



## Checklist for New Practice Start – Up

This document is intended for physicians starting a new practice. The document is only a reference tool and should not be considered comprehensive. Your local market conditions, specific laws and regulations in your state and other factors may influence the start-up process. Consultants from the MGMA Health Care Consulting Group with extensive experience in medical practice development, operations and management are available to assist you with this process. MGMA also has a wealth of other resources that can be helpful. For more information, please contact us toll-free 877.275.6462, ext. 877 or via e-mail: [consulting@mgma.com](mailto:consulting@mgma.com).

<b>OBJECTIVE: BUSINESS AND FINANCIAL PLANNING</b>			
<i>Successful practices begin with a plan that describes the strategic goals of the organization, its financial and other resource needs. Capital partners such as banks may require a formal business plan before approving credit.</i>			
<b>Strategies: Strategic Plan</b>	<i>A strategic plan is your road map to the future. The plan should identify the goals of your practice and how you intend to achieve those goals. A strategic plan should also recognize issues in your market that will benefit or hinder your success.</i>		
	<b>Tasks:</b>	Mission, Vision and Values	<input type="checkbox"/>
		Goals and Action Plans	<input type="checkbox"/>
		Market Analysis	<input type="checkbox"/>
		Marketing Plan Development	<input type="checkbox"/>
<b>Strategies: Budget</b>	<i>The value of an operating budget for your practice cannot be overstated. A budget is your first tool in measuring practice performance, understanding your sources of revenue, practice expenses and capital needs. Two general types of budgets may be required: (1) a start-up budget (relating to consulting, legal, accounting, and other start-up costs), and (2) an operating budget to project revenue and expenses once the practice is operating. The budgeting process should also consider cash flow issues associated with high and low patient volumes due to practice growth, credentialing requirements and payment delays, as well as sources of operating capital during low cash periods. All initial budgets should be informed and continually adjusted based on your decisions related to practice operations and other matters.</i>		
	<b>Tasks:</b>	Start-up Budget	<input type="checkbox"/>
		Pro Forma Projections	<input type="checkbox"/>
		Capital Needs	<input type="checkbox"/>
		Income / Revenue	<input type="checkbox"/>
		Overhead / Expense	<input type="checkbox"/>

<b>OBJECTIVE: OPERATIONS</b>			
<p><i>The focus on medical practice operations must be multi-faceted to encompass all of the activities and resources required to operate and manage a medical practice. Operational issues associated with new practice development range from the development of a solid legal structure for the practice, to developing financial management systems, finding a place to practice and hiring staff. Most established practices tend to organize and manage these resources internally, but many new practices find that certain functions such as billing and benefits administration may also be effectively outsourced.</i></p>			
<b>Strategies: Legal</b>	<i>A qualified health care attorney can be an invaluable resource in today's health care environment.</i>		
	<b>Tasks:</b>	Health Care Attorney	<input type="checkbox"/>
		Form of Entity (i.e., professional corporation, professional LLC)	<input type="checkbox"/>
		Organization Formation (i.e., articles of incorporation)	<input type="checkbox"/>
		Governance, Buy/Sell and Employment Issues	<input type="checkbox"/>
		Tax Identification Number	<input type="checkbox"/>
		Medicare Provider Number	<input type="checkbox"/>
<b>Strategies: Finance</b>	<i>Once the decision to develop a practice has been made, a qualified CPA should be selected to provide guidance on tax and financial management issues including the practice's financial chart of accounts. Although physicians finishing residency commonly have debt, starting a new practice from scratch will likely require more debt. Evaluate different banks in your community to find which ones specialize in lending to medical practices.</i>		
	<b>Tasks:</b>	Accountant	<input type="checkbox"/>
		Capital / Credit / Banking	<input type="checkbox"/>
		Chart of Accounts	<input type="checkbox"/>
		Fee Schedule Development	<input type="checkbox"/>
<b>Strategies: Insurance</b>	<i>In many cases, the same liability carrier providing malpractice coverage will also offer corporate/general liability and other forms of insurance coverage. Consult your leases and other contracts to assure you're obtaining the type of insurance that's required under these arrangements. Shop around for insurance before you buy and consider group-purchasing opportunities as a means to conserve costs.</i>		
	<b>Tasks:</b>	Malpractice	<input type="checkbox"/>
		Corporate	<input type="checkbox"/>
		Health and Disability	<input type="checkbox"/>
		Life (Personal)	<input type="checkbox"/>
<b>Strategies: Credentialing/ Third-party Payors</b>	<i>Contracts are the life-blood of most medical practices because they provide access to patients. Even the most skilled physician needs to be credentialed with hospitals, health plans and other organizations, and credentialing is a prerequisite for physicians to be paid for their services by third-party payors. Credentialing can take many months in some instances so getting started sooner rather than later is always advisable. Evaluating contract terms and reimbursement levels is a daunting task. This element of your new practice requires organization and attention to detail.</i>		
	<b>Tasks:</b>	Credentialing	<input type="checkbox"/>
		Contracts: Health Plans, HMOs and PPOs	<input type="checkbox"/>
		Hospital Privileges	<input type="checkbox"/>

<b>Strategies: Facilities</b>	Facilities encompass everything from actual building space to the equipment and supplies needed to practice medicine. It is generally more cost effective to use existing clinic space rather than building out new. Physicians starting a new practice can commonly access space being vacated by a retiring physician or rent space in an established medical office building as a means to conserve cost and enhance access to patients. Check with hospital administrators or commercial realtors to learn more.	
	<b>Tasks:</b>	Space Needs <input type="checkbox"/>
		Identification of Facility <input type="checkbox"/>
		Lease Agreement <input type="checkbox"/>
		Equipment and Supplies <input type="checkbox"/>
		Information / Billing Systems <input type="checkbox"/>
Utilities <input type="checkbox"/>		
<b>Strategies: Staffing</b>	<i>Staffing is a critical success factor in any new business. Your practice needs the right people and the right number of people to support it. Staffing also represents a significant expense. Some physicians may be inclined to skimp on staffing to save costs – they usually regret it. Staff can be added over time, but a physician needs to determine what is appropriate for start-up. Some functions may be purchased or outsourced from a hospital, MSO or billing company.</i>	
	<b>Tasks:</b>	Office Management / Administration <input type="checkbox"/>
		Reception / Scheduling <input type="checkbox"/>
		Clinical: Nurse / MA <input type="checkbox"/>
		Insurance / Billing <input type="checkbox"/>
		Personnel Policies <input type="checkbox"/>
Benefits <input type="checkbox"/>		
<b>Strategies: Other</b>	<i>There are numerous tasks associated with a practice start-up and this list just brushes the surface. Always consider your options because wrong decisions can be costly. Form relationships with established physicians and use them as mentors. Managing a physician practice gets more complex each day. Having good information is essential and MGMA is the source of practice management information. Also, get to know professional practice administrators in your area. They'll be well positioned to help you answer some questions related to the management of your practice.</i>	
	<b>Tasks:</b>	Networking / Referral Relationships <input type="checkbox"/>
		Mentors and Information Sources <input type="checkbox"/>
		IPA / Contracting Network Membership <input type="checkbox"/>
		Marketing Activities <input type="checkbox"/>
MGMA Membership <input type="checkbox"/>		