



Starting a Practice

A Guide for New Physicians





About This Series

“Starting a Practice: A Guide for New Physicians” is part of a series of guides the Ontario Medical Association (OMA) has made available to help physicians address a range of practice management topics. The guides walk you through issues and opportunities at various stages of practice, from opening up, managing, to winding down a medical practice.

Other titles in the series, which you can find at www.oma.org, include:

- ▶ First Impressions: Medical Facility Planning Guide
- ▶ First Impressions: The Patient Experience Guide
- ▶ Revenue Management: Prescriptions for a Profitable Medical Practice
- ▶ Managing Your Medical Office Staff: An HR Guide for Physicians
- ▶ Closing a Practice: A Guide for Physicians
- ▶ Closing a Practice: When the Unexpected Happens

Table of Contents

This guide contains the following sections and appendices:

A. Introduction	5
B. Your Professional Networks: Licenses, Memberships and Advisors	6
What professional associations do I need to belong to?	6
What kind of professional advisors do I need?	6
C. Professional Obligations	6
D. The Planning Process for Start-ups	8
What types of plans should I consider?	8
What does a business plan include?	8
What is the planning cycle?	8
E. Deciding How and Where to Practice	9
What style of practice will allow me to achieve my goals?	9
What are considerations in choosing a community?	9
F. Your Office: Selecting, Leasing, Financing and Equipping	10
What factors are important in selecting my office?	10
How should I approach a lease?	10
How should I prepare to finance the practice?	10
What kind of office technology, equipment and supplies do I need?	11
G. Human Resources Management	11
What staff do I need?	11
What steps will help ensure the best staff is hired?	11
How do I determine compensation for staff?	12
How do I make a hiring offer?	12
Do I need a contract?	12
How do I assess performance?	12



Table of Contents

H. General Principles of Ontario Health Insurance Plan (OHIP) Billing	12
Physician registration and the OHIP billing number	12
OHIP Claims Submission	13
Uninsured Services Billing	14
I. Countdown: Timeline to Opening a Practice	14
What should I do 1 – 2 years before opening a practice?	14
What should I do 6 – 12 months before opening a practice?	14
What should I do 4 – 6 months before opening a practice?	15
What should I do 2 – 4 months before opening a practice?	16
What should I do 1 – 2 months before opening a practice?	16
What should I do 1 month before opening a practice?	17
What should I do opening day?	17
Additional Resources	18
J. Conclusion	18
APPENDICES	
Appendix A: Business Plan Outline Template	19
Appendix B: Opening a Practice	20



A. Introduction

In recent times, most new graduates have opted to join existing practices; however, some are still interested in starting their own medical practice. This can be an exciting and rewarding experience, but sometimes the task can be overwhelming.

Like any other enterprise, a medical practice involves planning, financing, start-up costs, equipment, staffing, and other business details. You are now faced with a multitude of decisions, many of which you may have never considered during your medical training.

To help you address and clarify these decisions, the OMA has prepared this guide aimed to assist physicians looking to start their own practice. Here you will find sound advice on starting and managing your practice, general principles of OHIP billing, professional obligations, how to avoid common mistakes, handy practice checklists, guidelines on the timing of necessary steps, and more.

Running a successful medical practice is made up, at least initially, of equal parts administration and medicine. Only when the business side of a practice becomes efficient can you afford to devote the maximum time and attention to the medical side.

By following smart business and management practices from the start, you can ensure that you will achieve your professional and personal plans, now and well into the future.

For more guidance, please contact us toll-free at 1.800.268.7215 (416.599.2580 in the Toronto area) or email practicemanagement@oma.org.

B. Your Professional Networks: Licenses, Memberships and Advisors

What professional associations do I need to belong to?

Any physician that plans to practise in Ontario must acquire certain licenses and/or memberships. Obtaining some of these may take up to three months, so it is important to contact organizations during your final stages of residency to get registration and information packages. Some of these organizations include:

- ▶ Ministry of Health and Long-Term Care (MOHLTC): www.health.gov.on.ca/en
- ▶ Ontario Medical Association (OMA): www.oma.org
- ▶ Canadian Medical Association (CMA): www.cma.ca
- ▶ Canadian Medical Protective Association (CMPA): www.cmpa-acpm.ca
- ▶ College of Physicians and Surgeons of Ontario (CPSO): www.cpso.on.ca
- ▶ Royal College of Physicians and Surgeons of Canada (RCPSC): www.royalcollege.ca (for specialists)
- ▶ College of Family Physicians of Canada (CFPC): www.cfpc.ca (for family physicians)
- ▶ Ontario College of Family Physicians (OCFP): www.ocfp.on.ca (for Ontario family physicians), and
- ▶ Local medical societies.

What kind of professional advisors do I need?

Your team of advisors will offer invaluable support with everything from creating your business plan to negotiating leases. Some of these roles include:

- ▶ *Accountants*: Advice on business structure, start-up budget, taxation, cash flow, investments, etc.
- ▶ *Lawyers*: Advice on corporate structure, negotiation of agreements, staffing, drafting of contracts, etc.
- ▶ *Bankers*: Advice on financing options, growth considerations, cash flow, risk management, etc., and connections with a network of experts within the financial institution.

This core group of advisors can also help you to source out other professionals you might need, such as a financial management consultant, investment advisor, insurance broker, or real estate consultant.

Ideally, select people who specialize (or have experience) working with health-care professionals. Interview several before making selections, choose your advisors carefully, and establish a healthy rapport with them. The right advisors will save you a great deal of time, and smooth your entry into practice. They can greatly assist in your quest for practice management proficiency and financial security.

C. Professional Obligations

A physician is expected to meet a standard of excellence in education and performance throughout their medical career. To achieve this excellence, there are professional obligations that all physicians must be aware of and adhere to once they start to practise medicine. To help you understand your duties and responsibilities, below are some of the policies outlined by your professional associations.

College of Physicians and Surgeons of Ontario (CPSO)

The CPSO is the licensing body for all physicians in Ontario and their role is to regulate the practice of medicine to protect and serve the public interest. All physicians in Ontario must be members of the College in order to practise medicine. The College has policies of professional obligations and responsibilities that you must adhere to as a practicing physician. Some of the policies include but are not limited to: “*The Professional Obligations and Human Rights*”; “*The Principles of Practice & Duties of Physicians*”. For more information on all other CPSO’s policies, visit the website at: www.cpso.on.ca.

Canadian Medical Protective Association (CMPA)

As a physician, you must have adequate medical liability protection while practising medicine. While healthcare institutions in some provinces and territories may offer a degree of liability protection for healthcare providers, many physicians choose to be a member of the Canadian Medical Protective Association (CMPA) to help ensure they are protected.

The CMPA offers medical-legal advice, assistance, and professional development to its more than 97,000 members throughout their career—from residency and clinical fellowship to all stages of practise, including retirement.

As an association of physicians, the CMPA understands the challenges facing all physicians in practice. Its expert advice and counsel can help you when medical-legal issues arise from your medical professional work in Canada. It also offers professional development programs and resources specifically tailored to new physicians. These can help you provide safe care to your patients, manage the risks in your practice, and be knowledgeable about your obligations. For an overview of your legal, ethical and professional rights and obligations, see CMPA’s *Medical-legal Handbook for Physicians in Canada*.

The CMPA’s protection enables all physicians to practise confidently and to make decisions that result in better patient care and a more efficient healthcare system. For more information about CMPA services, visit the Association’s website, www.cmpa-acpm.ca, or phone 1.800.267.6522.

Information and Privacy Commissioner of Ontario (IPC)

In 2016, the *Personal Health Information Protection Act (PHIPA)* was amended to include two additional privacy breach reporting requirements that are important for physicians who act as Health Information Custodians (HICs) to be aware of.

All HICs, regardless of practice setting or type, are now required to track and provide the Information and Privacy Commissioner of Ontario (IPC) with an annual report of all privacy breaches that occurred in the previous calendar year. The first annual reporting period opens in 2019 and will collect privacy breach information from the calendar year 2018.

Additionally, as of October 2017, the requirements for when to notify patients and the IPC of privacy breaches also changed. HICs must now notify patients upon occurrence when the patient’s personal health information (PHI) has been stolen, lost, or used or disclosed without authority. HICs must also report certain types of privacy breaches directly to the IPC upon occurrence. Examples of these types of breaches include: when PHI is used or disclosed without authority by a person who ought to have known they were doing so; when the privacy breach is part of a recurring pattern; when you are required to report the privacy breach to the regulatory college of the professional involved.

For more details about these requirements and to access tools to support you in the reporting, please visit www.oma.org/breachreporting or visit the IPC website at <https://www.ipc.on.ca/health/>.

D. The Planning Process for Start-Ups

What types of plans should I consider?

There is a saying that “if you don’t know where you’re going, any road will take you there.” In business, your plans become an invaluable road map to your future.

Although each practice is different, all plans hinge on a key question: What do you want from your career? The answer will determine the philosophy for your personal and professional goals, and how you want to practice medicine. Everything that you do as a physician and as a business person should be rooted in that mission.

There are several types of planning tools, which all connect. Here are some terms you may have heard, which form the basis for sound planning:

- ▶ *Strategic plan* — translates your philosophical position into long-term objectives as well as shorter-term goals for a specific period of time.
- ▶ *Operational plan* — translates your goals into specific plans for day-to-day activities.
- ▶ *Business plan* — a formal statement of your business goals, the reasons why you believe they are attainable, and the plan to reach them.
- ▶ *Financial plan* — states your strategic and operational plans in terms of dollars and cents.

Any plan works from the general to the detailed. All these plans should be in writing. Written plans increase the confidence of your lenders, share key information to your advisors and business contacts (about your stability and abilities), and, as importantly, clarify your thinking.

What does a business plan include?

An effective business plan is important not only to obtain financing, but also to help you make informed decisions before making any legal or financial commitments. A business plan is your blueprint, defining the practice, and in some cases agreements between partners. It is also a tool to help you perform a strength, weakness, opportunities, and threats (SWOT) analysis.

There are numerous ways to organize a business plan, but many plans feature these seven elements:

1. *Executive Summary*: highlights of your business, and how you will accomplish your goals.
2. *Participants*: description of individuals involved in the business (background/qualifications).
3. *Products/Services*: describes what you do and how it stands out from the crowd.
4. *Market Analysis*: your typical client, competition, market size, and growth potential.
5. *Implementation Strategy*: how you will market yourself and put your plans into action.
6. *Potential Problems*: describes anticipated obstacles and how you intend to overcome them.
7. *Financial Plan*: describes key financial data (e.g., expected cash flow, expenses, and profit).

Physicians have spent many years developing medical skills but not, most likely, business writing skills. Therefore, you may need some professional guidance when developing a business plan, as there are many models. (See Appendix A for a sample business plan outline).

Remember, not all topics are applicable to every plan, so tailor it to your needs and to the realities of operating a medical practice versus another type of business.

What is the planning cycle?

Planning is a process. The objective is not just to produce a finished document, but to continually think about ways to manage and succeed in the practice.

Fundamentally, your job as manager of your practice consists of a three-phase cycle:

- ▶ Planning – establish objectives, assess the situation, and develop an action plan
- ▶ Implementation
- ▶ Evaluation and improvement.

Revising a plan annually and checking it every six months or so, is a reasonable schedule. You should always be thinking about how to improve your plan and your practice.

E. Deciding How and Where to Practise

What style of practice will allow me to achieve my goals?

Is it best to start your own practice, form a partnership, or join an established practice? There is no single answer as it depends on various considerations.

For instance, if you decide to go solo, your start-up costs will be higher, but you will be your own boss and wholly responsible for your practice's success – a draw to some and not others.

Start-up costs will be relatively low if you decide to form a partnership, but your business approach may be different from the other partners.

If you join an established practice, your start-up costs will be minimal, and you will spend less administrative time, but you are not your own boss.

There are pros and cons to each option, so ask yourself some key questions:

- ▶ What kind of start-up costs am I comfortable with?
- ▶ Do I want to be a leader or part of a team?
- ▶ Will my partners have the same business philosophy and vision of a successful practice?
- ▶ What sort of people do I feel comfortable working with?
- ▶ How much time do I want to spend on administration of my practice?
- ▶ Do I want to control my expenses or share them?
- ▶ If joining a practice, what is the revenue stream?

Ultimately, the question is this: which style of practice is best suited to help you achieve your professional and personal goals?

What are considerations in choosing a community?

Where to practise is usually a major factor in your professional and personal satisfaction. The community you choose must provide the basis for not only a thriving medical practice, but also for a contented and congenial home life for you and your family.

Among the professional and personal factors to consider in your search:

Professional factors:

- ▶ need for a physician in the community
- ▶ demand for your specialty or sub-specialty
- ▶ demographics (i.e., age/socio-economic groups), and your target patient base (for example, if you want a younger patient base, do not choose a community where a large percentage of the residents are going to retire within the next few years)
- ▶ availability/access to hospital privileges, diagnostic facilities, support services and consultations (contact hospitals in the community to check the time required to obtain hospital privileges, and on availability of surgery time if this is something you want)
- ▶ community economics
- ▶ growth/decline in population and demand for services, and
- ▶ government incentives for locating in the community.

Personal factors:

- ▶ cost of living (housing, groceries, etc.)
- ▶ standard of living
- ▶ social life
- ▶ career opportunities for family members
- ▶ transportation
- ▶ schools
- ▶ shopping
- ▶ social and service organizations, and
- ▶ recreational and cultural facilities.

To research possible places to locate, resources include the website of the city or town, local media, community organizations and agencies, and contacts in the medical community.

F. Your Office: Selecting, Leasing, Financing and Equipping

What factors are important in selecting my office?

The location of an office, the costs and state of the building, and the space you need now – and may want for the future – can all influence the success of a medical practice. Consider the following factors:

Location:

- ▶ high/low visibility
- ▶ patient access
- ▶ public transit
- ▶ proximity to diagnostic services, and
- ▶ travelling time (to/from home, hospital, other offices).

Building:

- ▶ rent per square foot
- ▶ cost of leasehold improvements
- ▶ mechanical services
- ▶ special equipment requirements
- ▶ condition and maintenance, and
- ▶ parking (visit at different times of the day/week to see how much of the space is available for patients).

Space:

- ▶ how much usable space you require
- ▶ expansion potential, and
- ▶ room for potential partners or other services.

Evaluate your current and potential needs — do not underestimate space needs for expansion. It is better to have more than you need now, within reason, because relocation costs can be substantial. Having determined your requirements, focus on at least two locations that meet your criteria. Speak to other tenants and get references.

Before approaching the landlord, prepare a written summary of your requirements. Ask the landlord to provide preliminary space planning services, to show how the available space could look incorporating your requirements. Have your interior designer/construction consultant review the landlord's proposal and prices.

How should I approach a lease?

Legislation for commercial leases is different from that for residential leases; therefore, legal advice is essential. The lease documents prepared by the landlord should include all aspects of the “offer to lease”. Your lease represents a large financial liability, so ask your lawyer to review the lease and negotiate any amendments required. Determine the actual cost of leasehold improvements before you decide on how to finance them.

Remember, you cannot rely on oral guarantees and assurances, so cover all details in writing and be sure they are incorporated into the lease.

How should I prepare to finance the practice?

Once you have developed a start-up budget, contact a banker to arrange for financing. It is advisable to have your business plan available when negotiating your financing.

When approaching practice financing, it is critical to be aware of borrowing limitations and the requirements of the new office, the cost of money borrowed, and the cash flow projections for at least the first year. Only borrow what you actually need.

What kind of office technology, equipment and supplies do I need?

These choices play an integral part in running an efficient medical office. The nature of your practice will determine some needs, but many items are standard for any office. Here are some items for consideration:

Computer systems and information technology:

- ▶ accounting
- ▶ appointment scheduling
- ▶ telephone
- ▶ billing; and
- ▶ Electronic Medical Records (EMR).

Clinical equipment:

- ▶ exam tables
- ▶ swivel stools
- ▶ exam lights
- ▶ utility table, and
- ▶ blood pressure machine.

Office equipment:

- ▶ photocopier
- ▶ fax
- ▶ printer, and
- ▶ refrigerator.

Furnishings:

- ▶ desks
- ▶ chairs
- ▶ file cabinet, and
- ▶ bookshelves.

Office supplies:

- ▶ paper
- ▶ prescription pads
- ▶ letterhead, and
- ▶ appointment cards.

With careful planning, you can develop a cost-effective and efficient office space, one that is well-designed, well-staffed, and patient-centred – and always makes a positive impression. For more information on medical facility planning, refer to OMA's *"First Impressions: Medical Facility Planning Guide"* and *"First Impressions: The Patient Experience"* at www.oma.org.

G. Human Resources Management

What staff do I need?

The most valuable asset in a medical practice is the physician's time. Usually, you can delegate routine tasks more cost effectively to trained staff, leaving you free to concentrate on your patients and the practise of medicine. Hiring the right staff is critical to the success of a medical practice.

Start by analyzing the areas where you could best use support staff. What tasks need to be delegated? How important are they? Who is the right person to do them? How much responsibility are you prepared to delegate? Do you need a nurse? A receptionist? A secretary? A bookkeeper? Many jobs in a physician's office require a combination of skills. Define the skills that will best satisfy your needs and the needs of the practice.

What steps will help ensure the best staff is hired?

Having decided on your staffing needs, you must prepare to select the right candidate. Your odds for success can increase by following a systematic, step-by-step procedure:

1. Write a job description
2. Establish employment conditions
3. Develop a policies and procedures manual
4. Recruit and screen candidates
5. Interview candidates
6. Test candidates
7. Rate candidates
8. Check references
9. Hire the right candidate

These steps are described in more details in OMA's "Managing your Medical Office Staff: An HR Guide for Physicians" at www.oma.org.

How do I determine compensation for staff?

Compensation, which includes salary and benefits, will be the most expensive component of your overhead costs; therefore, it is advisable you seek legal and financial advice. As in any industry, salaries are determined by a number of factors, including position responsibilities, location, market and, sometimes, length of service. A quick online search of "salaries for medical office staff in (specify your geographical area)" will provide you with some resources on current salaries. OMA **does not recommend or endorse any website**. You can also speak with colleagues in your practice location, if necessary.

How do I make a hiring offer?

Once you have chosen a candidate, prepare a letter detailing the offer of employment (with the assistance of a lawyer, as needed). The letter, for example, should outline the salary for the usual pay period (weekly, bi-weekly or monthly), the start date, and a summary of benefits (including the basis for vacation entitlement). Attach a copy of the job description to the offer of employment.

Do I need a contract?

The OMA recommends that physicians sign written contracts with all employees, and develop a variety of templates for this purpose. Contracts must be signed upon employee acceptance of the offer, prior to the first date of employment. Please contact OMA Legal Services at legal.affairs@oma.org or your own lawyer for further information on employment contracts.

How do I assess performance?

An important management tool is following up with performance appraisals of your staff from time to time. These appraisals must be based on objective criteria, comparing the employee's performance directly to the job description that was discussed during the interview and reviewed on the first day of employment. The job description may change over time to meet the needs of the office (**with the agreement of the employee**)*, so in such cases base the review on the current job description.

For additional information on hiring and managing your medical office staff, refer to OMA's "Managing your Medical Office Staff: An HR Guide for Physicians" at www.oma.org.

H. General Principles of Ontario Health Insurance Plan (OHIP) Billing

The information in this section provides an orientation to physicians on foundational topics essential to physician practice and billing in Ontario. This is a general overview provided for information purposes only. Every effort has been made to ensure the accuracy of the information; however, it may contain errors and/or omissions. Where applicable, the reader is encouraged to confirm this information with the originating source.

Physician Registration and the OHIP Billing Number

In order to submit claims to the Ontario Health Insurance Plan (OHIP) for services rendered, a physician must obtain an OHIP billing number. Before obtaining an OHIP billing number, a physician must:

1. Hold a valid certificate and;
2. Report the practice address to the Ministry of Health and Long-Term Care (MOHLTC).

**It is important that the physician understands that he or she cannot unilaterally change the job description. This is akin to constructive dismissal. Further, even if the employee agrees, in certain cases, if things went awry it could still be construed as constructive dismissal. It is advisable to seek legal advice before changing job descriptions.*

A physician must hold one of the following valid types of certification from the College of Physicians and Surgeons of Ontario (CPSO):

- ▶ Independent Practice
- ▶ Academic
- ▶ Supervised Practice of Short Duration
- ▶ Restricted

A physician is required to provide in writing, to the MOHLTC, an address for every place they regularly provide insured services in Ontario. Where multiple addresses exist, the physician should identify which address is the primary practice site, where possible.

In order to obtain an OHIP billing number, the 'Application for OHIP Billing Number for Health Care Professionals' form must be completed and returned to the MOHLTC for processing. Once the form is approved and processed, the MOHLTC will provide the physician with their assigned billing number and the effective date. Once a physician has a billing number, he/she may bill retroactively up to six months prior to receiving the billing number but no earlier than the effective date of the physician's certificate.

Group Numbers

A group number is a number issued by the MOHLTC that allows individual physicians to have their billings associated with a group. A group number is not a billing number.

Schedule of Benefits for Physician Services

The Ministry makes payments for services insured by OHIP in accordance with the payment requirements listed in the Schedule of Benefits (the "Schedule"). The Schedule lists approximately 6,000 physician services and includes preambles, definitions and notes that provide detailed conditions for payment of insured services. Particular attention should be paid to the first section of the Schedule, the "General Preamble", which provides detailed information about billing requirements and payment rules.

Changes to the Schedule include the addition of new services, deletion of obsolete services and the redefinition of existing services. The Schedule posted on the Ministry website is the most current version; physicians should be sure they are referring to the current version of the Schedule in order to ensure that the services rendered are in accordance with

the payment rules in effect at the time the service was rendered.

The Ministry regularly publishes INFOBulletins that offer information on payment, program or policy changes with regard to the Schedule and/or other payment information.

OHIP Claims Submissions

Method of Submitting Claims

In order to begin submitting medical claims to the Ministry, a physician needs to acquire the requisite hardware and software vendor that best fits with the physician's business practices and technical capabilities. Not only will this technology allow for claim submissions, but it will also allow a physician to validate health cards at the point of care.

- ▶ *Health Card Validation (HCV)*

HCV service assists health care providers in determining the status of a patient's OHIP coverage, which can reduce or eliminate the number of eligibility and version code claim rejections.

- ▶ *Claims Submission*

All claims are submitted through the Medical Claims Electronic Data Transfer (MCEDT). MCEDT is a web-enabled service that integrates with both Electronic Medical Record (EMR) and many of the existing billing software systems.

Types of Claims

There are three main types of claims processed by OHIP:

1. *Health*: these are claims for services rendered by physicians to a patient with OHIP coverage.
2. *Workplace Safety and Insurance Board*: these are claims for services rendered to patients with OHIP coverage who have work-related injuries.
3. *Reciprocal Medical Billing*: these are claims for services rendered by physicians to a patient insured under another Canadian health coverage plan, excluding Quebec.

A physician's billing software and the MCEDT system support all three of the claim types listed above. For more information on MCEDT, visit www.health.gov.on.ca/en/pro/publications/ohip/mcedt_mn.aspx.

Uninsured Services Billing

The demand for uninsured medical services is increasing. If physicians are not compensated for the time required to provide these services, their offices can gradually become overwhelmed with the extra administrative costs.

An Uninsured Services Program (USP) can provide an opportunity to raise practice revenue and offset unpaid work, without resorting to the common strategies of increasing daily patient volume or practice roster size – options which can create unmanageable service levels. A USP is an overall strategy that a medical office implements in order to bill and collect for uninsured services.

You can learn more about billing for uninsured services by referring to OMA's "*Physician's Guide to Uninsured Services*". For implementing an effective Uninsured Services Program in your office, refer to the OMA's "*Implementing an Uninsured Services Program: A Guide for Physicians*".

OMA's Education Network, an e-learning platform, provides interactive modules on billing in Ontario, visit the network at <https://learn.oma.org/>. The OMA's Economics, Policy & Research department also assists OMA members with billing questions and Schedule of Benefits interpretation. Send inquiries to economics@oma.org.

I. Countdown: Timeline to Opening a Practice

To guide your planning, consider the sequence of steps that will culminate in opening a practice.

What to do 1 – 2 years before opening a practice?

Philosophy and goals

- ▶ Long before opening an office, develop a philosophy for practising medicine, to integrate into your mission statement. The nature of your practice and your mission may change over time, but your basic philosophy will probably remain the same.
- ▶ Start writing down practice-related observations and ideas. Talk to colleagues, family and friends to help shape your thinking. Routinely, transfer your notes into a binder – "Starting My Practice". Keep two sections, for professional goals and personal goals. As they evolve, ensure that any changes in one area do not negatively affect the other. Your mission statement should strike the right balance between your goals.

What to do 6 – 12 months to one year before opening a practice?

Envisioning your practice

- ▶ Choose a date to open your practice. Be realistic. It may take more time than you want, but you must be completely ready to open on the day you select.
- ▶ Develop your criteria for the type of practice you are interested in: solo, partnership, group, multi-specialty, or perhaps an academic setting. Compile questions to ask colleagues who work in various types of practice, and learn the advantages and disadvantages of each to help refine your decision.
- ▶ Start developing your business plan (see Section D and Appendix A).
- ▶ Contact your local medical organizations to get familiar with the rules and regulations of practising medicine.

Advisors

- ▶ Hire professional advisors (e.g., lawyer, accountant, banker, financial management consultant, etc.) to help you make a smooth transition into practising medicine. You will need an accountant early to help you develop a start-up budget and to estimate your cash flow projection for at least your first year of practice.
- ▶ Ask physicians in your specialty three things they would do again in their practice if they were starting out, and three things they would change. Learn from their experiences.

Community decision and links

- ▶ Think carefully about the community in which you want to work. That, along with the type of practice, will play a large part in fulfilling your professional and personal goals. See Section E for factors in deciding on a location.
- ▶ It is a good idea to meet with other physicians in the communities you are considering to see how you might fit in both professionally and personally. For instance, do your interests mesh with a great need in the community? If you are interested in joining a group practice, visit local groups to check their needs and the best possible match for you – what do they offer in philosophy, practice styles and opportunities?
- ▶ Once you have selected your community, continue to develop your network of professional contacts there, and learn as much as you can during this period about how to run a successful medical practice.

What to do 4 – 6 months before opening a practice?

Financing and acquiring space

- ▶ Arrange for start-up financing with your banker. Examine your net worth (i.e., capital that you will have available for start-up costs). Things to consider:
 - ▶ cost of leasing or purchasing an office versus joining a group
 - ▶ cost of leasing or purchasing the necessary equipment for the practice
 - ▶ financial projections for the first three years, and
 - ▶ marketing plan to ensure steady growth of the practice.

- ▶ If you are not joining a group practice, research your options for leasing or buying medical office space. Check zoning ordinances with your local municipality office to ensure that you are allowed to open a medical practice in a site of your choice. Plan to be able to move into your new office one month before opening your practice. Find out about other businesses in your immediate vicinity, as these can influence the development of your own practice.
- ▶ If you decide to lease, do not try to finalize your office lease on your own. Hire a leasing consultant who, in collaboration with your lawyer, is likely better able to negotiate with the landlord any necessary leasing improvements.
- ▶ If you must make changes to your selected space, hire a medical office designer to determine your office layout and design. This will ensure that your design fits your philosophy, intended patient base and other professional needs. You can refer to OMA's *"First Impressions: Medical Facility Planning Guide"* for more information.
- ▶ Check on utility requirements for your office.

Researching equipment

- ▶ Start developing a list of necessary office and medical equipment. Get quotes from at least two companies who are experienced with the needs of start-up physicians. Compare lease and purchase costs, and research the pros and cons of both.
- ▶ Start assessing the technology you want/need. Visit established medical offices (with varying levels of technology use) to answer your questions about their technological needs. Talk to the physicians and to the staff who work with technology the most.
- ▶ Reserve an office telephone number and an office website address, if necessary.

Licenses and memberships

- ▶ Obtain all necessary licenses and/or memberships needed for practising medicine, including hospital privileges. See Section B for a list of organizations.
- ▶ Inform the provincial medical organizations of your new address.
- ▶ Start the process for obtaining your OHIP billing number, if you do not already have one, from the MOHLTC.
- ▶ Apply for hospital privileges.

What to do 2 – 4 months before opening a practice?

Advertising and marketing

- ▶ Get ideas on how you would like to advertise your new practice. The College of Physicians and Surgeons of Ontario (CPSO) has guidelines for advertising - <https://www.cpso.on.ca/cpso/media/uploadedfiles/policies/legislation/physician-advertising-faqs.pdf>. Contact CPSO's Physician Advisory Services at 416.967.2606 or 1.800.268.7096, ext. 606.
- ▶ Notify business representatives that you are setting up practice.

Billing and financial

- ▶ Establish your accounts payable, accounts receivable and payroll systems with the help of your accountant.
- ▶ Contact your local OHIP office for the Health Care Providers Manual and download the fee-for-service Schedule of Benefits at: <http://www.health.gov.on.ca/en/pro/programs/ohip/sob/>. Get acquainted with the codes that you will be billing most often, so you can start billing 100% of services from the first day of practice.
- ▶ Start developing your Uninsured Services Program if you plan to provide uninsured services. Review OMA's "Physician's Guide to Uninsured Services" and "Implementing an Uninsured Services Program – A Guide for Physicians" booklets for information on implementing this program in your practice.

Forms and supplies

- ▶ Ask colleagues in your specialty for examples of their pre-printed forms, and if they would modify them. Start preparing all pre-printed forms you will use in your office.
- ▶ Order clinical supplies, arrange for the purchase/lease of your office equipment, and confirm guaranteed delivery dates. Refer to OMA's e-Marketplace at www.oma.org.
- ▶ Purchase your computer systems (appointment scheduling, billing, accounting) and plan for training sessions with the vendor.

Staffing plans

- ▶ Decide on the staff you need, their qualifications, and the hours of work and rates of pay. Start developing job descriptions for all staff. Refine responsibilities and tasks.

- ▶ Develop an office policies and procedures manual.
- ▶ Advertise for staff and begin the hiring process.
- ▶ Obtain information on employment guidelines from the Ontario Ministry of Labour Employee Standards Branch (www.labour.gov.on.ca/english/es/) and the Ontario Human Rights Commission (www.ohrc.on.ca). This will guide you when hiring staff and inform you of questions that you can and cannot ask applicants during interviews.

What to do 1 – 2 months before opening a practice?

Hiring and training

- ▶ Hire your staff and have them start at least two weeks before you open. Ensure that they are properly trained in the following areas:
 - ▶ use of all technology, such as computerized scheduling and medical records, etc.
 - ▶ OHIP Health Card validation
 - ▶ OHIP, WSIB and Uninsured Services billings
 - ▶ any equipment that they will be handling
 - ▶ office policies and procedures, and
 - ▶ telephone techniques (front desk protocols).

Insurance and accounts

- ▶ Arrange for your personal and business insurance needs. Contact the OMA's Insurance Department for details on their programs. Consider, among others: disability, office overhead/liability, employee group benefits, business interruption, office contents, life, and automobile.
- ▶ Contact Ontario Ministry of Labour, Workers' Safety Insurance Board (WSIB), OHIP and insurance companies for all available information on possible benefits and programs that may be available or critical for your employees.
- ▶ Review with your accountant options for bank accounts (business and personal), tax requirements and procedures, appropriate accounting systems (this is the time to set them up), and other financial needs (it is never too early to start thinking about a retirement plan).

Announcements and notifications

- ▶ Develop your opening announcements for the local newspaper. Send opening announcements to physicians and local social agencies in the area. The OMA provides a new practice announcement service for a minimal fee. Please send your request to practice.mailing@oma.org.

- ▶ Meet with referring physicians or specialists to whom you can refer. Start developing a good professional relationship with them and their staff. If you are a specialist, notify other physicians when you will be able to start booking appointments. You may want to have your telephone/fax lines connected two to four weeks before your opening date for this purpose.
- ▶ Notify area pharmacies of your practice start-up date, and your prescription refill policy.

Phone and email

- ▶ Select the date for telephone service installation, if you are not joining another practice.
- ▶ Set up a business email address.

Scheduling and hours

- ▶ Plan your appointment scheduling system, and decide how many patients you will see each day and the length of appointments. You will need to review that as your practice becomes busier, so include flexibility in the schedule.
- ▶ Determine your office hours based on the needs of the community and any contract obligations. You may want to offer early morning hours or evening hours if medical services are not available at these times.

Arranging business services and supplies

- ▶ Arrange for the following services if needed or if not covered by your lease/landlord:
 - ▶ janitorial services
 - ▶ sharps disposal
 - ▶ snow removal and yard services
 - ▶ laundry service
 - ▶ handyman.
- ▶ Order your business supplies:
 - ▶ business cards
 - ▶ appointment cards
 - ▶ letterhead and envelopes
 - ▶ deposit stamp (for cheques)
 - ▶ prescription pads, and
 - ▶ name stamp.

Literature

- ▶ Subscribe to magazines for your reception area.
- ▶ Develop handouts for your patients such as:
 - ▶ booklet on your practice (i.e., introduction to you, office and telephone hours, sub-specialty interests, etc.). You can ask colleagues for their patient booklets for ideas
 - ▶ maps to show location of labs and x-ray facilities, and
 - ▶ Uninsured Services Program (if you plan to offer this service).

What should I do 1 month before opening a practice?

Announcements

- ▶ Mail office-opening announcements.
- ▶ Put up your office sign and place your office opening notice in the local newspaper(s).

Utilities and equipment

- ▶ Have utilities turned on, such as:
 - ▶ telephone/fax
 - ▶ internet access
 - ▶ electricity
 - ▶ gas
 - ▶ water, and
 - ▶ air conditioning/heat.
- ▶ Take delivery of all equipment and supplies and start setting up your office.

Final steps

- ▶ Establish a petty cash fund
- ▶ Begin accepting appointments from patients.

What to do on opening day?

Staff suggestions

- ▶ Improving your practice is a continual process, from the day you open. Provide each staff member with a notebook and ask them to write down suggestions and ideas on a daily basis.

Acknowledgements

- ▶ Send thank you notes to everyone who helped you throughout the process
- ▶ Do not forget one final acknowledgement: take a deep breath and congratulate yourself!

See Appendix B for an Opening your Practice Checklist

Additional Resources:

Ontario Medical Association (OMA):

- ▶ Education Network - <https://learn.oma.org>
- ▶ Managing your practice - www.oma.org

Canadian Medical Association (CMA):

- ▶ New in Practice Guide: <https://joulecma.ca/learn/practice-management-curriculum>
- ▶ Practice Management Modules: <https://joulecma.ca/learn/practice-management-curriculum>

Canadian Protective Medical Association (CMPA):

- ▶ Good Practices Guide - Safe care — reducing medical-legal risk: [CMPA Good Practices Guide](#)

HealthForceOntario (HFO)

- ▶ www.healthforceontario.ca

J. Conclusion

By planning ahead, you can meet all of your business and professional obligations. Your specific needs will vary according to a number of factors, including your specialty, location and type of practice (solo, partnership, group, etc.). This material is provided for assistance and should not be considered a substitute for the advice (including legal and financial) you will need from your own professional advisors.

The Guide and its contents (the "Guide") provide general information on the subject matter set out in the Guide's title. The Guide is not intended to provide specific advice as appropriate advice will vary in different circumstances. The Guide has been developed and is owned by the Ontario Medical Association (OMA). The Guide is protected by Canadian copyright law. The Guide shall not be reproduced, published, distributed, sold, posted, communicated, disseminated, broadcasted or otherwise made available without the prior written consent of the OMA.

Appendix A:

Business Plan Outline

This sample template is geared at a business in general. Not all topics will be applicable to a medical practice. This is for guidance only.

1. Cover Sheet

- ▶ Business name, address and phone number
- ▶ Principals' names
- ▶ Date

2. Executive Summary

- ▶ One paragraph description of the business
- ▶ Brief summary of plan
- ▶ Marketing strategy
- ▶ Major objectives
- ▶ Financial requirements and uses
- ▶ Product/service description

3. Table of Contents

- ▶ Each section listed with sub-headings

4. History

- ▶ Background of principals and/or company origins
- ▶ Product/services background
- ▶ Brief outline of company successes or experiences
- ▶ Corporate structure

5. Mission Statement

6. Description of Products and Services

- ▶ Define what is to be developed and sold
- ▶ Patents, trademarks, copyrights
- ▶ Status of research and development
- ▶ Append catalogue sheets, photos, or technical information

7. Marketing

- ▶ Target market: size, growth and trends
- ▶ Market penetration projections
- ▶ Analysis of competition — strengths and weaknesses
- ▶ Advertising plans
- ▶ Pricing, distribution and promotional tactics

8. Ownership and Management Structure

- ▶ Ownership structure
- ▶ Employee policies
- ▶ Organizational structure
- ▶ Who will enact the plan

9. Objectives and Goals

- ▶ Revenue forecasts
- ▶ Financial plans
- ▶ Marketing plans
- ▶ Manufacturing/logistics plans
- ▶ Quality assurance plans

10. Financial Data

- ▶ Projected income statements
- ▶ Projected cash flow analysis
- ▶ Projected balance sheets
- ▶ Cost-volume profit analysis
- ▶ Projected statements of changes in financial position
- ▶ Major assumptions used for projections

11. Appendices — as appropriate or needed

- ▶ Management structure
- ▶ Historical financial information (three to five years if possible)
- ▶ Detailed assumptions underlying the plan
- ▶ Pictures and brochures describing projections
- ▶ Letters of recommendation and endorsement products.

Appendix B:

Opening a Practice Checklist

This guide is not an exhaustive compilation of everything you need to open a practice, but the following checklist should make for a good start on the tasks ahead. Keep track of whether you have taken or considered these steps in your planning.

Setting Up

- Select a start date to begin practice
- Select professional advisors
- Develop a business plan

Required Licenses

- Obtain necessary medical certifications and licenses
- Obtain government employer numbers and tax identification numbers
- Obtain a business license
- Obtain an OHIP billing number

Location and Space Planning

- Determine space requirements
- Find office location to lease/buy
- Negotiate office lease terms
- Have a lawyer review the office lease
- Evaluate space plans
- Coordinate move-in
- Coordinate signage

Staffing

- Determine staff positions
- Develop job descriptions
- Specify salary schedule
- Place advertisement for new staff
- Review resumes, interview candidates
- Obtain credentials, check references and conduct background checks
- Create employment contracts
- Make job offers
- Prepare and send new employee employment acceptance letters
- Sign employment contracts

- Set up employee personnel files
- Hold an employee meeting to review office procedures
- Decide on employee benefit package
- Establish communication processes between you and your staff

Hospital Privileges

- Submit application for hospital privileges
- Evaluate and negotiate hospital privileges if needed

Financial Planning

- Negotiate financing, if needed
- Open business chequing account
- Purchase/lease point-of-service payment terminals if needed
- Decide on dates for billing/collection follow up

Computer — Hardware and Software

- Determine hardware and software requirements
- Select qualified medical software vendors
- Prepare request for proposal
- Coordinate software demo
- Evaluate proposals
- Negotiate purchase and service agreement (EMR Agreements should be reviewed by a lawyer)
- Coordinate installation
- Coordinate and finalize training and system implementation
- All systems in place

Telephone System

- Determine hardware needs
- Determine lines/features needed
- Obtain telephone number(s)
- Organize installation and checks on the lines
- Set-up telephone answering service
- All systems in place

Furniture and Equipment

- Review needs
- Prepare budget
- Order office furniture based on needs
- Order medical record filing system (if not on EMR system)
- Obtain quotes/order photocopier, fax machine
- Obtain quotes/order transcript and examination room equipment
- Obtain quotes/order laboratory and clinical equipment
- Obtain quotes/order refrigerator, microwave, and lunchroom furniture
- Obtain quotes/order other waiting room furniture

Advertising and Marketing

- Develop practice logo
- Draft office opening announcement
- Place order for newspaper advertisement
- Do other direct mailing or advertising (e.g., mail announcement cards)
- Coordinate letterhead/business card design, prescription pad design
- If specialist, contact and meet referring doctors
- Forms and Supplies
- Draft new patient information form
- Order business cards, office stationery, and letterhead
- Order medical supplies
- Coordinate with pharmaceutical representatives

Operational Issues

- Prepare office policy and procedures manual
- Train staff in business procedures prior to opening
- Set-up bank deposit guidelines
- Set-up daily/monthly financial reporting
- Set-up appointment scheduling guidelines
- Establish procedures for dealing with appointment delays
- Set-up billing and accounts receivables guidelines
- Set-up medical records system
- Set-up accounts payable procedures
- All accounting systems in place
- Set-up Uninsured Services Program

Insurance

- Evaluate insurance needs
- Obtain malpractice insurance
- Obtain quotes and purchase group health insurance
- Obtain quotes and purchase dental insurance
- Obtain quotes and purchase office liability insurance
- Obtain quotes and purchase WSIB insurance
- Review life insurance for coverage adequacy – increase coverage if necessary
- Review and obtain disability coverage if necessary

Miscellaneous

- Order reception room periodicals (OMR, magazines, etc.)
- Arrange waste/sharp disposal
- Develop emergency preparedness plan
- Develop emergency exit plan (e.g., location of fire extinguishers)
- CPR training for physician and staff
- Arrange for janitorial services

Checklist Sources:

www.mydocsonline.com



This document was prepared
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