Stupid Doctor Tricks Part 3 - Physicians disclose their financial mistakes

This is part 3 of 4 of Stupid Doctor Tricks. Check out part 1 here and part 2 here. These were compiled from a long thread on Sermo, a physician-only forum. It’s a great place to chat and even make a little money. If you would like to join, go there from this link and we both get $10. Don’t worry, it doesn’t cost you anything, unlike if you make the errors on this page.

Practice Management Issues

1) Going into practice with a narcissist

2) Starting a primary care practice on my own

3) Merger that sounded too good to be true (it was) – cost was $150K to a pediatrician

4) Going into solo practice (General surgeon)

5) Paying more than the going rate for an employee

6) Hiring someone with more training than I needed (RN vs LPN etc)

7) Devoting myself to seeing patients and trusting the office staff to do the clerical work. They either didn’t perform well or stole from me

8) Seeing patients who need help but do not believe that they need to pay their bills (good luck with this emergency docs)

9) Starting a practice in a neighborhood going downhill
10) Joining practices out of residency where the senior partners were excellent physicians but couldn’t manage a lemonade stand

11) Not watching over my billing company

12) Not managing the assets receivable when I closed my practice

13) Lost over $250,000 when Medical Manager billing system when belly up, bought out by Web MD, and did not take care of smaller practices….billing went into cyberspace for 6 months….we were able to paper-bill for most of it, lost my practice, gained a new understanding of the business of medicine

14) Bringing in partners…I would do it alone the next time

15) Getting a laser for my office. Cost a fortune-still paying it off, fortune in advertising, increased malpractice about 15%. Most months it is in the red.

16) Staying in group practice when I should have gone solo years earlier

17) Starting a single practice. Between the employee problems and expense probably was never financially worth it

18) Joining a practice management group

19) Staying in one of those 90s “Group Without Walls” deals that cost me a years income for two years participation

20) Allowing settlement of a malpractice claim that should have been defended. Made getting affordable PLI very difficult for several years

This was one of the most enlightening parts of writing these posts. It’s relatively easy to read a few good personal finance and investing books to avoid most of the problems
listed previously. But practice management is something that doctors generally just learn as they go, making all the same mistakes over and over again. If you’re going to run your own practice, you must realize that you need to spend a certain part of your working time, and education time, on running a profitable practice.

**Contract Issues**

1) Joined the wrong practice

2) Accepting a position in a group of dishonest, deceitful physicians that most likely carry a DSM IV diagnosis

3) Not having my contract reviewed by an appropriate attorney

4) Not reviewing employment contract

5) Signing a non-compete agreement with 100 mile barrier

6) Not getting a partnership promise in writing

7) I trusted doctors and started my practice without income guarantee based on promises by PCPs in the area (an endocrinologist)

8) Signing a contract with United Healthcare

9) Trusting that employed physicians will show up for work and do their job on a salary

10) Building a new office with 4 partners and not making sure everyone was individually liable for their part of the upfit and loans. After one split, two divorced, and we closed the practice, I got us all out for $100K of “stupid tax” each

Read your contracts and have them reviewed by an appropriate attorney. Don’t make the mistake of thinking they are set in stone. They aren’t. Make sure all verbal promises are in the contract.
Real Estate Issues

1) Buying two houses at the market high with plans to renovate them, flipping one and living in the other.

2) Buying a house right out of residency

3) Owning two houses at once

4) Buying and selling houses at the wrong time

5) Bought first house with first job (rather than renting)

6) Not taking the first offer on a house

7) Falling in love with a house cost me $200K

8) Bought high, sold low on a house

9) Used builder’s appliances instead of getting my own

10) Underestimating repair costs on rental properties

11) Not doing due diligence on real estate purchases

12) Buying into a hot real estate market

13) Built a house in residency

14) Buying a house too late
15) Buying a house too soon

16) Buying the biggest house I could afford

17) Buying too much house at the peak of the bubble

18) Refinancing house in 2008- just as market took nose dive

19) Not listening to my wife when we could have bought 2 acres of land on Nantucket in the late 90’s for $250.000

20) Remortgaging my house at the age of 59 to pay for renovations that cost more than I ever dreamed of

I was surprised how many errors were listed that were related to real estate. There are even more in part 4. Some are simply a matter of having to live through the real estate crash as a homeowner. But many are a matter of buying a home at the wrong time in your personal or professional life. I have found quite a bit of ignorance among physicians on topics related to real estate. Since your home is the biggest purchase you’ll ever make, it pays to spend some time learning how to get a good deal on the home and the mortgage to pay for it. If you get into real estate investing, realize that you’re playing in an inefficient market against some real professionals. If you’re not sure who the sucker at the table is….it’s you.

Go on to part 4 now, or leave a comment demonstrating your own financial mistakes (or those of other docs you know.)