General practice management toolkit

Starting a medical practice

Module 4
General practice management toolkit: Starting a medical practice

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This resource is based on the experiences of Dr Neville Steer and Dr Belinda Guest in setting up their own medical practice. It has been developed to provide general practitioners with a practical example of starting up a practice.

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The RACGP
Starting a medical practice

Foreword

Setting up a new medical practice is not an easy task. Business development and management is not taught at medical school, therefore general practitioners need a reliable source of information to refer to when embarking on such a venture. It is for this reason that the RACGP has worked with general practice owners/builders to develop this workbook – Starting a medical practice, which forms part of the General practice management toolkit.

The authors have tried to raise awareness of the key steps that need to be taken into consideration when starting a medical practice. This includes choosing the right location, practice design, business structures, financial management, staffing arrangements, quality improvement and risk management systems.

The workbook includes the personal insights of GPs and provides guidance and other relevant materials to ensure the reader is well informed when deciding to start a medical practice.

For further information relevant to starting and running a medical practice, readers are encouraged to also refer to the following RACGP publications:

- Rebirth of a clinic – a design guide for architecture in general practice and primary care
- General practice management toolkit – covers topics such as defining your style of practice, developing your business strategy, practice teams and leadership, managing information, continuing quality improvement and professional career development
- Computer and information security standards (CISS)
- Standards for general practices (4th edition)
- Employer guide (3rd edition).

It is hoped that this workbook, in combination with other RACGP resources, will prove to be indispensable to GPs during the start-up and operational phases of starting a medical practice.

The RACGP would like to take this opportunity to thank Dr Neville Steer, Dr Belinda Guest and others who have contributed to the development of this publication.

Dr Beres Wenck
Chair, RACGP NSC–GPAS
Introduction

A characteristic of general practice is that it is based on one-to-one relationships. General practitioners can work in a range of capacities – employee, associate, partner, independent contractor, company shareholder or director. In each capacity, you are in a position to develop a unique personal practice style.

In starting a medical practice there are many issues that need to be considered. For example, you need to have a clear view of what you want to achieve personally, your capabilities and resources, the services you want to offer and other business factors that contribute to a sound decision. To ensure the overall success of your venture, it is recommended that you first discuss your ideas and proposals with providers of professional services, such as:

- an accountant
- a solicitor
- a bank manager/finance broker
- a real estate agent/buyers advocate
- an architect.

This workbook has been developed to help you understand and work through the various stages of starting a medical practice, and provides a guide to the issues you will need to consider.

Learning objectives

- Understand how to assess location suitability for a medical practice and assess options for starting a practice.
- Understand the requirements for starting a medical practice and where to access information.
- Understand the importance of a business plan and financial budget.
- Understand your obligations when employing staff.
- Recognise a range of federal and state laws and acts that set out the responsibilities of employers.
- Recognise quality improvement and risk management strategies when starting a practice.
1. **The practice**

1.1 **Defining your style of practice**

The RACGP General practice management toolkit, Module 1 – Professional career management and Module 2 – Practice assessment, explore personal and practice characteristics and outline an approach to determining and understanding your career aspirations and what working environment would assist you to achieve these.

A significant issue is whether you wish to practise as a solo practitioner (you have a strong career anchor for autonomy or entrepreneurial creativity) or in a group practice. In a group practice, you may work with other career anchors, including technical/function competence, general management competence, security/stability or service/dedication to a cause.

You can examine the factors that contribute to your ideal practice in Activity 1 – Defining your ideal practice, at the end of this module.

1.2 **The practice location**

When deciding on a location it is important to consider visibility. For example, people passing by the practice could be potential patients. Locating the practice near other health facilities such as allied health professions, pathologists, pharmacies or hospitals will also help generate new patients. Shop-front practices in shopping centres gain many new patients due to high visibility, and in these cases it is often desirable to locate the practice near a pharmacy.

Consideration also needs to be given to personal factors such as your partner’s employment, proximity to extended family and key professional relationships, opportunities for professional development and children’s education. Other issues of importance include the demographic profile of the area (demographic information can be accessed at www.abs.gov.au), supply and demand for medical care, economic and infrastructure development and the co-location of other health service facilities.
Careful consideration of these factors will help make a good fit between your personal and professional needs – the lifestyle you enjoy and a rewarding career. Develop a matrix to assess your key selection criteria for a medical practice (see Activity 2 – Key selection criteria for assessing a medical practice, at the end of this module).

Having developed the key selection criteria, mark on a map your area of interest. You may also need to check surrounding areas in case you have narrowed your choices down prematurely.

Once you have determined the area in which you wish to start your practice, you need to investigate possible options and the relevant requirements.

Local council planning departments can provide advice regarding zoning regulations, car parking requirements and the approval processes required for operating a general practice in your chosen location.

Consult with two or more real estate agents regarding potential properties for developing a medical practice. There may be projects under consideration that would welcome a medical practice as a key tenant. Ask the agents to provide you with current valuations for commercial leasing, including what is currently being offered as part of packages. It is important to have this information if you are subsequently negotiating a lease.
If you are considering building a new practice, contact two or three commercial property builders in the area to get an estimate of construction costs per square metre. They may have a purpose built development project in the pipeline that might suit you. If you have limited time and experience to search for properties that match your criteria, consider engaging a real estate buyers advocate to source and secure an appropriate property on your behalf.

**Bank loan**

Establish what you are able to borrow for a commercial property. There is a wide range of lending solutions available for practice purchase, commercial property and fit out, and it is important to consider all options before making a decision. Banks will usually lend 80% of the independent valuation (which is usually less than the market price). Some financial organisations may lend up to 100% of the valuation.

Your business plan is also an important part of seeking business funding.

For more information on business plans refer to the RACGP General practice management toolkit, Module 5 – Business plans.

An article published in *The Medical Journal of Australia* discusses the importance for business plans.†

**Transport issues**

Parking requirements may vary, but typically councils will require you to provide parking at a ratio of five spaces for the first medical practitioner and then four per practitioner after that. By negotiation, you may be able to get approval for a lower amount. It may be required that you pay the council an offset amount per car park to use onstreet parking where insufficient space is available privately.

Location near public transport is beneficial. It is also worth considering how ambulances and taxis will be able to access your facility.

**Planning advice**

Where it is not possible to get the information you need directly from council, you may want to consider consulting a town planner. Building regulations are complex and are continually changing. Purchasing a property with the expectation that you can set up a medical practice without careful consideration may expose you to substantial risk and loss. Real estate agencies may advertise properties as being suitable for a medical practice, eg. ‘subject to council approval’ (STCA), which could equate to lengthy delays due to objections from neighbours.

**Construction costs**

Construction estimates are a calculation of the quantities of various trade items or work and the expenses that are likely to be incurred. The estimated cost of these works is a close approximation of the actual costs and vital to the success of the project.

You may encounter the following types of construction estimates:

- **Feasibility estimate** – provides an approximation of the cost of a project. These estimates are prepared for budgeting and planning purposes, and are usually based on concept sketches or designs that allow you to determine if a project is profitable without paying for the preparation of detailed design and documentation before construction commences. For further information refer to the RACGP *Rebirth of a clinic* (pages 56–58, *Working with an architect*).
• **Budget cost estimate** – is usually undertaken at the beginning of the design process and allows the practice owner to know up front what the project is likely to cost to complete. Budget estimates are often prepared based on preliminary designs and documentation. For further information refer to the RACGP Rebirth of a clinic (What is design? pages 10–13, Design is a dialogue among experts, pages 15–18, D.E.S.I.G.N – A way of thinking about the architectural needs of general practice, pages 19–28).

One of the steps of following the preparation of the budget estimate is the development application. For further information refer to Rebirth of a clinic (Design development and Design approvals, page 57).

• **Tender cost estimate** – is a detailed estimate of the cost of a project that is undertaken when the scope of work is clearly defined and the detailed design is completed. It is prepared by determining all the costs a contractor is required to do for the acceptable completion of the work. For further information refer to Rebirth of a clinic (Contract administration and Cost control, page 57).

Alternatively, a quantity surveyor can also give accurate advice on construction costs. To find a qualified surveyor registered with the Australian Institute of Quantity Surveyors, visit www.aiqs.com.au.

When calculating construction costs you will need to consider:

- size of proposed building (eg. 250 m² for a practice with four consulting rooms)
- size of parking lot (eg. 850 m² for 25 cars)
- land size (eg. 1100 m² for a four room practice with car spaces)
- single or multi-level construction.

When developing a new practice you will need to calculate the necessary area required. In addition to the area occupied by functional spaces (consulting rooms, waiting areas, office and reception areas), these spaces will need to be connected. The area taken up to connect functional spaces needs to be added to the overall calculation. Storage areas will also need to be accounted for. The area required will also depend on the shape of the building.

**Guide for calculating how much area you may require**

- Waiting rooms need a minimum of 2 m² for each chair. This means you will need 12 m² of waiting area per consulting room. Count the number of chairs in the waiting area – there should be at least six chairs per doctor.
- Consulting rooms need to be a minimum size of 12 m² (15–16 m² is recommended) and have space for an examination couch, privacy screen or curtain, and a hand basin in each room. Three patient chairs are needed as you can expect a family to present together. A window for natural light is preferred for emotional wellbeing and for detecting skin conditions such as jaundice.
- A clinical area for a practice nurse, treatment rooms and adequate storage is important. As the role of nurses is expanding in general practice, the building should have sufficient space. A nurse will require an office area of 10 m² and an area for cleaning and sterilisation, storage of medical supplies and vaccines. A toilet near the nurses’ area is helpful. Treatment rooms can be smaller, but at least 7.5 m² (2.5 x 3.0 m). A larger procedural room of around 16 m² (3.5 x 4.5 m) is useful for performing minor procedures and emergency treatment if required.
- Administration areas require about 10 m² per staff member. Office equipment including computer servers and photocopiers will need an additional few square metres, as will a waste collection area. Administration will also need storage space that can be extended.
- Toilets and staff tearooms are a necessity. A patient toilet needs to be large enough for disabled people to safely and comfortably access.
Land tax
Land tax is a state tax calculated on the value of land and is payable if you own your practice property.

Council rates
Municipal councils charge rates on property improved values. If you own or lease a property you will be required to pay council rates.

Stamp duty
Stamp duty is a tax levied by state governments on documents used in a number of different transactions. These include the transfer of land, motor vehicles and insurances.

Leasing and fit out
Leasing office space will allow you to start work in your practice sooner and reduce your capital requirements for setting up a practice. It is important to seek legal advice on a lease agreement, as they can often be difficult to understand. Remember, a medical practice is a valued tenant so you may be able to negotiate your lease to include items such as an initial rent free period and a portion of the fit out costs. Before entering into a lease agreement, be aware that gross floor area (GFA) can be misleading. GFA is the sum of fully enclosed covered area and unenclosed covered area – it includes porches and covered walkways.

There are companies specialising in medical fit outs who can assist in developing your project. In addition to being knowledgeable of required building codes and zoning regulations, they are experienced in liaising with council, planning and construction supervision.

1.3 Designing the facility
Developing a new practice will allow you to work for many years in a practice specifically suited to your vision and needs. It will allow you to incorporate many of the contemporary approaches to activities and work flows in modern general practice. Over time, this investment will prove very valuable. The process of designing, obtaining council permits, constructing and commissioning the practice could take at least 12 months.

Whether you are fitting out an existing office/shop space, residential house, or you have the opportunity to design and construct a new practice facility, you are encouraged to read the RACGP Rebirth of a clinic to assist with the design and layout of practice facilities. The design guidelines cover a wide range of concepts to be considered in a medical practice, and offer design specifics for the practice entrance, reception area, patient waiting area, consulting rooms and treatment rooms. Also read the Australian Family Physician article about designing practices.²

Many people speak about ‘outgrowing’ the space they had designed only a short time before, or finding they could not carry out the sort of healthcare they wanted to deliver, as the building was structured to suit an ‘outdated’ model (eg. focused on a working space for doctors only).

If you intend to design and construct a new practice it is useful to consider your long term practice plan and build with flexibility in mind.
Waiting areas and clinical areas

An important aspect of design is enabling efficient work flow. Consider the following:

- the reception area should be located in an area that can be seen from the patient entrance – this both allows patients to readily orient themselves on arrival, and reception staff to see and monitor waiting patients to identify medical emergencies and reprioritise appointments as required
- the reception area should provide patients privacy when discussing their health needs and financial arrangements. An adjacent waiting area allows patients to be seated in an area where the receptionist can observe their comfort and wellbeing. Note that patients will walk from the waiting areas to the clinical areas (consulting and treatment rooms), and that clustering consulting rooms around the waiting area will reduce the walk time
- ideally, the receptionist should be able to see the entire waiting room, entrance and main passageway
- patients will often be transferred from the consulting room to a treatment room. The treatment rooms are therefore often placed further away from the reception/waiting area as the traffic volume is generally lower. Some practices also have waiting areas adjacent the treatment rooms
- practice nurses participating in chronic disease management need special consideration, so allow appropriate consulting room space – this may be adjacent to the treatment area to allow efficient workflow for nurses. Recently, some practices have been developing separate sections for chronic disease management and consulting rooms for nurses
- background music in patient waiting rooms can be relaxing and improve patient privacy by making conversations less audible to those not involved in a patient’s care. The use of radio, tape, CD, pre-recorded messages or music for patients while on (telephone) hold can help maintain a connection with patients while they wait to speak to practice staff. Licenses for use of pre-recorded material for such purposes can be obtained from The Australasian Performing Right Association (APRA)/The Australasian Mechanical Copyright Owners Society (AMCOS). To find out more about the type of licenses visit www.apra-amcos.com.au.

Additional services

Pathology onsite

Following deregulation in 2010, more approved pathology collection centres are being located in medical practices, providing improved patient convenience. Pathology companies value the co-location highly and it is also beneficial for patients. However, it is important to observe the legislation that exists to prevent inappropriate incentives for referrals. Refer to the Department of Health and Ageing’s website to view the Health Insurance Amendment (Inappropriate and Prohibited Practices and Other Measures) Act 2007. Collection centres require dedicated floor area that is not shared at any time.

Pharmacy onsite

With changes in 2011 to remove distance restrictions relating to the location of pharmacies, opportunities now exist to bring pharmacists much closer to general practices. This both improves patient convenience and strengthens the relationship between GPs and pharmacists.

Allied health

Renting space to other health professionals can also be beneficial. However, there may also be some potential insurance implications, so it is suggested that professional advice about renting space is sought from your medical indemnity insurer.
1.4 Practice furnishings and equipment

Desks
Desk heights should be in the range of 680 mm to 720 mm. A suitable size ranges from 750 mm x 1500 mm to 900 mm x 1800 mm. Monitor stands will free up desk space. The screen is best placed at about arms length (around 600 mm) from the user. If the desk is too large it may use up valuable workspace. Avoid sharp corners, as they can pose a hazard for patients, especially small children.

Office chairs
A good quality office chair is recommended, as staff spend many hours at the desk and poor seating will contribute to fatigue and musculoskeletal strain. Chairs with adjustable height and backrests are also recommended, as this allows them to be customised for the user.

Patient chairs
Generally three patient chairs per consulting room are sufficient. A stool is also a useful addition – it can be used to sit next to patients for examination, to elevate a foot, or as an extra seat for a child. Select chairs from specialty health furniture suppliers, as they are usually more durable than regular furniture. Also consider the needs of obese and elderly people, who may find it difficult to get in and out of a chair that has low or no arms.

Examination couches
Ideally all examination couches will be height adjustable. This improves patient safety and allows for an easy examination. Height adjustable beds are especially necessary for patients with limited mobility and the College has therefore determined that each accredited practice must have one or more height adjustable beds (for further information regarding accreditation refer to the RACGP Standards for general practices, 4th edition). The cost of around $2000 for a height adjustable bed is substantially more than a fixed examination couch and steps ($500). Rebates for practice equipment that relates to occupational health and safety may be available. Check WorkSafe websites for information on available rebates (see Resources at the end of this module).

Storage
You will require lockable storage facilities for clinical supplies, equipment and reference books. Fixed custom cupboards are commonly used and can be designed to create bench space. Mobile cabinets and treatment carts allow flexibility for future room use or if you relocate. Filing cabinets are required for secure storage of business documents. The storage of Schedule 4 and Schedule 8 medicines are subject to jurisdictional legislative requirements. For information on specific requirements refer to the drugs and poisons branch of the relevant jurisdiction.

Waiting areas
Plan sufficient seating capacity in waiting areas for at least three appointments. This will equate to approximately four to six chairs per consulting room (as patients frequently visit in pairs). This number will depend on how many appointments you have and if they run to schedule. Patient chairs for the reception area need similar design features to consulting room chairs. Fabrics and materials need to be durable and they should be cleaned regularly. Good quality fabric should last approximately 10 years before needing to be replaced. Remember to create a play area for children with safe, quiet toys.
Procedure room/consulting room
A procedure room will require an operating table. In general practice it is common to use an examination table for this purpose. Again, a height adjustable table is recommended. A surgical trolley/table is needed to set out instruments and dressing trays. Storage facilities allow ready access to a range of items required for procedural work that are also essential.

Frequently, the same room will be used for diagnostic work and emergency management. Electrocardiogram (ECG) and spirometry equipment are now connected to computers and need a dedicated trolley that can be moved to another area if required. An emergency kit, including oxygen delivery equipment, is usually located in the procedure room with the ability to transfer it to any area of the practice as required.

Staff room/meeting area
A kitchen-style table suits smaller practices, while larger practices require a conference table and sufficient seating for whole-of-practice meetings.

Table 1. Your furniture list

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<thead>
<tr>
<th>Item/specification</th>
<th>Quantity</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office chairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient chairs</td>
<td></td>
<td></td>
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<tr>
<td>Stools</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment carts/cabinets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examination couches –adjustable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examination couches – fixed and steps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Filing cabinets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff tables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff room chairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>

Equipment

Office equipment – facsimile (fax) machines, copiers, scanners
Despite the desire to have a paperless office, paper is still used. Fax machines are a secure format and documents still need to be copied, albeit much less frequently. Multifunction office machines are suitable for general practice, however the scan facility on these machines does not have the speed required, so you may need to invest in an additional dedicated scanner.

IT equipment
See Section 1.5. IT/IM and communications.
Telephone system
Multi-office environments use private automatic branch exchange (PABX) or key systems to manage a number of external phone lines, fax lines, internal extensions and answering machines. To save on costs, voice over internet protocol (VoIP) lines can be integrated, as well as computer terminals to access fax facilities. Seek advice from a telecommunications consultant. Recommended features may include:

- multiple lines
- hands free speaker phones
- message or music on hold
- ability to transfer calls
- greeting message
- auto attendant
- speed dial
- wireless headsets
- conference call
- voicemail with email integration
- ability to scale up the system.

Clinical equipment
Stethoscopes
For auscultating for blood pressure measurement, a basic stethoscope is sufficient, but a better quality stethoscope improves the sound transmission for cardiac and lung sounds.

Sphygmomanometers
Anecdotal evidence suggests that digital blood pressure recordings are superior to manual auscultatory measurements. However, for pregnant women and patients with atrial fibrillation or premature beats you will need to use auscultation. Hence, you need to at least have aneroid sphygmomanometers, but preferably both. Cuffs for children, adults and patients with large arms are essential.

Diagnostic sets (ophthalmoscopes and otoscopes)
Lithium-ion type diagnostic sets are claimed to have fewer issues with memory and lower self discharge rates. Disposable ear tips are available for each otoscope but are not interchangeable. It is worth having consistency across the practice where possible to assist stock management.

Dermatoscopes are increasing in popularity and may form part of the diagnostic kit. Some dermatoscopes can be attached to digital cameras for capturing and storing images.

Scales and height measures
General practices need good quality measuring scales. The options for either digital or mechanical are usually chosen based on individual preference. A scale in each consulting room will avoid the need to move patients to another area for weighing. An infant scale is also useful. A height measure can be installed in each room for a minimal cost.

Note: The accuracy of mechanical scales is compromised when placed on thick carpet.

Eye charts
The standard Snellen chart is designed for measuring visual acuity at 6 metres.
Other equipment and materials
Cryotherapy is commonly used to treat a range of skin lesions. A liquid nitrogen storage tank of 20 L capacity and a cryosurgical spray unit are commonly used. You will need to arrange for a regular supply of liquid nitrogen. Search online to find local suppliers.

Diathermy machines are used for electrosurgery. These are suited to practices that undertake a significant amount of skin surgery. Operating a diathermy machine requires specific training. Training providers can be accessed at www.training.gov.au.

Oxygen delivery
Size D oxygen bottles best suit general practice. They require a flow regulator, masks (adult, child) and tubing.

ECG and spirometry machines
The RACGP Standards for general practices (4th edition) – Standard 5.2 Equipment for comprehensive care, recommends a practice has timely access to ECGs and spirometry. While some practices will outsource these investigations, they form a useful role within the practice as part of near patient testing.

Automated external defibrillators (AED)
Early defibrillation can improve survival of patients in cardiac arrest, but these cases are quite rare in the general practice setting. A practice needs to evaluate the potential benefit against the cost of buying and maintaining this equipment.

Ultrasound Doppler devices
Doppler devices are used for vascular assessments and detecting the fetal heart. Fetal probes are at 2 Mhz. Arterial probes used for ankle brachial pressure index measurement are at 8 Mhz. The Doppler must have the capacity to produce a ‘hard copy’ report to be stored in the patient’s health record to meet the requirements of the Medical Benefits Schedule (Item 11610) in order to qualify for a rebate.

Twenty-four hour ambulatory blood pressure
Although there is no Medicare item for this measurement, it can add significant information for the treatment of blood pressure. The cost ranges from $2700–$3500, so careful consideration is needed to determine how you will recover costs.

Automatic blood pressure monitors
Improved blood pressure management requires a wide spread of readings. Many practices have a set of monitors that patients can loan or hire to use at home for 1 week.

Holter monitoring
Measurement of ambulatory ECG is usually performed by cardiologists, but practices may make an arrangement to fit and transmit readings to a cardiologist.

Glucometers
A blood glucometer is required for practices to meet RACGP accreditation standards. Software is now available to analyse downloaded data direct from the patient’s own glucose meter.

INR meters
Measurement of international normalised ratios (INRs) is helpful for improved management of anticoagulation. There is no item number for this test currently in general practice and it is billed as a professional attendance item. Pathology practices do offer INR management that outsources this aspect of patient management. In view of the new anticoagulant drugs that do not require monitoring, it is possible that these meters may become obsolete.
Point-of-care testing (PoCT)

Improvements in technology have enabled testing of lipids, liver function, C-reactive protein (CRP) and other biochemicals within the practice.

Clinical equipment list
- Auriscope
- Blood glucose monitor
- ECG
- Eye charts
  - visual acuity (Snellen)
  - colour vision (Ishihari)
- Examination lights
- Monofilament
  - 10 g for pressure sense testing
- Oximeter
- Peak flow meter
- Pen torch
- Spirometer
- Scales (adult and paediatric)
- Sphygmomanometer
- Tape measure
- Tendon hammer
- Thermometer
- Tuning forks
  - 128 Hz vibration sense
- Vaginal speculae (stainless steel or disposable)
- Wood’s (UV) lamp
- Ophthalmoscope
  - 256 Hz and 512 Hz hearing.

Consider the following:
- Cryotherapy spray and liquid nitrogen tank
- Dermatoscope
- Digital camera
- Diathermy
- Doppler for fetal heart and arterial pulses
- Ear irrigation device
- Magnification loupe
- Plaster saw
- Steriliser
- Surgical equipment for minor procedures
- Lighting for Pap smears and procedures
- Self-illuminated vaginal speculae
- Audiometer
- Vaccine fridge.

Emergency equipment and materials
- Oxygen cylinder, regulator, masks and tubing
- Laryngoscope and intubation set
- IV cannulation sets, tourniquet
- Spacer for administering bronchodilator
- Doctor’s bag emergency supplies
- Aspirin, paracetamol, antibiotic eye ointment.
Consider the following:
- Automated external defibrillator (AED)
- Suction device.

Clinical materials
- Fluorescein strips
- Single use eye drops (Minims)
  - bupivacaine
  - phenylephrine
- Ear wicks
  - tropicamide 1%
- Urine test strips
- Pregnancy testing kits
- Silver nitrate stick.

Materials for treating wounds and injuries
- Range of bandages, tapes and dressings
- Casting materials and splints
- Antiseptic solutions
- Dressing trays
- Eye pads
- Slings
- Syringes and needles
- Tubular bandages.

Emergency (doctor’s bag) supplies
The Pharmaceutical Benefits Scheme (PBS) provides a number of items to doctors for use in an emergency at no cost. Because these drugs are for the use by a specified doctor they can not be ‘pooled’ within the practice. The order book is available from the PBS and can be submitted monthly to a pharmacist. A comprehensive and up-to-date list of PBS medications for doctors’ bags is available from the Department of Health and Ageing at www.pbs.gov.au.

Suggested emergency medicines are also listed in the RACGP Standards for general practices (4th edition) – Standard 5.2 Equipment for comprehensive care (Criterion 5.2.2 Doctor’s bag).

Prescriber number
You will need a prescriber number to prescribe PBS medications. This number must appear on all prescriptions and similar documents. Contact Medicare Australia for application information.

Stationery
Personalised practice stationery is an essential part of your marketing strategy. A logo for the practice should be designed professionally, or not at all. An alternative is to use a consistent font and colour for your signage and letterheads. Printed envelopes with your address also give the practice a professional image. Printing orders typically take 4–6 weeks. Order sufficient supply for 6–12 months depending on storage availability. It is more economical to have a larger print run.
Note: The Red Cross logo cannot be used as international humanitarian law protects the use of this emblem. Regulations on the use of the Red Cross emblem or the Red Cross crescent are available at www.redcross.org.au.

Practice brochures
Practice information sheets are still necessary. The availability of laser printers allows in-house publications to be made at an economical price. As a guide, print runs of less than 500 can be done in-house unless high quality printing is needed.

Appointment cards
Appointment cards are required when booking patient appointments in advance. Having a generic card for the whole practice, as well as space for two appointments on each card, can reduce printing costs.

Prescription paper
Computer prescription paper and personalised prescription pads are available from Medicare Australia. Allow about 6 weeks for delivery. Note that it is important to keep prescription paper secure. Stolen prescription pads need to be reported to the police as well as to local state or territory health departments.

Medicare assignment (bulk billing) forms
Medical practice management software will print an assignment form onto plain paper. It is a legal requirement for a copy to be printed and provided to the patient. The Medicare stationery order form can be downloaded direct from the Medicare Australia website. Even practices that have computerised billing systems require some back up Medicare stationery for when the system is down. To order stationery, visit the health professionals section of the Medicare website.

Rubber stamps
Self inking stamps with the doctor’s name, address, telephone number and provider number will be used frequently as many organisations require their stationery be completed with a doctor’s stamp. A date stamp that indicates when a document has been received is good office practice and can be supplemented with an ‘Action’ stamp.

1.5 IT/IM and communications

IT systems and software
Starting a medical practice requires consideration of clinical and practice management software. As IT installations are complex, it is recommended that you use an IT consultant to provide advice on setting up your practice system. Reliability is a critical aspect of using electronic health records, so it is therefore worth investing in independent advice.

Most practices use an IT support service. Remote support will frequently resolve most problems, but you will require an IT technician to provide site visits from time-to-time.

In addition to a useable health record, appointment and accounting systems are important for the efficient running of your practice. The software should have capability to integrate with Medicare online claiming.
Computer security

Maintaining effective computer and information security in general practice is vital and requires planning and technical knowledge. All practices should obtain a copy of the RACGP Computer and information security standards (CISS), from www.racgp.org.au/ehealth/ciss.

The CISS covers:
- governance processes
- risks to information
- effective planning
- appropriate security measures.

The CISS is a practical guide and provides an optimal set of controls and procedures for implementing and maintaining computer and information security within the capabilities of most Australian general practices. It will assist you to understand what is needed in order to put in place optimum computer and information security strategies.

The CISS lists the three components of computer security:
- confidentiality of information – only authorised people can access the information
- integrity of information – only authorised people can alter the information
- availability of information – available and accessible when needed.

Back up

This is one of the most critical functions in managing electronic health records. Your IT adviser will provide guidance on what systems and processes to employ. It is essential that this involves secure offsite storage and testing of the back up and restoration procedure.

One of the biggest IT errors is failing to back up data. Test and verify your back up processes regularly.

Email fax routing

Facsimile service can be configured to convert inbound faxes as email attachments to a single email address. The fax can be installed as a printer option to fax from the desktop (this is a secure method of person-to-person messaging).

VoIP

VoIP provides a cheaper option for long distance telephone calls. The VoIP service can be wired into your telephone system as a line option or via a desktop option. Additional options include video calls and instant messaging.

Certain software can be used as a printer option to convert electronic documents (eg. ECG or spirometry report) into a file that can be saved into a patient’s medical record.

Printers

Office-grade printers are available as inkjet or laser printers. While the cost of an inkjet printer is lower, the cost per page is higher. For a total lower cost over the life of a printer with regular use, consider purchasing a laser printer. Printer cartridges are expensive, so where possible maintain consistency across the practice. This also reduces the quantity of stock that needs to be kept on-hand.
Display screens
Electronic health records now have a large amount of information on display on a single page – requiring a widescreen display. Even better is a dual screen application that allows two programs or pages to display side-by-side. This is useful for managing multiple information sources as it allows you to view reference material (eg. Therapeutic Guidelines) alongside the patient’s clinical information.

Medical software
Choosing your clinical software requires some practice testing. You may default to a familiar program or do some research of your own. In addition to ease of use, the reliability of the program is important. To find out which software would be most suitable for your practice, it is recommended that you seek advice from other medical practitioners and software vendors.

Secure messaging
Integrating messaging into your medical software is a significant step towards improving efficiency in managing health information in your practice. Pathology and diagnostic results can be received by secure downloads. Contact your local providers who will have an IT person available to assist with the setup of the process. Once you have the process operational, you can eliminate the use of hard copies, as this generates a waste of paper and time. Increasingly, specialists are sending reports by a secure message service and you will need to be set up to receive this type of transmission. The same service can be used to send referrals direct to the specialist or other providers using a compatible program.

Practice Incentives Program – e-health incentive
The Practice Incentives Program (PIP) aims to encourage continuing improvements in general practice through financial incentives to support quality care, and improve health outcomes for patients. To be eligible to participate in the PIP, a practice must be accredited or registered for accreditation, against the RACGP Standards for general practices. Practices must achieve full accreditation within 12 months of joining the PIP and maintain full accreditation thereafter.

The PIP e-health incentive aims to encourage practices to keep up-to-date with the latest developments in e-health.

For further details on the e-health incentive, visit the Medicare Australia website at www.medicareaustralia.gov.au/provider/incentives/pip.

Healthcare identifiers
The National E-Health Transition Authority (NEHTA) is developing the infrastructure and adoption support for the roll out of Australia’s e-health strategy, including a national shared electronic health records system. Healthcare identifiers are one of the foundations of the national e-health system to support secure electronic communications across Australia’s healthcare system. Without this infrastructure, existing health networks have limited capacity to talk to each other.

Healthcare identifiers are a 16 digit number used to identify the patient, the healthcare provider and the location of the health service involved in a health event. Healthcare identifiers have been created to improve the security and efficient management of personal health information.
The healthcare identifiers are categorised as follows:

- **Individual Healthcare Identifier (IHI)** – allocated to all individuals enrolled in the Medicare program or those who are issued with a Department of Veterans’ Affairs (DVA) treatment card and others who seek healthcare in Australia.
- **Healthcare Provider Identifier – Individual (HPI-I)** – allocated to healthcare providers involved in providing patient care.
- **Healthcare Provider Identifier – Organisation (HPI-O)** – allocated to organisations that deliver healthcare (such as hospitals and medical practices).

A healthcare identifier is not a health record. Healthcare identifiers do not replace Medicare or DVA numbers and do not affect the way medical benefits are claimed.


**E-health and the RACGP**

The RACGP is contributing to the national e-health strategy by pioneering a range of electronic tools for use by GPs, including:

- **Computer and information security standards (CISS)**
- **gplearning portal** – online continuing professional development activities
- **Australian Family Physician** online
- **eRedbook** and other electronic guidelines
- an e-library including podcasts.


**Telehealth and videoconferencing**

From 1 July 2011, Medicare rebates and financial incentives have been available for telehealth services.

These new rebates are available for patients in eligible outer metropolitan, regional and remote areas, and in eligible aged care and Aboriginal medical services who access specialist care via video consultation. The new Medicare items cover a consultation between a patient and specialist where the patient may be accompanied by a GP or other support person on their behalf. To find out more visit [www.mbsonline.gov.au](http://www.mbsonline.gov.au).

The RACGP has developed the *Implementation guidelines for video consultations in general practice*, and a telehealth information sheet is available for download from the College website at [www.racgp.org.au/telehealth](http://www.racgp.org.au/telehealth). As an addendum to the RACGP *Standards for general practices* (4th edition), the RACGP has also developed the *Standards for general practices offering video consultations*.

**Email**

Email is an efficient way of communicating both internally and externally. For external emails, messages are not encrypted and do not meet the security requirements for exchanging health information regarding patients. It is important to use other formats such as secure messaging, faxes or paper. Most business communications can be managed in this way. Liaising (via email) with your bank manager, accountant or solicitor is made easier as you do not need to interrupt appointments or make repeated calls. Note that business communications by email should be treated as legal correspondence and be saved and backed up.
For further information refer to the RACGP CISS, pages 39–40, Section 3.6.1 Policies for the use of internet and email, and pages 40–41, Section 3.6.2 Procedures for the safe use of internet and email.

Website
A website is a marketing tool for your practice. It is easy to update and can store a great deal of information. More people, including the elderly population, are becoming internet users.

Obtaining a domain name for your practice presents a professional image to the public and can also be used for emails. Choose something that is easily repeated over the telephone. It is also a good idea to hire a web designer to design and compile your page.

Practice website policies are a specific aspect of internet policies that are increasingly relevant in general practices. It is important the information on practice websites is up-to-date and does not invite unsafe practices. For example, patients might wish to contact the practice via its website, so they need to be advised that sensitive clinical information should not be transferred in this way, and that there might be a delay in obtaining a response to their queries if they send a request in this way. The practice must abide by the Guidelines for Advertising of Regulated Health Services set by the Medical Board of Australia. For more information visit www.medicalboard.gov.au.

For further information refer to the RACGP CISS, pages 57–59, Section 3.12 Secure electronic communication, and the RACGP’s publication Good Practice, Issue 8, October 2011.

IT system maintenance
Your IT system will require ongoing maintenance, support and upgrades. This is best undertaken with a service contract using a company with general practice experience. Ask two to three providers to submit a tender to provide support and maintenance. Most support can be provided remotely, but there is still a need for the occasional site visit.

A service level agreement (SLA) is recommended. An SLA is a contract between the service provider and the practice that outlines the services the provider will deliver to the practice.

Key points to include in your SLA are:

- coverage for all servers, hubs, modems, workstations and printers
- agreed response times for urgent and routine matters
- preventative maintenance activities
- a confidentiality agreement
- management of data back up and trial restoration of data files
- monitoring of error logs
- maintenance of documentation of configuration and service performance
- installation of program updates.
2. *Business and financial set up*

2.1 *Financing a practice*

After assessing your options, arranging finance is the next step. Discuss your plans with a professional adviser, such as an accountant, and meet with your bank manager or finance broker to be informed of your options. Advice obtained before you have finalised an agreement may avoid unforeseen problems or allow you to more efficiently structure your affairs. Compare a range of lenders to understand their base lending rates, fees and other borrowing costs.

**Business finance**

A medical practice will at times need to use a range of financing methods. The type of finance depends on the purpose, the term required, security available and the degree of flexibility required. Usually the methods of finance are self finance, equity or debt. Putting your own cash assets into a business is one option and reduces the cost of operation, however most doctors starting out do not have sufficient capital to fund this from their own resources.

Equity finance involves providing a share of the practice to another party who then contributes capital. This occurs when a new partner is brought into a practice. It involves reducing your control of the practice so it is important that you choose equity partners carefully.

**Debt financing**

Debt financing is a common form of financing for a medical practice. It involves receiving funds from an external source with a commitment to repay the money and pay interest during the term of the loan.

There are a range of finance products that can be used to finance plans and equipment used to create income. These cover the acquisition of motor vehicles, practice equipment, furniture, computer hardware and other fittings necessary to carry on the business.

Working capital is required to provide for the day-to-day operation of the practice. It enables the practice to meet short term commitments, and there are a range of suitable products if you are unable to self fund the working capital, including credit cards, commercial bills and overdraft facilities.

Finance is provided as secured or unsecured finance. Unsecured finance is at higher risk and is therefore more expensive. If you provide security, the finance company will need you to provide some form of collateral.

2.2 *Business structures*

The choice of structure used to run your medical practice is important from a variety of aspects, such as legal risks, financing/capital requirements, ongoing costs and taxation implications.

Consult a business adviser or accountant on the most appropriate ways to structure your medical practice. Business and taxation law is complex and requires expert advice. Creating the best business structure at the outset allows you to maximise the financial success of your business, protect your assets and enable the inclusion of new business associates in the future.
Federal and state governments regulate how you conduct the business side of the practice. In particular, they want to ensure that you adhere to all business related legislative requirements.

In Australia, the most common business structures are:

- sole trader
- partnerships
- companies
- trusts.

The simplest business structure is a sole trader. It has lower costs to establish and run as there are less reporting requirements. The major disadvantage is that the owner has unlimited liability. Additionally, superannuation benefits are more limited for sole traders. Partnerships were common in the past but are now infrequent as there are usually better ways to structure the practice.

Medical practices frequently use a structure where the doctors form a professional firm (often as a company) and use a service entity (often as a trust). The service entity provides the nonmedical services to support the provision of medical services to patients. The service entity will employ staff, maintain the practice facility, power, telephone, computer services and provide the general running of the practice.

Trusts describe a legal relationship where a trustee is allowed to hold assets on behalf of one or more beneficiary. There are different types of trusts but commonly in medical practices, doctors set up a family trust to own and operate the service entity. Family members are the beneficiaries and receive income from the service entity trust. Always seek professional advice and keep clear documentation of all business arrangements.

If you are buying your practice property, you may use a trust or other entity different from the operator of the practice. Because the practice is commercial property, your superannuation fund may possibly own the property and may also be able to borrow money to acquire it. These are complex issues and require specialist advice from an accountant.

**Cost/profit sharing**

Where two or more doctors share a practice, a decision needs to be made as to how to set up a practice arrangement that is fair and equitable to all parties. The division of responsibilities and profits often causes animosity between stakeholders in running a practice. If all doctors are performing a similar amount of work, then an equal share of fees and service costs may be appropriate, noting disproportionate contributions may need to be rewarded to avoid friction.

The legal structure will require careful consideration before being appropriately documented. Partnerships between individuals or trusts are simple, but carry the burden of unlimited liability. A company and/or trust structure may be more appropriate to your circumstances than a partnership. Sometimes it may be desirable to conduct the ‘service’ aspect of the practice in a separate entity from the professional aspect.

The most appropriate structure will depend on the personal circumstances of the doctors involved and professional advice is recommended.
2.3 Business taxation

Understanding your taxation obligations

Tax file number
A tax file number (TFN) is assigned by the ATO and is used to identify the practice in transactions. You can apply for a TFN with the Australian Business Register online at www.abr.gov.au.

Australian business number
An ABN is required for a business to operate within the GST system. You can also apply for an ABN with the Australian Business Register online.

Free help is also available through the ATO who will send an officer to visit you to explain items of interest to you. This can help you understand tax issues such as GST, employer obligations for pay as you go (PAYG), superannuation guarantee and FBT. To arrange a visit, telephone 13 28 66.

PAYG withholding
As an employer you are required to deduct tax from the pay of your employees. This tax is referred to as PAYG withholding.

The amount you need to withhold is listed in tables for a range of pay periods at www.ato.gov.au/taxtables.

You can register for PAYG withholding at the Australian Business Register online.

Goods and services tax
Businesses with a minimum GST turnover (currently $75 000) per annum are required to be registered for GST.

Superannuation guarantee contributions
An employer has an obligation to pay certain statutory minimum superannuation guarantee (SG) contributions based on a percentage of the employee’s wages. Further information on SG contributions requirements and forms are available on the ATO website.

For practices with less than 20 employees, Medicare Australia provides a Small Business Superannuation Clearing House that allows you to make a single payment for superannuation. This money is forwarded by Medicare to each employees’ super fund without the need to make multiple payments.

Payroll tax
Payroll tax is a state based tax levied on the total wages paid by a business or a group of related businesses. States and territories have different thresholds and rates. Information and calculators are available from the local state or territory revenue office. While you may have one entity employing doctors and another employing other staff, the revenue office may decide to group them all together for the purposes of payroll tax. This can increase your tax liability. Engaging doctors as independent contractors may reduce liability to payroll tax but care should be taken to ensure they can truly be categorised as ‘independent contractors’, otherwise substantial penalties may be incurred. Specialist advice is recommended.
Income tax
Apart from business taxes (including taxes levied on a company’s net income), individuals who are residents of Australia for tax purposes are required to pay income tax. The rates are described as being ‘progressive’, which means as your taxable income increases through a series of bands, the amount of tax paid on each $1.00 earned increases. Rates are available on the ATO website.

Capital gains tax
When you buy or sell an asset, a capital gains tax (CGT) event is triggered. For example, starting a practice will normally trigger a CGT event. Keeping proper records is important and necessary. Specialist advice is recommended.

Depreciation
Assets may be eligible for a tax deduction based on the depreciated value. A concession is available for small businesses that meet certain criteria. Recording assets in an asset register will allow you to keep track of the cost base and the depreciated value.

Fringe benefits tax
Where you provide benefits to an employee such as the use of a work car or a holiday house, these may be taxable. The FBT year runs from 1 April to 31 March each year. Your annual FBT return must be lodged with the ATO by 21 May. You are required to register for FBT if you have any FBT liability. Some items are exempt, including laptop computers, mobile phones (provided mainly for work), briefcases and tools of trade. These are provided as a general guide and you should check with your accountant.

2.4 Setting practice fees
Your practice strategy and success will be largely dependent on the development of a pricing strategy that optimises the demand for your service with your capacity to provide professional services. The current high rate of bulk billing means that for many GPs the government's Medicare Benefits Schedule (MBS) price and simple ‘no cost to the patient’ approach is widely expected by the community and often adopted.

If you have decided to have a bulk billing practice, you do not need to read this section further.

Private billing
Private billing involves setting a practice fee schedule that is fair and reasonable and does not inhibit demand to the extent that you are under booked.

In determining your practice fee schedule, consider how other practices are billing. What is the availability of bulk billing in the area? What is the reputation of the GPs and how long have they been practicing in the community?

Long established GPs usually have considerable loyalty and goodwill from their patients who may well accept the long waiting times and reduced availability. Doctor-patient ratios provide information about the potential demand for additional GPs. Look for areas above a ratio of 1:1200. Waiting times for appointments longer than 2 weeks and GPs who have closed books (not accepting new patients) are indicators of unmet demand.
Calculate fees by conducting a bottom up analysis. Start with what is a reasonable profit/salary – this can either be a fixed amount such as $170 000 per annum including superannuation, or a percentage of fees (eg. 60%). An accurate estimate of your operating costs will be difficult when you are getting started. A guide is approximately $10 000 per month per GP (with a variation plus or minus 30%) plus rental costs of $1500 per month per GP ($11 500 x 12 = $138 000). This will give a gross income target of $308 000 ($170 000 plus $138 000).

Table 2. Example of costs

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>$308 000</td>
</tr>
<tr>
<td>Overheads</td>
<td>$138 000</td>
</tr>
<tr>
<td>Profit (the bottom line)</td>
<td>$170 000</td>
</tr>
<tr>
<td>Super (9%)</td>
<td>$14 000</td>
</tr>
<tr>
<td>Net profit after tax and super</td>
<td>$108 000</td>
</tr>
<tr>
<td>Net income (per week)</td>
<td>$2000</td>
</tr>
<tr>
<td>Days worked per year*</td>
<td>230</td>
</tr>
<tr>
<td>Services per day*</td>
<td>28</td>
</tr>
<tr>
<td>Services per annum</td>
<td>6440</td>
</tr>
<tr>
<td>Average fee</td>
<td>$47.83</td>
</tr>
</tbody>
</table>

*Assumptions used in this calculation are as follows:

- the GP takes 4 weeks annual leave and the practice is closed on the 10 public holidays per year
- the GP consults for two sessions each weekday with 7 hours of patient contact followed by 2 hours of non contact work
- as the practice owner, expect 1 hour per day managing the practice.

This will result in a 50 hour week, typical for most practice owners. You will also be taking on the financial and legal risks associated with operating a medical practice. This will achieve a pay rate of $68 per hour.

Note that if you aim to retain 60% of your fees in the above scenario, you would need to reduce your overheads by $15 000 or increase the fees generated by $37 000. To achieve this you will need to work more hours, see more patients per hour, change the ratio of contact to non contact work, or increase your fees.

When you start a practice you will not be fully booked for some time. To make the transition, consider ways you can keep your overheads as low as possible in the start up phase. Also look at how you may supplement your income by providing sessional work elsewhere in the interim.

Anti-competitive behaviour

Care needs to be taken in setting fees within a practice and holding discussions about fees with doctors from neighbouring practices. Agreeing with other medical practices on the fee for a particular service is prohibited by the Australian Competition and Consumer Commission (ACCC). Doctors who are effectively working for a medical practice company can agree on fees. However, independent medical practitioners that work in the same practice (using services provided by a service company or trust), must be able to demonstrate they have established their fee independently and without collusion.
Mixed billing strategies
Many practices use mixed pricing strategies. A common approach is to reduce the fee (discount) or bulk bill patients with:

- government issued concession cards
- in special groups, such as children under age 16
- for particular services, such as chronic disease management or childhood immunisations.

Some practices bill for premium services, such as after hours attendance or home visits or for procedures.

What you can’t do when you bulk bill
Read the MBS carefully. When you bulk bill, it means you are accepting the assignment of the patient’s Medicare rebate as being the full payment for that service. If you bulk bill a service, you cannot charge any additional fees such as a facility fee or cost of dressings. An exception: You can charge for vaccines supplied by the medical practice (excluding vaccines provided at no cost by the government).

Advising patients about fees
It is both good business and a consumer requirement that patients know about fees in advance. The principle of informed financial consent requires that GPs make sure patients know the likely fees prior to the provision of the medical service. A notice displayed clearly at reception should explain the usual fees for services. Where additional services may be provided there needs to be an explanation of what it will cost.

The Medicare Benefits Schedule
The MBS is a listing of Medicare services subsidised by the Australian Government. The schedule is part of the wider MBS which is managed by the Department of Health and Ageing (DoHA) and is administered by Medicare Australia. Currently, the schedule outlines all Medicare Item numbers for GPs, specialists and other health practitioners. The RACGP has developed an MBS fee summary to provide RACGP members with a quick and easy reference to item numbers and billing costs relevant to general practice. The summary is available at www.racgp.org.au/your-practice/business/billing.

Fees and relationship to the MBS
The Medicare rebate is an insurance rebate and many GPs will set their fees with some relationship to the MBS fee. This may be a fixed amount such as $20 or $30 above the rebate or as a percentage of the MBS schedule fee (eg. 130% of the schedule fee). The advantage of the fixed amount is that it gives certainty to the patient about their gap payment. With most practice software programs this option is not available; whereas it is possible to use a percentage of the MBS. This avoids time in manually entering the practice fee schedule for each item.

Typically, the amounts in the MBS are indexed each November. Most GPs who privately bill adjust their fees at the same time. As the government indexation is less than the consumer price index (CPI) or the cost increases experienced by medical practices, the gap charged is getting wider. Gap amounts are frequently from $20 to $50 and sometimes more for procedures and longer consultations. For practices that privately bill, usual practice is to simply display the new fee schedule in the waiting area.
2.5 Managing the money

Managing the money in to and out of the practice is usually outside most doctors’ skill set. Practice accounting requires an understanding of some basic accounting processes. Most practices expect payment on the day of services. Practices that bulk bill can expect the Medicare benefit to be paid to their account within a few days. Third party payees (insurance companies, employers, solicitors) typically pay on a 30 day pay cycle unless you request other terms.

Accounts receivable

Accounts receivable refers to money due to be paid to your practice. In most situations, you should aim for payment on the day.

When you provide bulk billing, in addition to getting the patient to sign the form, you need to submit a claim to Medicare Australia. Understanding the Medicare claim requirements will reduce rejection rates.

Practice management software will automatically create a batch. These are electronically submitted to Medicare. You will need to nominate a senior staff person to do this at regular intervals. Payment is received within 2–3 days into your nominated bank account. You need to submit the bank details to Medicare via a form available on the Medicare website.

Pay group link

A pay group link enables a practitioner to have Medicare benefit cheques, which would have been issued payable to that practitioner at his/her practice address, made payable to another payee associated with the practice and/or another address. Where the payee is a third party, the payee (or person properly authorised in the case of a body corporate or other entity) must agree to the arrangement by counter signing the application form.

Most patients pay using some form of credit or debit card, and using EFTPOS facilities will simplify the payment process. A smaller number of people will pay by cash. This requires that a sufficient amount of change is in the cash drawer. Payment by cheque should only be accepted from well known patients, as it has a higher risk for default.

Where payment is not made within a suitable time frame, the practice will need to institute a debt management policy (the written guidelines for the practice’s credit terms and debt recovery). Most practices will use 30/60/90 day statement of accounts to request payment.

Accounts payable

Nominate a person to manage outgoing payments from the practice. This is typically the practice manager or, in larger practices, a book keeper. Online payment systems have become the most common systems used for all billing requirements.

The person who manages the accounts payable needs to be able to verify that the account for goods or services is valid. Other businesses do make errors with their accounting processes so they can bill you incorrectly. Relying on the information they present without verifying its accuracy is poor practice. For practices where there is no previous business experience, obtain advice from your accountant to set up robust accounting systems.

Accounting software such as MYOB or QuickBooks are frequently used to manage the accounts payable aspect of the practice. These programs collect GST information to assist in the production of a Business Activity Statement (BAS) required either monthly or quarterly by the ATO.
### Banking

Avoid keeping large amounts of cash on the premises by banking regularly. Your bank will provide bags into which you place your cash and cheques for banking. This amount needs to be recorded and signed in a register before being taken to the bank. The amount will then be reconciled by checking your bank statement to verify the same amount was deposited at the bank.

Medicare patient payments need to be batched and transmitted to Medicare electronically. The amount can then be reconciled against your bank statement.

EFTPOS machines will print out an end-of-day report that can also be checked on your bank statement. Your bank will provide an EFTPOS terminal. This will require a dedicated phone line. The installer will explain how to use it and print end-of-day reports. The bank will charge a merchant fee for the use of their service, which is around 2.25% for Visa or Mastercard but higher for American Express or Diners Club.

Business banking packages are available from most banks and include EFTPOS facilities.

### 2.6 Budgeting for your practice

Setting up a new practice is a business investment. Beyond the costs of securing suitable workspace, there is an investment in developing the business from an operational perspective. Depending on your location and business model, it will take some time before the practice settles into a regular rhythm. Your patient list will take some time to develop. In Australia, the freedom of patients to pick and choose means some patients will attend only once or twice and others will attend for some problems, but have alternative doctors for other issues. Being able to know your patient list is consequently difficult, particularly for a new practice.

At the commencement of the practice, there are a set of initial establishment costs that will reduce after a period. Other costs may increase with the service volume. This section intends to provide you with some tools and ideas on how to budget for these aspects, including how to allocate your own and borrowed financial resources and how to avoid cash flow difficulties.

If a business has assets and excellent growth potential but does not have the cash to meet short term commitments, it will fail. Small business failure is common (around 7–10%) per annum and has a high impact on the owners and employees, as well as the business creditors. The most common reason quoted in a range of studies is management failure – chiefly related to financial management. Hence good financial preparation for your set up is a critical determinant for success.

Financial controls are required by all businesses. The budget is one of the financial control processes that allow planning for future income and expenses. This is difficult in the start up of a practice but is important nonetheless. Contact your accountant for advice. The budget is progressively compared against actual expenditure. Detecting variations from budget as early as possible increases your ability to manage any financial issues.
Business income
Starting out, practice income will be low for some months. It should be expected that during the first 3 months you will be operating at less than 50% of your capacity. This means your fee income may not be sufficient to meet your expenses (overheads). Practice incentive payments use a model that is retrospective in assessing work done. The Standardised Whole Patient Equivalent (SWPE) measures are based on a 12 month reference period that commences 16 months before the payment. Therefore it is not until 16 months of operation that a practice will be recognised for a full 12 month period of work done. Even then, during the growth phase, the SWPE will be less than average. Consequently, for most PIP incentives there is little income in the first 18 months. Payments are made in February, May, August and November. The exception is for the new Practice Nurse Incentive Program (PNIP) payment where a default minimum allocation of 1000 SWPE will be used for new practices during their first 18 months of operation.

The transition in setting up a practice may be eased by continuing some work elsewhere while practice numbers build up. Many GPs in this period undertake after hours and sessional work elsewhere to supplement the practice income. For this reason, a minimum of two GPs can more readily start up a practice than a solo GP. Taking over an existing practice can provide a more regular workload than starting afresh.

Business expenses (overheads)
The following section will provide examples of typical expenses incurred when setting up a practice.

Staff expenses
In medical practices, the staffing cost is the most significant expense, typically accounting for 50–60% of the business overheads. Careful staff selection is important, as employing the wrong person for the job will add to your costs. Consider how you might use a mix of permanent and casual hours to allow you to adjust employees’ hours of work according to demand. Practice nurses will be valuable employees when working at capacity, and may be engaged after the first few months of practice set up. Employing a nurse on a casual basis during this time might be a suitable compromise. Outsourcing some work, such as book keeping, cleaning and sterilising are other ways of being able to monitor and control costs in the early stage of the practice.

Staff costs are typically 25% greater than the hourly rate to cover superannuation, insurance and leave entitlements (based on staff in full time employment). For pay rate information visit the Fair Work Australia website or call 1300 799 675.

Use Table 3 to estimate practice wage costs.
Occupancy costs
Leasing or renting premises can lower your outgoings in the short term. It may be possible to negotiate with the landlord to provide a rent free period in the first 3 months. Over the longer term, practice owners often want to have more control over their premises by purchasing property. It is also an effective investment vehicle.

Marketing costs
For a new practice, marketing is necessary to increase community awareness. This may include using a range of media such as advertising in local papers, direct delivery letterbox flyers, radio, TV and internet. Listings in business directories such as Yellow Pages® and White Pages® are expensive but need to be considered as part of the marketing process. A practice website and domain name add to the overheads but are also valuable marketing tools. It requires that you make an assessment of the marketing investment required and the effective return.

Medical supplies
A balance is required between carrying a broad range of stocks to cover most needs and the cost of holding those stocks. If you are bulk billing a patient, you cannot charge for material used (the exception is vaccines purchased by the practice). Careful stock management will help keep your overheads down. Add a mark up to the purchase of supplies that are sold to patients to cover your purchasing and stocking costs. Compare the prices charged by pharmacies to get a reference for your pricing. An approximate mark up of 20–25% is used in many medical practices.

Table 3. Template: estimate for wage costs

<table>
<thead>
<tr>
<th>Positions</th>
<th>Hourly rate</th>
<th>Hours per week</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>GP</td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Practice nurse</td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Medical receptionist</td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Administration/book keeper</td>
<td></td>
<td></td>
<td>$</td>
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<tr>
<td>Practice manager</td>
<td></td>
<td></td>
<td>$</td>
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<tr>
<td>Other</td>
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<td>Subtotal</td>
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<td>Loading 25%</td>
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<tr>
<td>TOTAL</td>
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<tr>
<td>Monthly</td>
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</tbody>
</table>
### Table 4. Expense example for the first 18 months (based on real figures provided by Dr Neville Steer)

<table>
<thead>
<tr>
<th>Month</th>
<th>01</th>
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<tbody>
<tr>
<td>Total expenses</td>
<td>560</td>
<td>60</td>
<td>66</td>
<td>259</td>
<td>302</td>
<td>279</td>
<td>352</td>
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</tr>
</tbody>
</table>
Table 5. Template: practice cash flow budget

<table>
<thead>
<tr>
<th>Item number (top 8)</th>
<th>Fee</th>
<th>Services per month</th>
<th>Fees generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>$30</td>
<td>1</td>
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</tr>
<tr>
<td>23</td>
<td>$60</td>
<td>120</td>
<td>$7200</td>
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<tr>
<td>36</td>
<td>$90</td>
<td>20</td>
<td>$1800</td>
</tr>
<tr>
<td>44</td>
<td>$120</td>
<td>2</td>
<td>$240</td>
</tr>
<tr>
<td>721</td>
<td>$160</td>
<td>2</td>
<td>$320</td>
</tr>
<tr>
<td>723</td>
<td>$130</td>
<td>2</td>
<td>$260</td>
</tr>
<tr>
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<td>1</td>
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</tr>
<tr>
<td>2712</td>
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<td>1</td>
<td>$90</td>
</tr>
<tr>
<td>Excision</td>
<td>$120</td>
<td>3</td>
<td>$360</td>
</tr>
<tr>
<td><strong>Average fee</strong></td>
<td>$68.42</td>
<td>152</td>
<td>$10 400</td>
</tr>
</tbody>
</table>

**Bulk billing**

<table>
<thead>
<tr>
<th>Item number (top 8)</th>
<th>Fee</th>
<th>Services per month</th>
<th>Fees generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>$16.30</td>
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<td>$16.30</td>
</tr>
<tr>
<td>23</td>
<td>$35.60</td>
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<td>36</td>
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<tr>
<td>44</td>
<td>$101.55</td>
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<td>$203</td>
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<td>721</td>
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<td>$109.95</td>
<td>2</td>
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<td>2715</td>
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<td>1</td>
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</tr>
<tr>
<td>2712</td>
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<td>1</td>
<td>$69</td>
</tr>
<tr>
<td>Excision</td>
<td>$100</td>
<td>3</td>
<td>$300</td>
</tr>
<tr>
<td><strong>152</strong></td>
<td>$52.02</td>
<td>122</td>
<td>$1082</td>
</tr>
<tr>
<td><strong>Average fee</strong></td>
<td>$52.02</td>
<td>152</td>
<td>$7908</td>
</tr>
</tbody>
</table>

**Concession card billing**

<table>
<thead>
<tr>
<th>Item number (top 8)</th>
<th>Fee</th>
<th>Services per month</th>
<th>Fees generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>$20</td>
<td>1</td>
<td>$20</td>
</tr>
<tr>
<td>23</td>
<td>$50</td>
<td>120</td>
<td>$6000</td>
</tr>
<tr>
<td>36</td>
<td>$80</td>
<td>20</td>
<td>$1600</td>
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</tr>
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<td>723</td>
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<td>2715</td>
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<td>$80</td>
</tr>
<tr>
<td>2712</td>
<td>$110</td>
<td>3</td>
<td>$330</td>
</tr>
<tr>
<td><strong>Average fee</strong></td>
<td>$58.42</td>
<td>152</td>
<td>$8880</td>
</tr>
</tbody>
</table>

*Concession card fee has been calculated by discounting the private billing item number fee above by $10

**Overall average fee**

<table>
<thead>
<tr>
<th>Fee</th>
<th>Services per month</th>
<th>Fees generated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall average fee</strong></td>
<td>$59.62</td>
<td>456</td>
</tr>
</tbody>
</table>
In Table 5, the overall average fee has been calculated by using a profile of one-third each of privately billed, discounted fees for card holders and bulk billing. Example fees have been provided, although you are encouraged to do fee modelling yourself. Consider a range of variables, including how many patients you might see in a full bulk billing model, how many of these may be eligible for a bulk billing incentive, and how bulk billing encourages service demand. Bulk billing requires higher volume practice to be profitable.

3. Human resources

3.1 Employing practice staff

Employing the right staff mix of skills, knowledge and competency will have a major influence on the quality of service provided to patients in your practice. You will need to build the right team to achieve your practice’s objectives. Remember, the first impression for patients will be your staff. A poor staff selection can have a negative affect on performance, morale, operations costs and may contribute to a range of conflicts. Positive staff selection, by identifying the right person and the right distribution of resources to support the position, is a powerful component of providing quality patient centred service.

You will need to think about and prepare a comprehensive list of all the primary care services which your practice may deliver, and the tasks that need to be performed in the practice to deliver the services. Table 6 is a worked example of a practice team.

Table 6. Example: practice team

<table>
<thead>
<tr>
<th>Practice services</th>
<th>Role/title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical services</td>
<td>General practitioners</td>
</tr>
<tr>
<td></td>
<td>Practice nurses, nurse assistants</td>
</tr>
<tr>
<td></td>
<td>Allied health professionals</td>
</tr>
<tr>
<td>Administrative services</td>
<td>Receptionist, accounts manager, payroll officer, book keeper</td>
</tr>
<tr>
<td>Business services</td>
<td>Business manager</td>
</tr>
<tr>
<td>Operational services</td>
<td>Practice manager</td>
</tr>
<tr>
<td>IT/software services</td>
<td>IT consultant</td>
</tr>
<tr>
<td>Multicultural services</td>
<td>Multicultural health workers and/or indigenous health workers</td>
</tr>
</tbody>
</table>

When starting a practice, your investment in staff is important and often contributes to a high percentage of your practice running costs. Managing rosters for staff requires a balance between the fluctuations in patient demand and the tasks at hand. In some smaller practices staff may do more multi-tasking, whereas in a larger practice there may be opportunity to shape specific roles.

Employment laws

Employing staff is a serious responsibility and employers are required to observe and adhere to employment legislation. Many employees in Australia are covered by the *Fair Work Act 2009*, and practice staff will be covered by the national workplace relations system if they are:

- employed in Victoria, Northern Territory or the ACT
- sole traders or partnerships in NSW, Queensland, South Australia and Tasmania
- employed by companies.

Western Australia has not joined the national workplace relations system, so sole traders and partnerships are covered by state workplace legislation.

The national workplace relations system requires compliance with:

- the National Employment Standards (NES)
- modern awards (for specific industries and occupations)
- protection from unfair dismissal.
Starting a medical practice

Please note that legislation and policies continue to change and evolve, and will vary based on each state and territory. It is important to be regularly informed of the latest changes. Contact your professional organisation for access to up-to-date information and subscriber services as well as industrial advice.

For further information regarding employees and legislation, you may wish to also visit the following websites:
- Fair Work Ombudsman – www.fairwork.gov.au
- Department of Education and training – http://education.gov.au
- Department of Employment – http://employment.gov.au

National Employment Standards

The National Employment Standards (NES) are set out in the Fair Work Act 2009 and comprise 10 minimum standards of employment. The NES provide employees with certain minimum terms and conditions of employment, including leave entitlements, flexible work arrangements and public holidays. Further information is available from the Fair Work Australia website at www.fairwork.gov.au.

In summary, the NES outlines the following entitlements:
- maximum weekly hours of work
- individual flexible working arrangements
- leave entitlements:
  - parental leave and related entitlements
  - annual leave
  - personal/carer and compassionate leave
  - community service leave
  - long service leave
- public holidays
- notice of termination and redundancy pay.

As of 1 January 2010, all employers covered by the national workplace relations system have an obligation to give each new employee a Fair Work Information Statement before, or as soon as possible after, the employee starts employment. A Fair Work Information Statement is available to download from the Fair Work Ombudsman website at www.fairwork.gov.au/employment.

Modern awards

Modern awards are industry or occupation based minimum employment standards which apply in addition to the NES. They were created to establish one set of minimum conditions for employers and employees across Australia who are employed in the same industries and occupations. The medical practice must either comply with all of the provisions in the relevant award or have in operation an approved workplace agreement. Advice should be sought from Fair Work Australia.

There are currently three modern awards applicable to general practice:
1. Medical Practitioners Award 2010 (code number MA000031)
2. Health Professional and Support Services Award 2010 (code number MA000027)
3. Nurses Award 2010 (code number MA000034).

Practice staff whose primary responsibilities do not fall within the categories listed above may be classified under a different award. Copies of awards can be found on the Fair Work Ombudsman website at https://www.fairwork.gov.au/awards-and-agreements/awards/list-of-awards.
Independent contractors

An independent contractor (such as a GP, nurse or book keeper) may work within a general practice. While determining the difference between an independent contractor and an employee is important, it is not always straightforward. It is recommended that you seek legal advice to avoid costs and penalties associated with inappropriate contracts. Inappropriate contracts can occur when someone is engaged as an independent contractor, and are therefore not paid superannuation, annual leave, long service leave, or sick leave, but are deemed by law to be, in truth, an employee. If the relationship is one of employer and employee, additional costs and penalties will be incurred by the practice.

The Fair Work Australia website provides information to indicate the difference between an employee and an independent contractor. The Australian Government’s business website (www.business.gov.au) has also developed a contractor decision tool, general employment information and templates.

Compliance – Small Business Fair Dismissal Code

A small business with less than 15 employees based on head count, will be required to provide evidence of compliance with the Small Business Fair Dismissal Code, if an employee makes a claim for unfair dismissal to Fair Work Australia. Evidence may include a completed checklist, copies of written warning(s), a statement of termination or signed witness statements.


Workplace laws

All employers are required by law to create a workplace that is free from discrimination, harassment and bullying. A range of federal and state laws and acts set out the responsibilities of employers, currently including:

Federal jurisdiction:

- Australian Human Rights Commission Act 1986
- Age Discrimination Act 2004
- Disability Discrimination Act 1992
- Equal Employment Opportunity Act 1987
- Equal Opportunity for Women in the Workplace Act 1999
- Racial Discrimination Act 1975
- Sex Discrimination Act 1984
- Work Health and Safety Act 2011


State jurisdiction

The Australian Government’s business website includes employment information and provides links to workplace laws in each state and territory. Visit www.business.gov.au and go to the ‘Employing people’ tab.

Privacy Policy

Recruitment and selection of practice staff

To ensure the overall success of the recruitment and selection of staff, it is suggested that you first discuss your staffing needs and proposals with a reputable employment agency or human resources (HR) specialist, preferably with experience in staffing medical practices and primary healthcare facilities.

The employment of staff should not be a reactive process, as good recruitment is about being proactive, examining the work flow and job roles, and aligning roles with the overarching goals and objectives of the practice.

In starting a medical practice, you will need a recruitment strategy. The generic components of a recruitment strategy are described in Figure 2.

Figure 2. Generic components of a recruitment strategy in general practice

Prepare a list of the services that you intend to deliver in the practice and their relationship to the position, for example, chronic disease management and preventative activities.

- Chronic disease management may involve: self management programs, behaviour change programs, health risk assessments, telephone consultation (telehealth), disease specific programs and home visits.
- Disease prevention/health promotion may involve: yearly health examinations, immunisation, community education and health screenings for specific diseases.

Development of a staffing requirements plan, including:

- workflow and job analysis to identify the individual aspects of each job and to consider the balance between immediate patient demand and future staffing needs of the practice
- development of position descriptions (describing duties, working conditions, other key aspects of the job).

Development of job specifications (describing the skills, knowledge, abilities, qualifications and prior experience required to perform a particular job) and competency profiles.

Determine the practice’s ability to pay salaries and benefits (refer to Section 2. Business and financial setup).

Identification of potential job candidates

- Development of a list of recruitment and selection processes, this may include:
  - criteria and procedures for the initial screening of applicants
  - criteria for long and short listing of applicants
  - criteria and procedures for interviewing and selecting applicants
  - development of interview questions and criteria for scoring applicants
  - results of reference checks.

Evaluation of the recruitment strategy’s effectiveness, for example, an analysis of the number of applicants referred, interviewed, selected and hired.
Recruitment

Recruitment involves locating and attracting appropriately qualified people to apply for a position in your practice. Vacancies may be advertised in a number of ways, and it is important to consider all the appropriate methods of reaching job applicants, for example:

- electronic advertising (eg. internet, audio, visual media)
- printed advertising (eg. newspapers, magazines, journals)
- internal practice website (eg. newsletters, e-memoranda)
- employment agency
- direct applications
- graduate recruitment
- resume databases
- personal referrals.

Selection

Selection is the identification of appropriate candidates. After receiving a group of applications you will need to sort through the potential employees. Their application and resume will determine how well they meet the selection criteria. A selection process may include:

- individual or panel interviews
- testing applicants’ ability to perform relevant tasks
- reference checking.

Equal Employment Opportunity

There are laws to protect employees and prospective employees from job related discrimination. During recruitment and selection, it is essential for employers to abide by the legislative requirements. Equal Employment Opportunity (EEO) requires that no applicant is treated less favourably or unfairly because of characteristics unrelated to the job requirements because of their gender (and related issues such as family or carers responsibilities), disability, race, age or religion.

Discrimination

Discrimination can occur during the recruitment and selection process when a person is treated unfairly or differently from others because of personal characteristics that are not relevant to the requirements of the job. For further information refer to the Australian Human Rights Commission at www.hreoc.gov.au.

Position descriptions

Before you start looking for staff, you need to think through and document the requirements and responsibilities of the role in a position description.

It is important for all GPs and their staff to have documented position descriptions. The position description describes the duties, working conditions and other key aspects of the position, and refers to the skills, knowledge, abilities, qualifications and prior experience required to perform a particular job. For further information on the topics discussed in this section refer to the following:

- The RACGP Employer guide (3rd edition) provides practical support in the form of tools and information, to assist GPs and their practice teams. This publication is due for release in 2012. For more information visit www.racgp.org.au/practicesupport/guides or register your interest at practicesystems@racgp.org.au
- The RACGP General practice management toolkit – Module 8 Managing staff.
3.2 Staff remuneration

The NES and modern awards are detailed in Section 3.1, Employing practice staff. In most Australian states and territories there are award rates that provide a minimum rate of pay for a range of classifications. Please note that employment awards continue to change and evolve, and that conditions will vary based on your employment status and your state or territory.

Pay rates

Remuneration in general practice varies depending on the practice’s cost structure and commitments of the practice.

The Australian Association of Practice Managers’ (AAPM) Salary Survey has found many factors influence the salary levels of practice staff – it may be location, membership of professional bodies, educational standards achieved, or practice size. Since commencing the survey in 2005, data suggests an increasing trend for practices to engage a business manager as well as a practice manager. The practice manager tends to be more operational, while the business manager more strategic and focused on improving business performance. The AAPM Salary Survey is available for purchase at www.aapm.org.au.

For further information on pay rates and calculations, employers are encouraged to contact their local general practice professional associations. Please note: organisations such as AAPM, General Practice Registrars Australia (GPRA), Australian Medical Association (AMA) and the Australian Practice Nursing Association (APNA), provide templates and guides specific to the positions.


Ensure you check the most recent award and correct pay point and grade.

Paying staff in accordance with the appropriate award

Awards are listed on the Fair Work Commission website at www.fwc.gov.au. Staff are categorised as full time, part time or casual.

Full time employees:
- work 38 hours per week on average.

Part time employees:
- work less than 38 hours per week on average
- have reasonably predictable hours of work (eg. they are on the roster for Thursday and Friday each week)
- are entitled to the terms under the award on a pro-rata basis (for full time at 38 hours per week).

Provide part time employees with the days they are required to work in writing. Include start and finish times each day and the number of hours worked. The minimum rostering per day is 3 consecutive hours.

Casual employees:
- are engaged on an hourly basis up to 38 hours per week
- are paid on an hourly basis at the weekly salary rate prescribed for the class of work performed – additionally a percentage loading will also be paid in lieu of paid leave entitlements
- are entitled to the minimum period of engagement of 3 hours (with the exception of a cleaner, who can be engaged for 2 hours).

If an employee has predictable hours they become part time employees regardless of any other agreement.
Ordinary hours of work

It is important to understand ‘ordinary time’, as when it is exceeded, penalty rates or loadings apply. The ordinary hours of work for full time employees is an average of 38 hours per week in a fortnight or 4 week period. The maximum ordinary hours per day (excluding meal breaks) is 10 hours. In a private medical practice the span of hours for ordinary time for administrative staff is between 7.30 am and 9.00 pm Monday to Friday, and between 8.00 am and 4.30 pm on Saturday. For nurses, the span of hours for ordinary time is between 6.00 am and 6.00 pm Monday to Friday.

When employees work outside their ordinary hours on any day, they are to be paid an extra 50% on their hourly rate for the first 2 hours and double time thereafter.

A fortnightly roster needs to be displayed in a place conveniently accessible to employees such as the tearoom (or sent by email.) You need to publish it at least 2 weeks ahead of commencement of the period to which it applies. A change in roster necessary for the smooth operation of the practice can be changed with 7 days notice or at any time if another employee is absent due to illness or an emergency.

Meal breaks between 30 and 60 minutes must be provided for all staff who work in excess of 5 hours. The meal break time is unpaid. A tea break of 10 minutes must be provided in each 4 hours worked and is counted as time worked.

Public holidays

In Australia, public holidays are listed by each state or territory government and there are some small differences between states (check www.australia.gov.au). Staff required to work on public holidays are paid double time and a half.

Annual leave

Full time employees are entitled to 4 weeks annual leave per year, and part time employees are entitled to the pro-rata equivalent. Employees are also entitled to an annual leave loading of 17.5% of their ordinary rate of pay.

Motor vehicle re-imbursement

An employer may approve that employees use their privately owned motor vehicles for the performance of their duties. In such cases reimbursement of costs are determined by the appropriate ATO rates.

Pay cycles

Administration staff will usually be paid weekly or in some practices, fortnightly or monthly. Nurses must be paid fortnightly unless they have otherwise agreed to a maximum of a monthly payment.

Superannuation

The employer must make a superannuation contribution according to legislation (currently 9% of ordinary time earnings). This amount must be paid at least 4 times per year and within 28 days of the end of each quarter.

Employees who want to make additional contributions to superannuation can make a salary sacrifice into their nominated superannuation fund. This contribution must be paid to the fund within 28 days of the pay period to which it applies.

Note: there are limits to the amount an employee can contribute to superannuation and remain within the concessional contributions limits (check with www.ato.gov.au).
Pay slips

Employers need to provide a pay slip to each employee within 1 working day of their pay day. This can be as a hard copy or in electronic form (email attachment).

Pay slips must include the following minimum information:

- the name of the employer (eg. Fantastic Medical Pty Ltd)
- employer’s ABN
- date of payment
- pay period (eg. 1/7/2011 to 14/7/2011)
- gross and net amount of pay
- loadings and other entitlements that can be itemised
- if paid by an hourly rate, the ordinary hourly pay rate, the number of hours worked at that rate and the amount of pay for that rate
- where the employee is paid an annual rate (salary), the rate as at the last day in the pay period
- any deductions made including the amount and details of each deduction
- superannuation contributions and the name and number of the fund to which the contribution is made.

Managing payroll

Software programs are available to simplify payroll management. Examples include:

- MYOB integrated accounting and payroll
- Quickbooks (integrated accounting and payroll)
- Quicken Payroll (a stand alone payroll package).

You may choose to outsource your payroll management. Options include a local book keeping service with payroll experience (check the Yellow Pages®) or a larger enterprise that does this work online on a national basis. This type of work lends itself to outsourcing, as for a small business there is a lot of detailed knowledge required for a small amount of data entry.

Figure 3 shows an example of a pay slip.
### Figure 3. Example: pay slip template

<table>
<thead>
<tr>
<th>Date of payment</th>
<th>Pay period</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Employee’s name**

**Employer’s name**

**Employer’s ABN**

**Ordinary hourly rate:** $ and/or annual rate (salary): $

<table>
<thead>
<tr>
<th>Wages – worked at ordinary hourly rate</th>
<th>hrs</th>
<th>@ $......... (rate)</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penalty rate 1 (eg. Saturday/evening rate):</td>
<td>hrs*</td>
<td>@ $......... (rate)</td>
<td>$</td>
</tr>
<tr>
<td>Penalty rate 2 (eg. public holiday rate):</td>
<td>hrs*</td>
<td>@ $......... (rate)</td>
<td>$</td>
</tr>
<tr>
<td>Overtime</td>
<td>Hours*</td>
<td>@ $......... (rate)</td>
<td>$</td>
</tr>
<tr>
<td>Shift loading</td>
<td>Hours*</td>
<td>@ $......... (rate)</td>
<td>$</td>
</tr>
<tr>
<td>Other loading</td>
<td>Type:</td>
<td>hrs*</td>
<td>@ $......... (rate)</td>
</tr>
<tr>
<td>Incentive-based payment</td>
<td>Type:</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td>Type:</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Type:</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Termination entitlements</td>
<td>Details* (including notice, redundancy, accrued leave):</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Gross payment</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductions</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other deductions</td>
<td>Purpose* (eg. salary sacrifice):</td>
<td>Account/fund name (or name and number):</td>
<td>$</td>
</tr>
<tr>
<td>Total deductions</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net payment</td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Employer superannuation contribution**

| Account/fund name (or name and number): | Contribution amount: | $ |

*The Fair Work Ombudsman acknowledges that the inclusion of information marked with an asterisk (*) is not a requirement under the Fair Work Regulations 2009. This template is provided as a best practice model from www.fairwork.gov.au.*
3.3 Managing staff performance

While this workbook is aimed at starting a practice, it is worthwhile considering how to get the best performance from your staff at the outset. Practice staff turnover is highest in the first 12 months and this is costly to the business, disruptive to day-to-day operations and stressful for all concerned.

Training

Starting a general practice requires training your staff in the systems and processes specific to your practice. New staff may have worked in other medical practices, but will still need to be trained in the particular systems you have installed and developed.

Plan a minimum of 3 training days prior to opening. Staff need time to learn and familiarise themselves with your practice before the patients start coming through the door. Developing a policy and procedures manual in advance will provide a core training resource.

Test the systems by using ‘dummy runs’. This can identify areas that have been overlooked or need change before the real patients start arriving. A medical practice relies on a reputation for reliability. You need everyone to look and be competent in their roles. An awkward start may harm your standing in the community.

For training in the use of the computer system, medical software companies usually provide training as part of their setup process. You may also contact your IT provider for assistance. Accessing a data projector will allow staff to easily see the screen during group training sessions.

Leadership

As practice owner or manager, it is necessary to provide leadership to your team. There are some simple rules to follow in general practice:

- communicate clearly what you want by using a number of formats – talk to people formally (meetings) and informally, put it in writing (post memos on a noticeboard, hard copies, soft copies, emails) and actively demonstrate
- listen actively to your staff and colleagues – check out nonverbal cues and bring any areas of concern out into the open, don’t avoid the hard issues
- be trustworthy in your dealings with everyone, protect confidentiality
- be consistent in your application of policies, procedures and delegation
- praise regularly in public, criticise sparingly in private
- lead by example – be the ‘change you want’ – if you expect punctuality, don’t arrive late
- instil a sense of purpose for all staff and respect their role in the practice.

The practice communication process should be clearly set out in your policy and procedures manual.

Leading health professionals

It is important that the practice team has identified leaders in areas such as clinical care, information management, and human resources. It is possible a single individual within the practice may assume all these leadership responsibilities. In some practices, however, leadership will be undertaken by different members of the practice team, although leadership of clinical care would remain the responsibility of the principal GP.

See the RACGP Standards for general practices (4th edition).
Resolving disputes

It is important for practices to have a policy for dispute resolution.

It would be nice to think your new practice will be free of problems. However, unresolved disputes tend to ferment into an ongoing conflict as people become more emotionally affected and their positions entrenched. Their capacity to review and adjust earlier held perceptions can diminish the longer the conflict continues.

From the outset talk to staff about how you wish to manage any disputes or conflicts that may arise. Acting early can avoid escalation. The owner or practice manager first needs to assess the level of the problem by talking separately to each party and then working out the best way to resolve the dispute. There could be a simple misunderstanding of roles that can be discussed and resolved. If a more significant problem is identified, a more formal mediation process may be required. If you are unsure, get advice first on how to act from a colleague or professional human resources advisor/consultant.

A good approach is to:

• provide each party an uninterrupted opportunity to explain their perspective on the issue
• keep people focused on the issues (and prevent personality attacks that will inflame the situation)
• assist both parties to recognise the other's perspective (where appropriate) and to reach an acceptable outcome in order to continue working together
• review the situation after about 2 weeks and again after several months to check it has not re-emerged.

Grievances

A grievance or complaint may be related to interpersonal conflicts, a dispute over pay or conditions or an infringement of personal rights, including those contained within government legislation (eg. bullying, sexual harassment, discrimination). A good approach is to:

• have a procedure for resolving complaints or grievances that is explained to all new staff and is available in the practice policy and procedure manual
• treat all complaints seriously
• maintain confidentially to protect the interests of all parties
• document the process and facts used (you may be liable for not following proper processes)
• advise parties of the outcome in writing and personally
• make sure disciplinary procedures are fair and reasonable.

3.4 Staff health and practice safety

When you employ people it is your responsibility to provide a safe work environment that protects their health with respect to workplace risks. Many employers take this further with other health improvement activities. You also have responsibilities to the general public and patients. As an employer, you are responsible for creating a safe working environment for your staff. You can be prosecuted and fined if you don’t exercise your responsibilities in this respect.
**Occupational health and safety**

Occupational health and safety (OH&S) legislation requires all employers address this matter in a serious manner. The penalties for failing to meet obligations can be severe, including jail. Each state and territory is covered by separate legislation.

Risk management processes are used to address OH&S issues. In simple terms this means identifying, assessing and then managing risks. In setting up a new practice, considering risks at the earliest stage can avoid problems later. Safe building design or selection is usually better than trying to fix problems later.

Infection risks are referred to later in this section. Office type risks include electrical, tripping and lifting. Ergonomic assessments of workstations and workspaces will reduce injuries to staff. Remember keyboard and screen heights. Height adjustable beds can crush a child, so ensure you switch them off at the wall when not in use.

Equipment should not obstruct doorways and walkways. Delivered goods should not be placed in an area that may cause a tripping or lifting hazard. Power cords present a tripping hazard and should be minimised and taped down or covered.

**Staff insurance**

All employers are required to obtain workers’ compensation insurance. Workers’ compensation is covered by legislation in each state and territory.

For a list of approved insurers contact your state or territory workers’ compensation authority. Severe penalties apply if you fail to obtain insurance.

**Hazardous substances and dangerous goods**

Practices often have small quantities of oxygen and liquid nitrogen stored on the premises. You should obtain material safety data sheets from the supplier. Oxygen is stored under pressure and is explosive. Cylinders are rotated by the supplier. Liquid nitrogen is heavier than air and can displace oxygen to cause asphyxia. It should be stored in a well ventilated area. Decanting liquid nitrogen can cause cryogenic damage – leather gloves and eye protection is recommended.

**Electrical hazards**

Equipment that is connected to an electrical supply requires testing and tagging to ensure safety. The standard that is usually applied is AS/NZS 3760. The standard interval for testing is annual. This is done by a licensed tester. Usually new equipment can be accepted as safe for the first 12 months as it can be assumed that it was checked by the manufacturer. Tag the cord to state ‘new to service [date]’. Power boards with a safety overload device are safe to use but should be selected with individual switches for each power point. They need to be secured in a safe manner.

If you use electrosurgery (hyfrecation, diathermy, fulguration) be sure to check the safety procedures required. Alcohol is flammable and therefore alcohol based antiseptic solutions must not be used when diathermy could be applied. Patients with electrical devices such as pacemakers and cochlear implants may be harmed by using diathermy. Smoke fumes generated in the process are potentially toxic and may contain infectious material. Masks should be worn as well as eye protection.
Office illumination

Illumination is measured in lux (the luminous power of 1 lumen per square metre). Lux meters are available for about $50 at an electrical retailer.

The Australian Standard AS 1680, Standard AS 1680.2.2 –1994 Interior lighting, Part 2.2: Office and screen based tasks, suggests lighting levels in an office environment as follows:

- ‘ordinary’ visual tasks should be in range 300 to 400 lux – 320 lux (task) and 160 lux (background)
- 600 lux for more demanding visual tasks is suitable
- stronger lighting for older workers.

Glare from windows or overhead or reflected lighting needs to be minimised. Options include:

- avoid facing the monitor directly towards or away from external windows
- overhead lights can be adjusted to have the correct lux
- anti-glare filters can be used where other options have not succeeded.

Office heating and cooling

Thermal comfort is important to staff and patients. In summer, optimal temperatures range from 21–24°C and in winter from 19–22°C. Humidity level needs to be 40–60% for comfort. Achieving a comfortable working climate for all staff is important but challenging in many buildings. Heating and cooling efficiency is important for operational costs and environmental impacts.

Manual lifting

Injuries can occur in the practice through incorrect lifting. Lifting patients should be avoided wherever possible due to the high risk of injury. Seated lifting carries high risks and should be restricted to under 4 kg. Lifting in a standing position has increased risks above 16–20kg. Examples in the office include moving heavy equipment such as printers or computers, heavy file boxes, furniture or fridges. Lifting equipment such as trolleys should be used where possible.

Storage areas need adequate space to allow safe lifting. Heavy items should be stored below shoulder height. Staff need to be trained in safe lifting.

Checklist

Office environment:

- chairs and workstations suited to use
- computer screens positioned at right height and away from glare (consider computer stands that give clear desk space below)
- printers in easily accessed positions including the ability to insert paper and clear paper jams
- storage layout that minimises lifting
- floor space clear of tripping hazards
- electrical equipment and cords have been checked and tagged
- good lighting
- non-slip floors
- acceptable noise level.
Clinical areas:
- sharps containers located in accessible safe location
- consider Qlicksmart® devices
- consider height adjustable examination couches.

Car parks:
- surfaces are clear of tripping hazards
- night lighting is adequate for after dark use
- barriers prevent cars from causing hazards to pedestrians or occupants.

For further information contact OH&S in your state or territory:

NSW – www.workcover.nsw.gov.au
QLD – www.worksafe.qld.gov.au
SA – www.rhwsa.com
TAS – www.workcover.tas.gov.au
VIC – www.worksafe.vic.gov.au

Practice security
In most practices, the high level security design found in hospital emergency departments may not be required. There needs to be a balance between the likelihood of an event, the severity of the event if it were to occur, and the costs of implementation in terms of expense, impact on patients and convenience to the overall running of the practice.

Verbal and physical assault from patients is a recognised threat. A policy around the management of this problem should be developed. Most practices now have signs describing a ‘zero tolerance’ to threats or abuse. There are a number of alarms that can be installed to alert other staff and summon help. These include hardwired systems, wireless systems that connect to a base station within the practice, or an external security monitoring firm and computer based systems. Video cameras can be used to increase security for staff and property. Consult with a local security monitoring service about the options available and the cost to install.

The RACGP has produced a resource, General practice – a safe place that works through safety in the practice with respect to abuse and violence. It is available to download from the College website at www.racgp.org.au.

Check the Emergency Alarm System invented by GP, Hamish Steiner from GPSafety (www.gpsafety.net), which provides a simple button connected to the computer via a USB cable.

Patient and visitor movement
- Restrict patients/visitors from accessing practice team members and some practice areas
- Prevent patients from accessing the area behind reception
- Ensure ‘staff only’ areas are clearly identified
- Install adequate seating for the number of people likely to be waiting
- Install directional signage (eg. entrances, exits, reception areas, toilets)
- Install emergency exits that are clearly marked and clear of obstructions
- Install signs outside and inside to deter potential offenders (eg. signs stating that the practice has monitored alarms and/or CCTV)
- Position the reception desk so that reception staff can view the entry, waiting room and main corridor.
Building security

- Ensure the building is secure enough to prevent forced entry (eg. solid external doors and frames, windows and skylights secured)
- Ensure practice team members have a safe location to store their personal belongings (eg. bags)
- Ensure entrances, exits, paths and car parks are well lit at night
- Ensure the car park is close to the practice
- Ensure the practice maintains a key register
- Secure all spare keys
- Install and monitor security systems.

Infection control

Infection control is required not just in relation to surgical procedures, but across the whole of the practice. The RACGP Infection control standards for office based practices (4th edition) provides the best guide to setting up and running your practice infection control procedures.

Staff education in hand washing and standard precautions

Staff require advice on correct hand washing and when standard precautions need to be applied. In addition, include instructions for hand care, such as covering lacerations and use of hand creams.

Facilities for hand cleaning and hand hygiene products

Bars of soap and refillable handwash containers are no longer used. Dispensers for handwash should be disposable. Paper towels (or air dryers) are required for hand drying. Alcohol based hand cleaning gels are a suitable alternative to supplement hand washing. Having these products at the reception desk for patients to use may reduce cross infection.

Personal protective equipment

There are a number of areas where masks, eye protection and gowns should be used. Check the RACGP Infection control standards for office based practices (4th edition) for a guide on the most appropriate types.

Staff immunisation

Staff and doctors should be immunised against all potential risks that may be encountered in the practice. The principal risks are hepatitis A, hepatitis B, pertussis and influenza (annually). The benefits are to the individual, the ongoing running of the practice and the protection of the patients. Most practices provide these vaccines free to staff.

Sharps management

Sharps containers need to be located as close as possible to where sharps are used. They should be placed where children are unable to reach. Correctly disposing of sharps helps prevent inadvertent needle stick injuries. Sharps containers must be disposed of by an approved waste disposal firm (legislative and accreditation requirement).

An internet search should locate a suitable contractor in your local area. Alternatively ask another medical practice or local pathology provider.
Waste management

Waste in medical practices is categorised as:

- general
- clinical
- pharmaceutical.

Waste is frequently generated in large amounts in a medical practice and where possible should be minimised. The importance of infection control is paramount. Waste needs to be categorised and segregated before being disposed. Clinical waste needs to be placed into yellow biohazard bags and disposed of according to environmental legislation. Each state and territory have regulations for the appropriate management of clinical and related waste. As a guide, only materials known to contain infectious material or free flowing (expressable) blood or body fluids or sharps need to be treated as clinical waste. Hence bandages, tongue depressors, dressing trays and underpads can normally be placed in the general waste stream.

Check the requirements of your state/territory organisation.

NSW  www.environment.nsw.gov.au
QLD  www.ehp.qld.gov.au/waste
SA   www.epa.sa.gov.au or www.zerowaste.sa.gov.au
TAS  www.dpipwe.tas.gov.au
VIC  www.epa.vic.gov.au or www.sustainability.vic.gov.au
WA   www.epa.wa.gov.au

Managing a blood or body fluid spill

Put together a spill kit that is accessible to all staff. This will include a bucket, protective equipment, cleaning materials and disposal bags to deal with a blood or body fluid (usually vomit).

Equipment cleaning, sterilisation, storage and tracking of instruments

The RACGP Infection control standards for office based practices (4th edition) has detailed information on how to perform these functions. Benchtop sterilisers for office practice start at $8000–$10 000. Some practices opt to outsource this process or use disposable instruments.

Managing infectious patients within the practice

How you manage an infectious patient will depend on space availability within the practice. Ideally a separate room should be set aside to manage the infectious patient. However this is difficult for most practices. An area in reception where patients are encouraged to put on a mask and apply hand gel and then sit apart from others is helpful. During serious epidemics other procedures may be required.

Cleaning the facility and equipment

Most practices use contract cleaners to clean the practice after hours. In most areas there will be access to cleaning services. Develop a list of cleaning tasks required and their frequency. Contact one or two of their existing clients to establish the quality of the service. Cleaning equipment such as dressing trolleys, auriscopes and stethoscopes is required between each use and is often overlooked.

Linen cleaning

Patient gowns, sheets, blankets, pillowcases and towels need to be laundered regularly. Local linen cleaning services will usually collect and return linen.
3.5 Practice teams

General practitioners have worked productively with practice nurses and other health professionals for decades. In recent years, the number of patients with chronic diseases that benefit from a structured management approach has ballooned and practice teams have been promoted as a potential solution. Structural changes provided by successive governments have supported the management of chronic disease but also introduced an administrative burden.

Practice nurses are keen to exercise their professional skills and knowledge in patient care. Medicare benefits have focused direct remuneration for nurses in general practice around immunisations, wound care, child health assessments and Pap tests. From 2012 block funding for nurses replaces the nurse MBS items and practices will need to look afresh at how best to utilise nurses.

Administrative staff also form part of the practice team and can contribute to planned clinical care through effective use of appointment systems, patient education about processes, disease registers and sending recall letters. They also need to have an understanding of the range of MBS items associated with chronic disease management and the special restrictions around their use.

Other health professionals such as diabetes and asthma educators, mental health nurses, psychologists and therapists can be part of a dynamic team that is patient centred. A cornerstone of these teams is developing relationships that lead to trust and understanding of the various roles, skills and capabilities that can each contribute to patient care.

Team leadership and team roles

A team needs clear objectives that define the goals of the group – this allows everyone to understand what outcomes are expected and then cascades to individual responsibilities and tasks. All teams require leadership to function effectively, which may be a GP but could equally be the practice nurse or practice manager. Leadership requires delegated authority and this may mean GPs giving up traditional roles in order to achieve the goals of the group.

Practice systems and clinical pathways

A significant change in general practice in recent years is the increased understanding that effective management of chronic diseases requires structured care. This requires protected time that allows attention to multiple determinates for good outcomes. Patients need education about the difference between a problem list and addressing important long term health issues. Appointment books need to be configured to facilitate a smooth journey for the patient so the experience does not frustrate them. Documentation to chart the expected and actual clinical care pathway can be formatted as a management plan. Analysis of the cohort of patients cared for by the practice is a valuable tool to direct efforts, especially when compared against peers and recommended targets.

Communications

A key ingredient for all successful teams is communication. Team meetings allow for system design and review, as well as developing consistent practice-wide approaches. The patient health record is central for communications but will need to be supplemented by direct communications such as face-to-face discussions, phone calls, emails and even post-it notes may be effective in the right situation.
4. Quality and risk management

4.1 Quality control and accreditation

Quality control
In developing your new practice it is important to integrate quality controls. Quality relates to how well your facilities, processes and people meet the purpose of providing primary healthcare. There are business and clinical reasons for addressing the quality and safety of your practice. From a business perspective, it is important to be efficient and reduce waste in its various forms. Quality includes making services safe and effective for patients.

Working towards accreditation early on with your practice is worthwhile. The comprehensive nature of the RACGP Standards for general practices (4th edition) will assist you in thinking through the many aspects required for setting up your general practice.

Accreditation
In Australia, general practice accreditation is voluntary. However, it is a requirement to access government funding through the Practice Incentives Program (PIP). The RACGP Standards for general practices (4th edition) have been developed by an expert group within the RACGP. The Standards act as a framework for quality contemporary general practice in Australia. For a new practice, this guide is a key resource.

Accreditation agencies
There are two agencies currently recognised for assessing and accrediting general practices against the RACGP Standards for general practices (4th edition). These are the Australian General Practice Accreditation Limited (AGPAL) and GPA Accreditation plus (GPA). Both are able to provide guidance to enable you to become accredited (see Resources for contact details).

Policy and procedure manuals
Developing your own policy and procedure manual is an important but time consuming task. Fortunately many general practice divisions/networks have shared resources they have developed over time which are available freely, providing you acknowledge their intellectual property. This allows you to start with a comprehensive manual that you can work through and customise to suit your practice, and saves you many hours.

The process
Anticipate a 3 month period to prepare for accreditation. Start by contacting your preferred agency. Once you are registered you will be provided with access to their resources and given a timeframe for you to work towards accreditation. This involves a process of self assessment against the criteria listed in the RACGP Standards for general practices (4th edition). You are also required to survey patients to obtain feedback on areas such as communication and access. When you are ready, a pair of assessors will visit your practice to check your facilities, interview staff, doctors and the principals. Your policy and procedure manual will be examined as well as a selection of patient records.

If you do not meet all of the standards, you will be advised on what is required in order to achieve the expected requirements.

After receiving your certificate of accreditation, you will need to advise Medicare Australia in order to be recognised for the PIP. The certificate is only valid while you maintain the standards and therefore it is an ongoing requirement to meet the criteria, not a one-off event.
Staff engagement

To ensure practice quality, it is vital that all staff are engaged and involved with the running of the practice. Regular practice meetings will be a good format for staff education as well as delegation of various aspects of the process. One of the components of accreditation is staff interview – staff engagement in the whole process will allow everyone to feel confident about the uniform application of practice policies and procedures.

Quality improvement processes

Quality improvement activities form part of the RACGP Standards for general practices (4th edition) – Criterion 3.1.1 Quality improvement activities.

When you start your practice, consider how to build in processes that assist with quality improvement. An important aspect of these processes is good data collection. With respect to clinical improvement it is important to make sure everyone inputs data into searchable fields using consistent terminology. Clinic software is usually only searchable when the data is recorded in a field designed for that purpose rather than free text into the progress notes. For example, if you want to check for patients at risk for diabetes, height and weight are entered into the progress notes, tools cannot normally locate that information. But when it is entered into a designated field for that measurement, it can be searched.

There are a number of electronic tools available to support quality improvement activities. Further information is available on the College website at www.racgp.org.au/ehealth and www.racgp.org.au/education/qicpd-program.

Conducting patient feedback surveys can provide information to guide practice improvement. This should not be confined to achieving accreditation, but utilised regularly to identify how to provide better services and eliminate problems. Most businesses use customer feedback as part of quality improvement processes.

Staff can often identify areas that need improvement and should be active participants. The ‘plan, do, study, act’ (PDSA) cycle (see Figure 4 below) is a simple way to guide the process. This method has been adopted by the Australian Primary Care Collaboratives and there are ideas shared on their website at www.apcc.org.au.

Figure 4. PDSA cycle

**Plan** – identify the area to work on improvement, set the objective or goal, develop the implementation plan (who, what, when, where), plan data collection.

**Do** – carry out the plan including collecting data to measure changes.

**Study** – analyse the data, measure improvement, identify problem areas that need further attention.

**Act** – where improvement has been achieved embed, the new process, rectify problems, provide further training and resources as required. Move onto the plan stage again.
4.2 Professional registration and continuing professional development

Registration

Medical practitioners practising in Australia must be registered with the Medical Board of Australia (MBA) which is regulated by the Australian Health Practitioner Regulation Agency (AHPRA). National registration with the MBA replaced the previous state registration system. The Health Practitioner Regulation National Law Act 2009 came into effect on 1 July 2010 and forms the basis for AHPRA’s operations.

There are now mandatory requirements to participate in continuing professional development (CPD). The RACGP QI&CPD Program fulfills this requirement. Further information is available on the College website.

Medical practitioners are required to have a criminal history check. The board will determine the relevance of any criminal history in relation to the practice of the person.

All internationally qualified applicants for registration must demonstrate necessary English language skills.

Medical practitioners who undertake any form of practice must have professional indemnity insurance. In addition, doctors who have a period of absence of more than 1 year need to demonstrate participation in CPD activities under a recency of practice registration standard.

Limited registration for an area of need is available for international medical graduates that do not qualify for general or specialist registration.

Principal place of practice is where the practitioners predominantly practices. When you change your practice address or address for correspondence, you must notify AHPRA within 30 days.

Medical and nursing students also require registration with AHPRA. Employers can use the AHPRA website to check the registration details of their employees (see Resources).

Provider numbers and registration

In order for Medicare Australia to pay rebates for services provided by a doctor or for referrals to be valid, the doctor must be on the medical register. If you allow your registration to lapse, then Medicare will not pay claims. Medicare issues provider numbers for each practice location in which you work. Where you attend an aged care residency, the provider number for your main practice is used. Changes with the National Registration and Accreditation Scheme now means that you can obtain provider numbers in different states and territories without applying for fresh registration.

Registration renewal can be done online. Never let your registration lapse. For further information visit www.medicalboard.gov.au.

Nurses registration

Employers need to check that nurses have currency of registration. Nurses are registered with AHPRA and need to participate in 20 hours of CPD per year. The nurse is required to log their own CPD to be able to demonstrate this through a documented learning plan as well as mandatory skills acquisition, eg. attending an update on infection control of CPR. Information on nurse registration is available at www.nursingmidwiferyboard.gov.au.
Continuing professional development

Continuing professional development (CPD) is a requirement for medical registration. The RACGP established the QI&CPD (formerly QA&CPD) Program in 1987 with the commencement of vocational registration. The CPD cycle runs over 3 years.

Detailed information on the RACGP QI&CPD program is available at www.racgp.org.au/education/qicpd-program/cpd.

Mental Health Skills Training

Mental Health Skills Training (previously called Level One Mental Health Skills Training) is not currently required each triennium to maintain a GP Mental Health Care Plan. However, a GP who wishes to register as a provider of Focused Psychological Strategies (FPS), must have completed the initial FPS training (20 hours) and continue a further 6 hours of training each triennium to maintain accreditation.

Basic CPR

GPs must accrue a minimum of 5 CPD points in the triennium for completion of a basic CPR course that meets the Australian Resuscitation Council guidelines.

Specific interests

General practitioners who practice in areas of special interest may need to complete a minimum CPD requirement in that area. Detailed information is on the College website at www.racgp.org.au.

4.3 Insurance

Disclaimer: The information here is to raise awareness and should not be taken as advice or be relied upon to be accurate in all respects. No recommendation is made with respect to the individuals’ circumstances and you are encouraged to get professional advice.

Insurance is an essential aspect of risk management that allows you to transfer the risk of an adverse event to the insurer. Medical indemnity insurance is required for registration while workers compensation insurance is required by legislation. Developing a practice insurance register will help in managing the many insurance requirements of a practice.

Financial services regulations require product disclosure statements to retail clients where the acquirer is a small business (less than 20 employees) and the financial product being offered or recommended is a defined general insurance product. The regulations define the following classes of insurance as being a general insurance product:

- building and contents insurance
- motor vehicle insurance
- sickness and accident insurance
- consumer credit insurance
- travel insurance
- personal and domestic property insurance
- medical indemnity insurance.

Insurance can be purchased:

- directly from an insurance company via a call centre, website or office
- via an adviser who represents or is aligned with an insurance company
- through an insurance broker.
Medical indemnity and practice insurance

Medical indemnity insurance is required for medical registration. The following insurers listed by the Medical Indemnity Association of Australia (www.miiaa.com.au), provide medical indemnity insurance:

- **Avant Mutual Group Limited**
  - 1800 128 268
  - www.avant.org.au

- **MDA National Insurance**
  - 1800 011 255
  - www.mdanational.com.au

- **Medical Indemnity Protection Society (MIPS)**
  - 1800 061 113
  - www.mips.com.au

- **Medical Insurance Group (MiGA)**
  - 1800 777 156
  - www.miga.com.au

Consideration of an insurance provider will include both the cost and the level of service and support. A claim against you for negligence is highly stressful and it is important to be confident your insurance provider has an experienced team to support and guide you through the process.

Claims

Practice indemnity insurance is required to cover the actions or omissions of practice staff (receptionist, nurses) where you may be sued as a practice owner. In response to the high cost of medical indemnity insurance, the government may provide support for the insurance cost through the Premium Support Scheme (PSS). Where premiums exceed 7.5% of the doctor’s gross private fee income, the government will contribute 20% of the premium cost. For more information visit www.health.gov.au.

GPs can insure in several categories. Non-procedural insurance covers a wide range of minor procedures done in general practice. It is essential to check the policy to know what is included and excluded. If you perform procedures outside of your policy cover, then you not only breach your registration requirements but may have no insurance in the event of a claim.

A claims-incurred policy covers claims arising from incidents that occurred during the coverage period. This covers claims made later but is more expensive to purchase.

A claims-made policy covers claims arising from incidents made during the policy period. This policy type is less expensive but requires purchase of run-off cover when ceasing insurance cover. Claims may be made several years after the incident.

Property and contents insurance

Your business property can be covered by insurance to protect against loss through fire, flooding or other defined events or accidental damage. You may also insure for business interruption where you are unable to work from your premises following a particular event. For example, a flood prevents you from using your practice even though there is no direct damage to your property.

WorkCover insurance

WorkCover insurance is covered in Section 3. Human resources. However, you need to get cover for workers’ compensation. Each state or territory has a workers’ compensation authority and requires employers to take out insurance to cover workers in case of injury.
Income protection and business expense insurance

Most doctors have significant levels of debt in the early years of starting a practice. To reduce the potential of an accident or injury to cause substantial financial distress or bankruptcy, insurance is available. Be aware that substantial agent commissions may add to your costs.

Income insurance can cover a percentage of your income, typically up to, but not exceeding, 75% of the pre-disability income. Waiting periods can vary upwards from 30 days. The benefits period may be for 2 years or until 60 years of age. Premiums can be level (higher initially but if held for a long period, become much more affordable) or stepped (gets higher as you age).

Business expense insurance is to cover your business expenses while you are unable to work. It covers the interest on property and business loans, rent, staff wages, utility costs, car leases and locum costs. You can insure up to 100% of allowable expenses. Waiting periods can vary in length and the longer you are willing to forgo income, the lower the cost. The benefits period can vary but are frequently limited to 1 year.

Public liability insurance

As a property owner or business operator you have legal responsibilities for personal injury if your business is found to be negligent. For example, a person trips on the mat in the entry and falls, causing a chronic back problem. Amounts can be millions of dollars so getting professional advice is recommended. Sometimes this may be included in your building/business insurance.

Financial planning advisers and insurance brokers

Working through the range of insurance products is complex. Some insurance products are defined by regulation as being a financial product and can only be sold through a licensed financial planning adviser. Frequently, financial planning advisers are paid a trailing commission (percentage of the account balance) or an initial commission on new investments (up to 5%). Fee for service charges are less frequent, particularly for company aligned planners and bank planners. For a larger policy, paying a fee for a service may be a better option.

An advantage of using an insurance broker is that they can guide you through a range of products with an awareness of key differences (normally hidden in the fine print). They will also be able to assist you when you need to make a claim, as they act on your behalf rather than on behalf of the insurance company.
References


Resources

- The RACGP General practice management toolkit www.racgp.org.au/publications
- The RACGP Practice design and architecture webpage www.racgp.org.au/your-practice/business/design
- The RACGP Computer and information security standards (CISS) www.racgp.org.au/ehealth/ciss
- The RACGP Implementation guidelines for video consultations in general practice www.racgp.org.au/telehealth
- The RACGP Standards for general practices offering video consultations www.racgp.org.au/telehealth
- Worksafe Victoria – Prevention and Management of Aggression in Health Services www.worksafe.vic.gov.au
- Australian Bureau of Statistics  
  www.abs.gov.au
- Department of Health and Ageing  
  www.health.gov.au
- Department of Health and Ageing Pharmaceutical Benefit Scheme  
  www.pbs.gov.au
- Department of Transport, Planning and Local Infrastructure  
  www.dtpil.vic.gov.au
- Australian Government  
  www.australia.gov.au
- Australian Government Business Resource  
  www.business.gov.au
- Commercial Real Estate  
  www.realcommercial.com.au
- Australian Primary Care Collaboratives  
  www.apcc.org.au
- Australian General Practice Accreditation Limited  
  www.agpal.com.au
- GPA Accreditation plus  
  www.gpa.net.au
- Quality Innovation Performance  
  www.qip.com.au
- Australian Taxation Office  
  www.ato.gov.au
- Australian Securities and Investments Commission  
  www.asic.gov.au
- Australian Human Rights Commission  
  www.humanrights.gov.au
- Australian Practice Nurses Association  
  www.apna.asn.au
- Australian Association of Practice Management  
  www.aapm.org.au
- Australian Health Practitioner Regulation Agency  
  www.ahpra.gov.au
## Activity 1. Defining your ideal practice

In this activity you are encouraged to develop the key factors contributing to your ‘ideal’ practice.

<table>
<thead>
<tr>
<th>Practice name</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider online web address applications (eg. <a href="http://www.practicename.com.au">www.practicename.com.au</a>) and email address.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State/postcode</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Core objective(s), values and beliefs of your practice</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Your practice vision</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the high level goals for the practice and the values of the practice?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Your mission</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>What you do, how you do it and for whom?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location factors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider access to hospital(s), other medical specialists, health professionals, transport and car parking facilities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Practice feel, character and style</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Is your ideal practice quiet and relaxing, active and energetic, or something else?</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>The function and operation of the practice</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>It is important to think about overall functional issues that affect the practice as a whole. Consider areas for education for staff or doctors in training, nurses or allied health professionals, health assessments and chronic disease management.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjacency</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Areas of activity in close proximity, eg. vaccine fridge to area where immunisations are performed.</td>
<td></td>
</tr>
<tr>
<td>Area (m²)</td>
<td>Is your ideal practice a large area or small area?</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------</td>
</tr>
</tbody>
</table>
| Physical factors | • practice facilities and access  
• practice equipment  
• safe and quality use of medicines |
| Patient services | List allied health and other services |
| Doctor profile | |
| Practice team profile | |
| Patient profile (demographic) | Eg. ageing patients or young families, or disadvantaged patient groups, indigenous health or management of chronic disease, metabolic disease. |
| After hours services | |
| Home and other visits | |
| Billing policy | |
| Financial goals | |
| Professional goals | |
| Special focus areas (specialisation) | |
| Practice accreditation against RACGP Standards for general practices (4th edition) | |
| Other | |

This activity is based on sections of the following RACGP publications:

- General practice management toolkit – Module 2 – 2.4 Developing your practice vision
- Rebirth of a clinic – a design guide for architecture in general practice and primary care, pages 49–53
- Starting a medical practice – Section 1
**Activity 2. Key selection criteria for assessing a medical practice**

If you are looking at a medical practice as a going concern,* you will need to check that it meets your standards.

Use the table below as a guide to help develop your key selection criteria, and assess not only the building, but also the practice systems that have been set up.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
</tr>
<tr>
<td>Billing policy</td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
</tr>
<tr>
<td>Growth potential</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Practice team</strong></td>
<td></td>
</tr>
<tr>
<td>Doctors</td>
<td></td>
</tr>
<tr>
<td>Practice nurses</td>
<td></td>
</tr>
<tr>
<td>Allied health staff</td>
<td></td>
</tr>
<tr>
<td>Reception staff</td>
<td></td>
</tr>
<tr>
<td>Practice manager</td>
<td></td>
</tr>
<tr>
<td>Accounts/book keeper</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Technology use</strong></td>
<td></td>
</tr>
<tr>
<td>IT systems</td>
<td></td>
</tr>
<tr>
<td>Diagnostic technology</td>
<td></td>
</tr>
<tr>
<td>E-health systems</td>
<td></td>
</tr>
<tr>
<td>Telephone and electronic communication systems</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>
### Facilities

<table>
<thead>
<tr>
<th>Appearance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access and location</td>
</tr>
<tr>
<td>Patient facilities</td>
</tr>
<tr>
<td>Practice facilities and equipment</td>
</tr>
<tr>
<td>Consulting rooms</td>
</tr>
<tr>
<td>Treatment rooms</td>
</tr>
<tr>
<td>Administration area</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

### Patient services

<table>
<thead>
<tr>
<th>Patient demographics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand for services in area</td>
</tr>
<tr>
<td>Growth potential</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

### Other

* A going concern is an accounting description that applies to the purchase of assets (property, equipment and goodwill) where there is an expectation that the business will continue to operate for the foreseeable future, for example, a GP retiring sells their practice to an incoming GP.
**Activity 3. Calculate the estimated area for developing a new medical practice**

Consulting with a builder, draftsman or architect can assist in developing your building design. In addition to being knowledgeable of required building codes, they are experienced at creating workspaces from a client’s brief. In existing buildings they can ‘look past the walls’ and visualise new rooms and areas. For further information you are encouraged to read the RACGP *Rebirth of a clinic – a design guide for architecture in general practice and primary care*, available to purchase from www.racgp.org.au/publications.

In this activity you are asked to calculate the estimated area for your practice.

<table>
<thead>
<tr>
<th>Purpose of space, for example:</th>
<th>Calculation area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting rooms</td>
<td></td>
</tr>
<tr>
<td>Patient waiting area</td>
<td></td>
</tr>
<tr>
<td>Practice office staff</td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
</tr>
<tr>
<td>IT equipment/room</td>
<td></td>
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<tr>
<td>Practice nurse’s office</td>
<td></td>
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<tr>
<td>Cleaning stores</td>
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<tr>
<td>Treatment room</td>
<td></td>
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<tr>
<td>Procedure room</td>
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<tr>
<td>Kitchen/staffroom</td>
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<tr>
<td>Toilets</td>
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<tr>
<td>Reception area</td>
<td></td>
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<tr>
<td>Storage area</td>
<td></td>
</tr>
<tr>
<td>Connecting areas (corridors)</td>
<td></td>
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<tr>
<td>Other</td>
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</tbody>
</table>

| Total                         |                       |
## Activity 4. Budgeting for your practice

This activity is intended to provide you with a tool on how to budget for your practice. The information in Section 2.6 *Budgeting for your practice* will assist you. Record your projected expenses in the table below.

<table>
<thead>
<tr>
<th>Month</th>
<th>Income</th>
<th>Less: expenses</th>
<th>Operating profit (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td></td>
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<tr>
<td>Feb</td>
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<td>Mar</td>
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<td>Apr</td>
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<td>May</td>
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<td>Jun</td>
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<td>Aug</td>
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</tr>
</tbody>
</table>

### Total expenses
- Wages and salaries
- Stationery and subscriptions
- Telephone
- Rent
- Security costs
- Repairs and maintenance
- Rates and taxes
- Workcover
- Other
- Total expenses

### Operating profit

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total income</th>
<th>Less: expenses</th>
<th>Operating profit (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
<td></td>
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</tr>
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</table>
Activity 5. Checklists

This checklist is designed to assist GPs with setting up a general practice. However, it is not an exhaustive list. You can use the blank spaces provided at the end of the checklist to add additional items during the planning phase.

Practice furnishings and equipment

☐ Furniture selected and ordered
☐ Delivery date / / 
☐ Office equipment (fax, copier, scanner) selected and ordered
☐ Delivery date / / 
☐ Telephone and internet services connection arranged for
☐ / / 
☐ Essential services (water, electricity, gas connections) arranged for
☐ / / 
☐ Clinical equipment selected and ordered
☐ Delivery date / / 
☐ Practice alarm system selected / / 
☐ Installed / / 

Practice supplies and services

☐ Medical supplies selected and ordered
☐ Delivery date / / 
☐ Oxygen supply arranged for / / 
☐ Liquid nitrogen supply arranged for / / 
☐ Doctor’s bag supplies ordered
☐ Delivery date / / 
☐ Practice stationery ordered / / received
☐ Prescription paper ordered / / received
The RACGP

Starting a medical practice

- Cleaning service contracted
  - Name
  - commencing / / 

- Waste disposal service contracted
  - Name
  - commencing / / 

- Security monitoring service

Medicare Australia arrangements

- Provider number requested / / received
- Prescriber number requested / / received
- PIP application submitted / / confirmed
- PNIP application submitted / / confirmed
- Medicare online application / / installed
- Medicare stationery ordered / / received

IT/IM and communications

- IT equipment ordered / / installed
- IT service support by
  - Name
- Software choice
  - Name
  - familiarisation complete

- Secure messaging facilities arranged / / 
- Pathology provider downloads arranged / / 
- Practice website designed uploaded to host
Practice email addresses established

e-health resources ordered  loaded to practice IT system

Notes:

Business and financial set up

Bank accounts established

EFTPOS facilities arranged  installed

Application for ABN  ABN received

Develop practice budget

Determine practice fees

Staff

Staffing requirements determined

Pay rates determined in accordance with awards

Job descriptions documented

Staff recruitment and selection program developed

Staff selected

Register for PAYG with ATO

Register for payroll tax with state revenue office

Submit TFN registrations for employees

Register for GST
Notes:

Quality and risk management

☐ Register for practice accreditation with AGPAL/GPA Accreditation plus

☐ Develop practice policy and procedure manual

Practice insurances

☐ Medical indemnity insurance

Name

☐ arranged / / 

☐ Practice indemnity insurance

Name

☐ arranged / / 

☐ Public liability insurance

Name

☐ arranged / / 

☐ Building and contents insurance

Name

☐ arranged / / 

☐ Workcover insurance

Name

☐ arranged / / 

Personal insurance

☐ Income and business expense insurance

Name

☐ arranged / / 
Life insurance

Name

arranged / / 

Notes:

Checklist items

Notes:
Appendix – Project management

Disclaimer: The information here is to raise awareness and should not be taken as advice or be relied upon to be accurate in all respects. No recommendation is made with respect to the individuals’ circumstances and you are encouraged to get individual professional advice.

Economics of a new practice

In economic theory, the J curve refers to the situation where a new enterprise will usually have more cash going out than coming in during the start up period. It is in this phase of a business that the business is most vulnerable. Essentially businesses can run out of cash before they can generate a consistent income to cover costs and return money to the investors.

Figure 1 demonstrates that the business has borrowed money to set up the practice. This is money that at some stage needs to be repaid after tax income. It is shown as capital liabilities. For rented premises, this is for furnishings, equipment and fit out. Where you purchase commercial property, this then creates an additional liability (and asset). It then becomes a property investment decision. As patient bookings increase, the practice starts to move out of a cash deficit by becoming cash flow positive. Despite a positive cash flow, the net cash position will remain in a deficit while operational costs are recovered. Professional advice is recommended in taking these decisions to make sure you get an optimal outcome.

Figure 1. Cash flow and the J curve
When starting a new medical practice, you will encounter these financial issues and therefore it is important to consider your cash flow and financial resources when starting out. The advantage of joining an existing practice that has a strong patient demand is that you may achieve a positive net cash position sooner. Because the business has already invested in the enterprise, the owners will expect you to purchase equity or contribute to the costs in some way. Depending on the business relationship, it will often be in the form of a percentage of fees being retained or contributed towards the business operation, the purchase of goodwill, or sharing the liabilities of the entity.

Some disadvantages in joining an existing practice can occur if there are legacy systems and resistance to change. A practice that still keeps a paper medical record system may be symptomatic of other issues within the group.

Alternatively, if you feel confident that you have the resources to start up a medical practice, then you may enjoy the opportunity to develop a practice that is unique and reflects your personal interests and style. Running your own business requires more work than most people realise. Starting a new business is a major undertaking.

Project management

Most GPs do not experience setting up a practice more than once or twice during their professional careers. In addition to the RACGP General practice management toolkit, there are manuals that provide information on setting up a medical practice prepared by state branches of the Australian Medical Association. There are also practice management advisers that can assist you to set up a practice. For doctors setting up their own practice, project management tools improve the likelihood of being ‘on time and on budget.’


Project scope

The project scope describes what you need to have achieved at the completion of the project (often referred to as the ‘deliverables’). Examples include:

- a functioning e-health information system including data backup, diagnostic and pathology downloading and Medicare online
- a vaccine handling and storage system including verification of ‘cold chain’
- a telephone system including after hours messages and message on hold.

Project team

Following the development of your project scope, you will need to identify the team that can manage the project. For starting a medical practice, the team may include:

- some or all of the practice owners
- an administration person
- a business advisor and a practice nurse.

In the first phase the team may be relatively small and as the project progresses, people can be added.
Gantt charts

The visual display of information is an effective communication and decision making tool. The Gantt chart uses a horizontal bar to demonstrate the duration of activity required for each task. The bar can be filled to demonstrate progress towards completion which can also be listed in an adjacent column as a percentage. Open triangles designate planned start and finish times. These triangles can be filled on commencement and completion. Where tasks run over time, the additional time can be shown on the chart using a broken line to show the slippage.

Example

Dr Andrew Smith and Dr Katie Chan are setting up a new practice and have drawn up a Gantt chart using MS Excel to help manage the project. They are currently both working in different areas of Australia so a wall chart which is simple would not work well to coordinate the various tasks.

For simplicity we will confine the illustration to the facility’s fit out. The task of setting up the facility has been allocated to Dr Smith, the nominated resource person. A start and end date is recorded and the duration of this is calculated as number of weeks.

<table>
<thead>
<tr>
<th>Table 1. Project management of clinic fit out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>1. Facility's fit out</td>
</tr>
<tr>
<td>1.1 Draft plans</td>
</tr>
<tr>
<td>1.2 Building contract</td>
</tr>
<tr>
<td>2. Equipment</td>
</tr>
<tr>
<td>2.1 Select and order</td>
</tr>
<tr>
<td>2.2 Install and test</td>
</tr>
<tr>
<td>3. Furniture</td>
</tr>
<tr>
<td>3.1 Select and order</td>
</tr>
<tr>
<td>3.2 Install</td>
</tr>
</tbody>
</table>

With setting the start and end dates, sequencing is required to coordinate the tasks. Ordering of equipment and furniture needs to be early enough to allow at least 60 days for delivery. The selection of equipment and furniture is coordinated with the plans for fit out to make sure there is sufficient space for items such as refrigerators, examination beds, sterilizers and double sinks. In addition, the IT design task will also need to coordinate with the design of the fit out and selection of furniture and equipment.

Table 1 has been placed in a Gantt chart – see Figure 2 below. Note in the chart, Task 2.1 to select and order furniture has overrun (dashed line) resulting in a slippage in the project. The allowance of 60 days for order is now critically close to the date for installing equipment. If there is a delay of more than 2 weeks in the delivery of the furniture it may delay installation of equipment.
Figure 2. Gantt chart example

Estimating time
Most people significantly underestimate the time taken to complete tasks, particularly new or unfamiliar ones. Anyone who has undertaken work with building trades has had experience with this in the same way that people often think ‘it will only take the doctor a minute to do this’. When starting a new practice, take care to establish realistic time schedules and allow some buffering for delays.

The first step is to detail everything you know about the tasks required for the project. The more detail that can be listed, the more accurate the time estimate will be. As there are many tasks that will be performed by others, allowance needs to be made for process delays. Planning and building permits may take considerable time. Meetings and liaison with contractors and suppliers need to be factored in. Unexpected problems can be encountered with refitting older buildings. Obtaining advice from people with experience managing similar projects is valuable. Equipment once installed may not function and may need to be replaced.

A formula associated with another project management tool, Program Evaluation and Review Technique (PERT) can be used to estimate the expected time (TE) for a task based on considering the optimistic time (O), the most likely time (M) and the pessimistic time (P). When a task is repeated many times it is proposed that this will best reflect the time to complete that task. While the formula should not be taken as a mathematically valid theorem, it does encourage people to recognise and allow for the tendency of projects to take twice as long as first anticipated.

\[ TE = \frac{(O + 4M + P)}{6} \]

Project management software
The example Gantt chart was produced using Microsoft Excel. Project management software is available that can save time in producing charts and managing information. Examples include Microsoft Project and Visio as well as some free and opensource programs such as Ganttproject.

Resources
Further information on Gantt charts and PERT can be accessed at www.netmba.com/operations.

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