometry allows it to happen. We are all in this health care field together, and it is our duty to make sure every one of us has an opportunity to be successful in our chosen mode of practice.

Neil R. Hodur, OD
Illinois College of Optometry