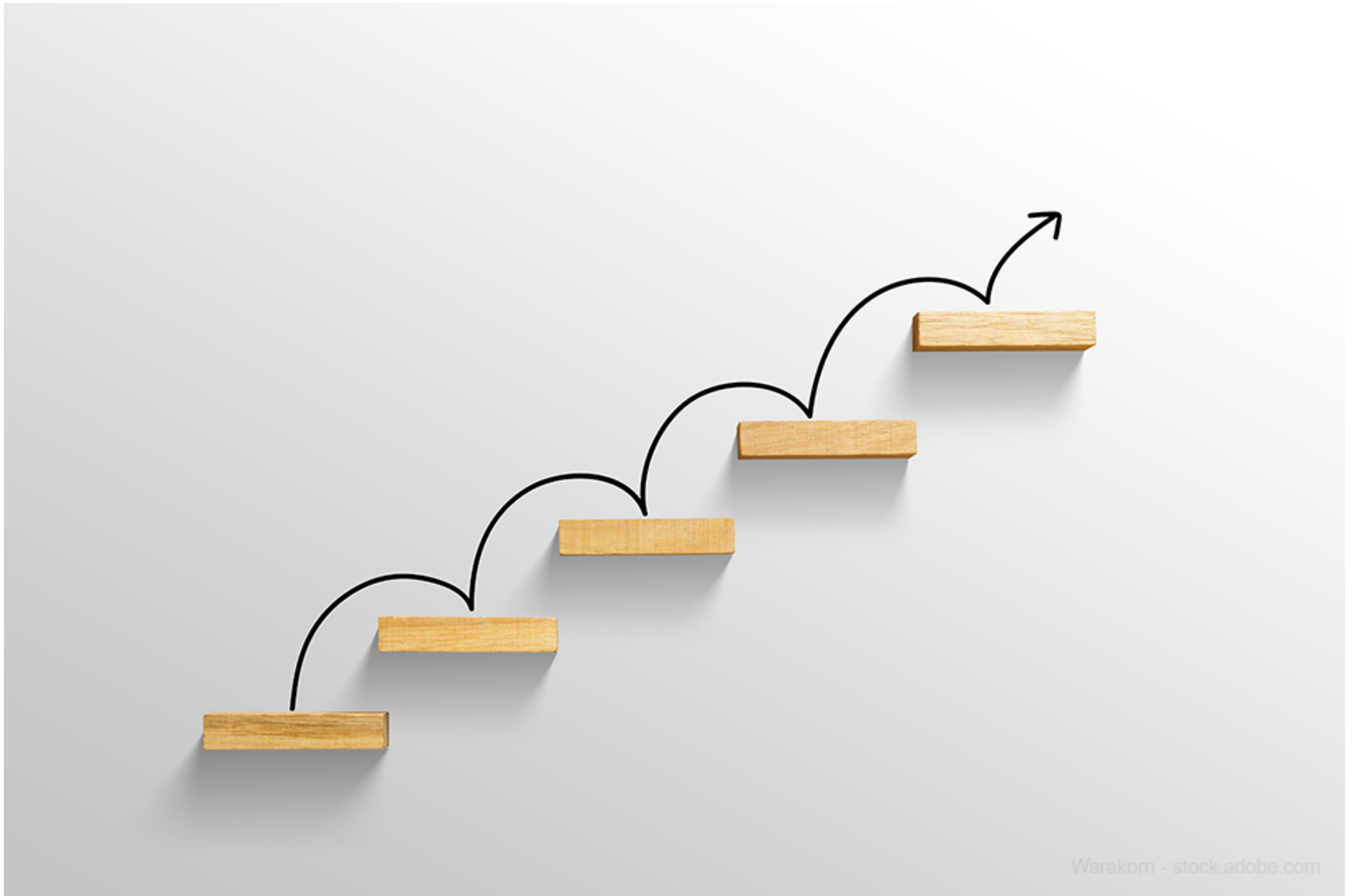


# 6 practice expansion considerations



Physicians often dream of expanding their practice footprint. Whether such expansion means multiple locations in the same state or locations across the country, there are steps you can take to grow your practice while also be compliant with state and federal laws.

I have blogged about [practice expansion](#) before, and it is still the topic on which I receive the most inquiries. Here are six things to consider before setting up shop elsewhere.

## **Analyze your success**

If you believe you have a successful model, do some internal investigation to understand why it is so successful. Is it your personal presence and involvement that patients adore? Is it the fine-tuned approach to medicine?

Is it the brand you have built? Is the model truly something that can be replicated?

Often, physicians do not realize that their presence is the most important part of their successful practice model, and efforts to expand will not work without their physical presence. Many times, this lesson is learned too late, after they have spent time and money on an unsuccessful expansion.

## **Structure your growth**

If your practice intends to expand within the state, consider locations carefully so as to avoid overlap and market saturation. Also, it is not necessarily a good idea to create multiple practice entities for multiple locations. Doing so can create self-referral issues under state and federal laws, which should be closely reviewed by your lawyer, and can also create unnecessary expenses and duplication of services.

Additionally, if you are relying on the “group practice” exception under Stark laws, you can blow the legal definition if you start opening new entities or fail to take into account how new locations impact your compliance with the law.

You should keep in mind that properly formed professional limited liability companies often can be organized on a divisional or site-specific basis to allow a practice greater flexibility. You can explore this option with your advisers.

*[Read more: Legal considerations of practice expansions](#)*

## **Centralize your operations**

Many practices like to expand their footprint through the use of a [management service organization \(MSO\)](#), where certain practice functions are centralized to serve multiple practice locations. This can include

management, billing and other types of services.

The MSO can be owned by non-physicians, which offers attractive opportunities for important members of the practice management team who otherwise may not be able to participate in practice success based on state laws related to fee-splitting and the corporate practice of medicine. However, a MSO model can be risky if you do not consider the legality and associated financial and legal risks before agreeing to such an the arrangement.

*[Read more: Understanding Management Service Organizations](#)*

*[Read more: The legal risks of an MSO Agreement](#)*