

## **BUYING OR LEASING OFFICE SPACE AND EQUIPMENT**

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If you go into private practice or establish a new group practice, you'll have to make decisions about where to locate and whether it will serve you better to lease or buy office space and equipment.

### **CONSIDERATIONS IN CHOOSING AN OFFICE LOCATION**

Selecting a primary office location is one of the first decisions that must be made in establishing a practice. Once you have settled on the particular area where you want to practice, you'll want to choose a favorable location in that city or town. Many clinicians are now setting up both primary and secondary offices as a survival strategy. When determining where to locate, keep the following factors in mind:

- **Accessibility:** Obviously, you will want your office to be easily accessible to patients. One way to accomplish this is to set up office in or near an existing medical building or mental health providers' complex. This should facilitate referrals and will be convenient for many patients since they already travel to this part of town for healthcare services. In addition, you might consider setting up practice near a heavily traveled area, such as a shopping center or in the business district. Locations on bus and subway routes are also convenient. Unless you're in the center of a city, be sure that there is ample parking for your patients.
- **The area's capacity to support another psychiatrist:** Another option is to open an office in an area that is underserved by psychiatry. By doing some basic investigative and marketing work--looking in online, calling the Chamber of Commerce, asking colleagues, consulting local psychiatric and other medical associations--it may be possible to find an area in which there are few or no psychiatrists or other mental health providers. Again, however, this area needs to be easily accessible to patients.
- **Patient privacy:** Keep in mind that patients may not want their trip to the psychiatrist to be public knowledge. This can be particularly problematic in a rural area. You may want to select a discrete location, such as a medical building that houses other medical professionals or a building that is a block or two away from "Main Street."

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## **TYPES OF OFFICE SPACE**

There are some common factors to keep in mind when looking at potential office space. A single psychiatrist needs a minimum of four to five hundred square feet. This space can be divided into a waiting room, consultation room, and an administrative area. Given the importance of confidentiality, it is vital that the walls be reasonably soundproof, and don't overlook the space needed for the secure storage of any paper medical records and other office files that you don't have stored securely in your computer system. If possible, you may also want to have separate entrance and exit doors for patients to use. With these common factors in mind, you'll need to determine what type of office space to use for your practice:

- **Purchased office space:** In assessing the benefits of purchasing office space, you'll probably want to consult with an accountant, realtors, bankers, and a lawyer. Shop around to find the best mortgage deal, *and be sure that you plan to practice in the area for a minimum of five years*. Buying office space may not be advisable for psychiatrists who are just starting out or who may want to expand in the near future.

Medical condominiums are an option that can be attractive to the psychiatrist who wants to be near other healthcare professionals. Keep in mind, however, that you will pay maintenance fees for servicing common areas and will have to abide by rules set by the condominium governing board.

- **Leased space:** For psychiatrists who choose to lease office space, there are several key points to remember. First, landlords are often willing to negotiate. This can include reducing rent, waiving the security deposit, or making renovations prior to occupancy. Also, make sure that you feel comfortable with the length of the lease. If you lock into a five- or ten-year lease and decide to move after two, you may have trouble getting out of the agreement. Finally, do not assume anything. It is extremely important that all the details of the lease, including the location of the property and the starting and ending dates of the agreement, are clearly and thoroughly stated. Remember, a lease is a contract, and like all contracts should be reviewed by an attorney before it is signed.

A good lease should clearly state, but not necessarily be limited to:

- Square footage of the office;
- Storage space;
- Parking spaces;

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- Snow removal;
  - Utilities;
  - Wifi;
  - Furniture;
  - Cleaning services;
  - Twenty-four-hour access to the office;
  - Insurance coverage;
  - Policies for remodeling and redecorating;
  - Increases in rental fees at the end of each year;
  - Sublet policies;
  - An escape clause for certain unforeseen incidents that require you to leave your practice; and
  - Language giving you first rights to new space that becomes available, should you decide to expand.
- **Home office:** If you are thinking about working out of your home, be sure to carefully weigh the advantages and disadvantages. It is certainly more convenient for you and probably will save you money. However, it may be difficult to keep your personal and professional lives separate when you're working out of your house; your home may be in a poor location for an office; and some patients and colleagues may view a home office as less professional. Be sure to check your neighborhood's zoning rules and consult your accountant regarding Internal Revenue Service codes before you commit to a home office.
  - **Sharing a space:** If you are not going to have a full-time private practice, you might consider sharing a space with another clinician with a part-time practice. You can check with the local APA District Branch or even look on line for notices about spaces available to share.

## **COMPUTER SYSTEMS AND SOFTWARE**

Clearly every physician's office should have a well functioning computer system. There is computer software available on which you can electronically do your practice's:

- Patient records;
- Prescribing
- Billing and claims filing
- Scheduling;
- Accounting;

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There is a movement for all prescribing and medical records to be done electronically so that there can be better communication between providers. In fact, Medicare providers who do not prescribe electronically are already being hit with a penalty for failure to do this, and in the future there will also be a penalty for failure to use an electronic health records system that complies with Medicare standards. More information about available systems can be found on the APA's website at <http://www.psychiatry.org/practice/managing-a-practice/electronic-health-records/resources#Software>. Any computer system you use in your office must be secure to ensure protection of patient privacy. The Health Insurance Portability and Accountability Act (HIPAA) includes specific regulations about the security protections that need to be in place to be HIPAA compliant. See Chapter 41A for a basic discussion of HIPAA, and you can access the APA's complete HIPAA manual at <http://www.psychiatry.org/practice/managing-a-practice/hipaa>.

### **TELEPHONE SYSTEMS**

In purchasing or leasing a telephone system, make sure that you have enough lines to fulfill your needs. Even a small, solo practice should optimally have a minimum of two lines, one for the phone and a second for a fax machine. The telephone provider can generally also provide you with the internet access your office will need. For a small practice without a receptionist, an answering machine is probably adequate or you can get individual voice mail services through your phone provider.

You may also want to consider hiring an answering service to cover your calls during non-business hours. If so, hire a service that answers calls twenty-four hours a day. The answering service employees should know basic information about your practice and schedule, should consistently take accurate messages, and must understand the need for complete confidentiality. You will want to supplement your in-office phone system with a cell phone so that you can be reached no matter where you are. The important thing to remember with your cell is that you want to be selective about who gets the number and be certain those people understand what circumstances warrant a call.

### **PRINTERS AND COPIERS**

For small amounts of copying, you should be able to use the scanning option available on most printers. However, occasionally a patient or insurer may request a pile of medical records, and for times like this it may be worth having a copier if you aren't able to print out your electronic records. There are a number

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of copiers geared toward small businesses, which can double as printers and even fax machines, that run in the \$500 price range. These can also be leased.

**FAXES**

You'll want to have the capacity to send and receive faxes, either through your printer or copier, or with a separate fax machine. For the purposes of HIPAA, fax transmissions are not considered electronic transmissions.