Planning to Retire?

How Opening a Center Can be Part of Your Exit Strategy

Introduction
Often physicians who are nearing retirement think that it is too late in their career to open their own ambulatory surgery center. But in reality, becoming a partner in a center may be a great way to add to your retirement "nest egg" and ease your transition into a new lifestyle. *Every physician should have an exit strategy* to ensure that decades of caring for others results in a financially comfortable and worry-free retirement. Surgery center ownership can be an important part of your retirement planning.

Every physician looking forward to retirement must face the facts:

- **An existing practice has minimal financial value**

Although you spent years of your life building up your practice, your practice was not building equity. Its value is based solely on your labor. When you are not working, the practice is not generating income. Unfortunately, today it is rare that a physician will pay you a significant sum of money to purchase your practice.

- **Physicians are responsible for their patients**

When you want to retire, you need to be able to "hand off" responsibility for your patients to another physician. The physician who takes over your practice is relieving you of this liability – but this only happens if someone wants to take over your caseload.

No matter how hard or how long you have worked to build your practice, no one is going to properly reward your investment of time and energy. Usually, the best you can expect is that another physician will take over your caseload, relieve you of your legal and ethical responsibilities, and perhaps pay you a relatively small sum for the goodwill of your practice.

However, if you own an ambulatory surgery center, your investment can build equity that can be used to:

- **Recruit a new physician to your practice**

Today's graduating fellows understand the significant income potential of center ownership. In fact, few want to join an existing practice unless the opportunity to be a partner in a center is already available or will be in the near future. To be competitive in today's recruiting market, you need to offer this financial incentive to a potential new partner.

- **Obtain additional income as you prepare to retire**

Following the first year of operation, during which time the case volume is building and contracts with insurers are being finalized, a surgery center can make a significant contribution to your income. The development loan used to build the center is repaid with facility fees. Your income from professional fees is not affected. While you are still practicing, you should avail yourself of all the additional revenue possible. Then, when you decide to retire, the center – not you personally – is responsible for repaying any loan balance that may remain.

When you are ready to scale back your workload or stop practicing entirely, there are many ways for you to leave the surgery center and for a new physician to become a partner. Your financial and/or business advisors can help you determine the legal and ethical approach that best fits the financial needs of everyone involved.

Conclusion

You've worked hard to build a practice. While it has provided you with income from professional fees, you could be earning more. You could be earning facility fees too – but only if you become a partner in an ambulatory surgery center. Ownership is a great way to increase your income as you transition to retirement – scooping up all of the income you can, while you can. It also provides a younger doctor with an incentive to take over your practice and responsibility for your patients, allowing you to thoroughly enjoy your retirement years.