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Medical Centres and Surgeries – Present and Future

SwissTech Convention Center Lausanne

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Agenda

- Presentation of FMH Services
- Forms of medical centres / surgeries
- Foundation of medical centres / surgeries
- Medical centres as enterprises
- Special case: Collaboration between medical centres and hospitals
Presentation of FMH Services

FMH Services Cooperative (FMH S)
Holding company
> 36,000 members

FMH Consulting Services AG (FMH CS)
Operating company

FMH CS business areas
1. Seminars
2. Consulting: Evaluations
3. Consulting: Surgery transfer/succession mediation
4. Consulting: GP Box
5. Jobs/surgeries
6. Central purchasing
7. Software catalogue
12. Other (cooperation partners/secretariat management, etc.)

Services recommended by FMH Services
8. FMH Insurance Services
9. FMH Treuhand Services / FMH Fiduciaire Services / FMH Fiduciaria Services
10. FMH Inkasso Services / FMH Encaissement Services
11. FMH Factoring Services
Everything is on the internet, with the exception of our experience …

"Nurse, get on the internet, go to SURGERY.COM, scroll down and click on the 'Are you totally lost?' icon."
Forms of medical centres / surgeries

Four basic surgery types

1. **HMO surgeries**: Owners are health insurance companies.

2. **Doctor-owned surgeries**:
   1. Owners: Doctor/doctors; employed in own company. Role split between entrepreneur (shareholder/management board) and employee status.
   2. Owners: Doctor/doctors; independent in a ordinary company (group surgery with a ordinary company)

3. **Investors' surgeries (or e.g. cooperative)**: Owners: Non-medical persons (entrepreneurs), doctors employed

4. **Hospital surgeries**: The owner is a hospital, doctors are employed or independent.
Forms of medical centres / surgeries

A medical centre / surgery ...

1. ... is a small or medium-sized enterprise
2. ... has to define its corporate structure
3. ... has to deal with employees
4. ... has to consider all aspects of an enterprise
Forms of medical centres / surgeries

Differences between medical centres with one doctor or several doctors...

– Decisions have to be made cooperatively

– Distinct separation between medicine and business

– Medical independence is possible despite being employed

– Interdisciplinary cooperation / medical and business

– Approval as an institution frequently possible

– Managing doctor must be defined (above all in the case of registered companies)

– Flexible working models easily possible

– Advantages with respect to succession planning
Medical centre = enterprise
Strategy
Strategy

Structure follows process follows strategy...

- Agree on the goals to be achieved (strategy),
- how these are to be achieved with the available competences (process)
- and the appropriate equipment (structure)
Law and finance
# Fundamental legal/authorisation questions

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Single-doctor surgery</th>
<th>Single-person enterprises (SE) / Ordinary company (OC)</th>
<th>Legal person (AG, GmbH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Legal form</td>
<td>All is possible</td>
<td>Collective and individual</td>
<td>collective</td>
</tr>
<tr>
<td>2. Employee handbook, expenses, working hours, etc.</td>
<td>Not necessary</td>
<td>Advisable</td>
<td>Required</td>
</tr>
<tr>
<td>3. Recruiting</td>
<td>Individual</td>
<td>Collective and individual</td>
<td>Collective or delegated</td>
</tr>
<tr>
<td>4. Employment contracts</td>
<td>Individual</td>
<td>Collective and individual</td>
<td>Collective or delegated</td>
</tr>
<tr>
<td>5. HR, salary administration</td>
<td>Individual or delegated</td>
<td>Individual, central or (externally) delegated</td>
<td>Central or (externally) delegated</td>
</tr>
<tr>
<td>6. Authorisations</td>
<td>Doctor</td>
<td>Doctor</td>
<td>Doctor and enterprise</td>
</tr>
</tbody>
</table>
Path to group surgery

What legal forms are possible for a group surgery?
Group surgery: 2 legal forms

- Registered company (AG - GmbH)
- Single-person enterprises with ordinary company (ESTV/AFC)
Legal forms:
ESTV/AFC group surgery model (single-person enterprise & ordinary company)
ESTV/AFC group surgery model – single-person enterprises and ordinary company

**Advantages:**
- Sharing and/or reduction of equipment and facility costs
- Optimum utilization of personnel
- Invoicing of facilities, equipment and personnel at cost
- Exempt from value added tax!
- Group surgery is not a separate taxable entity

**Disadvantages:**
- Separation / leaving of a doctor difficult
- New doctor must buy in, capital necessary / evaluation required
- Personal liability of each doctor for the single-person enterprise (personal, solidary)
- AHV/AVS / taxes when selling
Legal forms:
Fully-integrated group surgery model (AG, GmbH or collective society)
Fully-integrated group surgery model (AG, GmbH or collective society)

Principle:

- Each doctor is employed by the AG / GmbH
- External contacts in the name of the legal person

Each doctor receives a salary. The salary can be paid in various ways:

- Flexible: Earnings - running costs
- Fixed: Fixed salary independent of revenues
- etc.
- Surgery owners and/or shareholders: eventual profit paid out as dividends
Fully-integrated group surgery model (AG, GmbH or collective society)

Advantages:
- Common use of equipment and installations
- Optimum utilization of personnel
- Limited risk (only company assets liable)
- Employment contract / simple leaving by giving notice
- Tax-free capital gains through selling of shares (attention to retention period)

Disadvantages:
- Administrative costs (tax declaration, constitutive foundation, possible compulsory auditing)
- Profit orientated
- Reduced tax optimisation
Comparison of legal forms and surgery models

<table>
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<th>Single-person enterprises (SE) / Ordinary company (OC)</th>
<th>Legal person (AG, GmbH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation</td>
<td>Not formal</td>
<td>Register of Commerce inscription</td>
</tr>
<tr>
<td>Minimum capital</td>
<td>0</td>
<td>CHF 20,000 / CHF 100,000</td>
</tr>
<tr>
<td>Minimum number of persons</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Liability</td>
<td>Company and personal assets</td>
<td>Company assets (and personal assets)</td>
</tr>
<tr>
<td>Separate legal entity</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Fundamentals</td>
<td>Articles of association</td>
<td>Statutes</td>
</tr>
<tr>
<td>Joining and leaving regulations</td>
<td>Articles of association</td>
<td>Shareholder/partnership agreement and statutes</td>
</tr>
</tbody>
</table>
## Finance / Law / Taxes: Fundamental questions (1/2)

<table>
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<tr>
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<th>Single-person enterprises (SE) / Ordinary company (OC)</th>
<th>Legal person (AG, GmbH)</th>
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</thead>
<tbody>
<tr>
<td>Transparency of medical performance</td>
<td>Performances are consciously perceived by all the parties concerned</td>
<td>Full cost and income transparency, including pension plans</td>
</tr>
<tr>
<td>Financial transparency</td>
<td>SE and OC fully transparent / individual pension plans</td>
<td>Full cost and income transparency, including pension plans</td>
</tr>
<tr>
<td>Entrepreneurial technical liability</td>
<td>Split according to strengths and interests e.g. IT / HR / premises / finances / etc.</td>
<td></td>
</tr>
<tr>
<td>Management of medical assistants</td>
<td>Up to 4 doctors → by doctor/chief medical assistant 4 and more → surgery manager (attention: cost factor)</td>
<td></td>
</tr>
</tbody>
</table>
## Finance / Law / Taxes: Fundamental questions

(2/2)

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</thead>
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<tr>
<td>Income tax</td>
<td>Surgery location</td>
<td>Place of residence (salary and dividend)</td>
</tr>
<tr>
<td>Possibilities to optimise income tax</td>
<td>High</td>
<td>Medium / management pension plans possible</td>
</tr>
</tbody>
</table>
Finance
Business plan

Separation into 2 parts:

1. Text:
   - Detailed description of the project, group surgery, AG, foundation
   - Location, accessibility, HR, competition
   - Income and profit sharing, distribution formula
   - Risks and risk minimisation, marketing measures, e.g. website
   - Financing application

2. Figures - financial plan:
   - Detailed breakdown of the expected revenue and costs
   - 12-month detailed timeline and 4-year timeline
   - Declaration that the project will be successful using plausible figures and that the bank is guaranteed to get back the investment credit within the agreed timeframe
Salaries, revenues, profit

General: What is the difference anyway?

1. As an independent:
   - The profit, or what remains after deduction of all costs, corresponds to the income.
   - Even in a group surgery, this system does not change. After application of the distribution formula, the profit or costs are assigned to the single-person surgery.
   - The profit is subject to AHV/AVS.

2. As an employee of own AG:
   - Salary, bonus and dividends correspond to the income.
   - AHV/AVS is 'only' due on the salary and bonus. Attention: Salary/dividend ratio!
Entrepreneur
New and additional challenges for the persons responsible

- **Business skills for complementing hospital and surgery experience**
  - Managing an SMC: Team, organisation, management of change
  - Strategic thinking and behaviour
  - Understanding finance and financial processes
  - HR management
  - Information technology

- **Bringing in external know-how:**
  - Project coaching when building up a group surgery
  - Supporting the existing group surgery: Efficiency questions, supervision, mediation, assessments, successor planning and seeking
From a single-person to a group surgery: There is a world of difference...

- ‘Boss’
- Intuitive
- Informal
- Individual decisions
- Limited personnel
- Simple structures
- Simple processes
- Transparency
- Direct
- People-orientated

- Strategy
- Enterprise
- Law
- Location
- Surgery
- HR
- Organisation
- Finance
- IT
- Communication

- Management team
- Coordinated
- Formal
- Planned
- Collective
- Decisions
- Business skills
- More complex processes
- Contracts
- Management levels
- Team building
- Network
- Business orientated
Building up the organisation

Attention must be paid to the structure of the organisation and the responsibilities

<table>
<thead>
<tr>
<th></th>
<th>Single-person enterprises (SE) / Ordinary company (OC)</th>
<th>Legal person (quintessential for an AG)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company owner</strong></td>
<td>Doctor of the respective SE, doctors for the OC</td>
<td>Shareholder</td>
</tr>
<tr>
<td><strong>Competences</strong></td>
<td>In the company contract for an SE, individual for an OC</td>
<td>According to the company regulations</td>
</tr>
<tr>
<td><strong>Operational management</strong></td>
<td>Doctors</td>
<td>General Manager</td>
</tr>
<tr>
<td><strong>Medical responsibility</strong></td>
<td>Every doctor for himself</td>
<td>Managing doctor</td>
</tr>
<tr>
<td><strong>Liability</strong></td>
<td>Every doctor for an SE, solidary for an OC</td>
<td>Legal person</td>
</tr>
</tbody>
</table>
Location
Fundamental questions concerning location

To be addressed for each company form:

1. Definition of location requirements (personal, economic, premises-related)

2. Surgery concept (function concept, spacial concept, equipment)

3. Location analysis

4. Location decision
Medical centre / surgery
Fundamental questions concerning the surgery premises

To be discussed in the team for each company form:

1. Contracts: Rental/purchase contracts for the premises, contract with the surgery planners (SIA norm), requirements for the surgery planner, etc.
2. Surgery planning
3. Implementation and detailed planning
4. Implementation
5. Start of operation and equipment
Human resources
## Fundamental questions concerning HR

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<th>Single-person enterprises (SE) / Ordinary company (OC)</th>
<th>Legal person (AG, GmbH)</th>
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</thead>
<tbody>
<tr>
<td>1. <strong>HR policy</strong></td>
<td>Individual</td>
<td>Collective and individual</td>
<td>Collective</td>
</tr>
<tr>
<td>2. <strong>Employee handbook,</strong></td>
<td>Not necessary</td>
<td>Advisable</td>
<td>Required</td>
</tr>
<tr>
<td>(uniform rules, expenses,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>working hours, insurances, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. <strong>Recruiting</strong></td>
<td>Individual</td>
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<td>4. <strong>Employment contracts</strong></td>
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<td>5. <strong>HR, salary administration</strong></td>
<td>Individual or</td>
<td>Individual, central or (externally) delegated</td>
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Management & organisation
## Fundamental questions concerning management and organisation

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<th>Single-person enterprises (SE) / Ordinary company (OC)</th>
<th>Legal person (AG, GmbH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Degree of organisation</td>
<td>Simple</td>
<td>Partners + management, team</td>
<td>Owners/shareholders, board of directors, management, team</td>
</tr>
<tr>
<td>2. Entrepreneurial technical liability</td>
<td>Doctor does everything</td>
<td>Split according to strengths and interests e.g. IT / HR / premises / finance / etc.</td>
<td>Split according to strengths and interests e.g. IT / HR / premises / finance / etc.</td>
</tr>
<tr>
<td>3. Regulation complexity</td>
<td>Simple</td>
<td>Low - medium</td>
<td>High</td>
</tr>
<tr>
<td>4. Collaboration partners, suppliers</td>
<td>Doctor</td>
<td>Collective</td>
<td>Collective</td>
</tr>
</tbody>
</table>
IT & administration
Fundamental questions concerning IT and administration

To be discussed for each company form:

1. IT requirements
2. IT choice and implementation and electronic communication in general
Communication
Fundamental questions concerning communication

To be discussed for each company form:

1. Communication rules and fundamental principles

2. Internal communication

3. External communication
Special case: Collaboration between medical centres and hospitals
Reasons for hospitals

Hospitals move into the outpatient area for various reasons:

– Cost pressure, departments must be cost-effective
– Hospitals’ ‘arms race’ (e.g. 15 billion in the next 15 years) => to secure allocation
– The area of outpatients is lucrative and continues to grow
– Shortage of doctors: Make all options available to doctors
– DRG reimburses hospital cases, pre- and post-ambulant services can be invoiced separately
– Training places (e.g. AIM/MIG)
– New players (e.g. Walmart, Migros)
Reasons for doctors

Doctors benefit from the following advantages:

- Hospital infrastructure (e.g. radiology)
- Medical exchange
- Short decision paths
- Replacement
- Referral network
- Process optimisation (e.g. with in-patient doctor system)
'The stand-alone hospital model is being discontinued'

PWC study: CEO survey, Spitalmarkt Schweiz 2015
Tendencies

Hospitals are moving towards **vertical integration**, i.e. active collaboration with Reha clinics or doctors.

Hospitals are moving towards **horizontal integration**, i.e. strategic alliances with suppliers etc.

There will be a rejection of 'the single-tenant approach', several players on the hospital premises.

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1: PWC study: CEO survey, Spitalmarkt Schweiz 2015
Examples

In Switzerland, various medical centres and hospitals already 'work' together:

– Lindenhof Hospital
– Limmattal Hospital
– Training centres
– etc.
Surgery foundation with 'GP Box':

With attractive package offers for

- Surgeries for 2 doctors or
- larger projects

or 'tailor-made' and hence

- Modular
- Flexible
- Simple
- Complete
- Economical
- Efficient
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Member of the Management Team, Consultant
Business economist FH/HES
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Business economist FH/HES

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dipl. ing. in economics

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**Jessica Geisseler**
Consultant
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Thank you for your attention.
We are always here for you!