CareerMoves
A Series from AMSURG

Topic #4
Ready for Partnership?

Understand Your Options With These 7 Questions

Pursuing Your Dream

What are your career goals? Chances are, becoming a physician is just the first major step. Next up: partnership in a practice.

Certainly, there are downsides and risks with any partnership. Besides the significant investment you must make to buy into a practice, there's also the pressure of being responsible for the success of the venture. But then there are the rewards: A share in the revenues. A say in setting the strategy and direction of the practice. Additional revenue opportunities, such as ownership in an affiliated ambulatory surgery center. And long-term financial security for you and your family.

If partnership is your dream, it's never too early to begin planning, even if you are a fellow just out of medical school. Understanding your options and negotiating a partnership timetable and details before you join a practice can keep you on a partnership track, protect your interests and set you up for a rewarding future.

Partnership Planning

Here are seven questions to help you consider partnership opportunities at a prospective practice.

1) What is the typical timetable for becoming a partner in a practice?

Historically, physicians had to work in a practice three to five years before being offered a partnership. Today, however, the wait might be shorter — because of the shortage of physicians in some specialty areas, practices are attracting candidates with very competitive offers, which may include a fast track to partnership of just one or two years.

2) What types of partnerships might be available?

There are two basic types of practice partnerships. You may be offered a share of all the practice assets, including revenue, real estate, and equipment. Or you may share in the revenue stream only. Being a partner in the practice also may lead to an

opportunity to buy into an ambulatory surgery center affiliated with the practice. In some cases, you must be a partner in the practice before you can have ownership in a center.

3) What's the buy-in cost?

Obviously, the cost would vary widely from practice to practice, but the buy-in for a practice or surgery center partnership can be significant. For instance, an ownership stake in a typical ambulatory surgery center might be as little as $60,000, but can go much higher depending on ownership share and center dynamics.

4) When should the details of a partnership be negotiated and finalized?

In many medical specialties, it's a seller's market — there are more openings at practices than qualified people like you to fill them. That means you should have the leverage to negotiate most of the details regarding a potential partnership before you join the practice. Your contract should spell out a timeline for partnership, the rough percentage of the practice that would be available to you, how the buy-in price would be determined, and any overhead costs you will be responsible for as a partner. Obviously, it's smart to have an attorney, who is separate from the practice, evaluate your contract to protect your interests.

5) How do I know if it's a good investment?

Start by examining the quarterly and annual financials of the practice to see the group's track record. Then dig deeper. How does billing work? What's the status of accounts receivable? Also find out how revenue is distributed — is it based on productivity (which is preferable if you are willing to work long hours to perform more procedures) or simply on a percentage of ownership?

6) What is a buy/sell agreement, and what should it include?

A buy/sell agreement is designed to protect your interests as well as those of the other partners in the practice. The agreement not only spells out the purchase price and ownership stake for the buyer, but also defines events that would trigger a mandatory sale by a partner, such as death, retirement, relocation or conviction of a felony. These provisions ensure that only the partners who are actively generating revenues for the practice can share in the profits. The agreement also defines the process and the price for shares to be sold back to the practice, and it should include provisions to liquidate your shares in the practice in the event of a divorce or other major life events.

7) What happens if I say no?

After being offered a partnership, you have the option to decline. Perhaps your life situation has changed or a career at the practice doesn't look as promising as it once did. The problem is, the practice has made an investment in you as a potential partner. Unless you can easily move into an employed position, there may not be a place for you at the practice. All the more reason to do your homework before taking a partnership-track position.

AmSurg can help you steer your career

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