



Hiring an Associate

Adding a new associate requires a significant investment of time and capital. Before taking this step, you must determine whether hiring another physician is truly in the best interest of your practice. In the first of our three-part series on associate feasibility, we'll review the internal and external factors you should consider before adding an associate.

Internal factors

Patient backlog is often the first indicator that a new associate is needed. If it takes 4 weeks or longer for a referring physician or new patient to book an appointment, you're in danger of losing patients to other practices that are more available.

Don't base your decision on backlog alone. Additional factors to consider include:

- **Referral source satisfaction.** Survey your referral sources. If you aren't as available as you once were, your reports aren't timely or your level of service has dropped, you may be losing market share as these physicians send their patients elsewhere.
- **Office space.** Where will a new physician practice? Can you rent more square footage? Can you reorganize the space you now have? It may make sense to offer expanded office hours and stagger your staff, rather than increase office space.
- **Financial resources.** Check your revenues and expenses to determine whether you afford a new associate. If it will take time for your new associate to develop new sources of revenue, can you fund the shortfall until he/she brings in enough revenue to pay his/her salary and overhead expenses?
- **Equipment.** Will hiring a new associate mean buying new equipment? Can you afford a new equipment purchase on top of hiring a new associate?
- **Referrals Out.** If you refer retinal surgery out, will you benefit from hiring a new associate to do only retinas? Bringing referred services back into your practice will increase cash flow; but will it be enough to cover the new associate's salary and overhead costs, and generate additional revenue?

External factors

Hiring a new associate also requires careful research into patient demographics. In an example of farsighted planning, an ophthalmologist found out that a retirement community was being developed a few miles from his office. He met with the management of the facility and asked to establish an exclusive cataract clinic in their administrative building. He then hired a new doctor, absorbing the salary and overhead costs as practice debt. After the retirement community opened, the practice's revenues increased dramatically, more than justifying the decision to hire a new associate.

Other external factors to consider:

- **Managed care payors.** Will your new associate be accepted as a provider by the managed care organizations with which your group participates?
- **Your competition.** Are your competitors moving in on you? Are they better equipped to handle a surplus of patients?

- **Candidate supply.** In many urban areas, there are too many applicants for available positions; in others, there aren't enough. How will the surplus or deficit affect your practice?

A version of this article was submitted for publication in Ophthalmology Management (April 1999 issue). It was reviewed and updated in 2006. Permission is hereby granted for the reprinting and use of this article provided that such distribution is free, and provided that the source and ownership of this material is acknowledged to be The Health Care Group, Inc.®. This article can be found online at www.healthcaregroup.com.