MANAGING YOUR DERMATOLOGY PRACTICE

Hiring a Fee-Only Financial Planner

This is the second column to expand on the suggestions made in my January "New Year's Resolutions" column. (The January column can be found in the archives at www.skinandallergynews.com.)

BY JOSEPH S. EASTERN, M.D.

The suggestion on long-range financial planning generated a lot of feedback. It seems that many readers are concerned that all aspects of their finances might not be in the best possible shape, and several shared unsatisfactory experiences with financial planners.

Believe me, I've been there. The problem, as so many of us have learned the hard way, is that anyone can claim to be a financial planner. There are no officially sanctioned requirements, and there is no government agency to regulate them.

Of the estimated quarter-million people who call themselves financial planners, only a small percentage have any real training, qualifications, or expertise in financial matters. Most are just salespeople whose priority is to sell you financial instruments. Creating a plan consistent with your long-term investment and retirement goals is secondary.

Many have an annoying habit of "churning" accounts: buying and selling frequently to generate commissions and service charges for themselves, claiming they can "beat the market" (at the expense of the value of your portfolio).

Many of them know little or nothing about investing beyond the investments their employers tell them to sell, which may or may not be what you need. Ask about alternatives and you'll get a blank stare.

One solution is to hire a fee-only planner who will charge you a flat fee for his or her services rather than take a commission on everything you buy or sell. In addition to removing the obvious conflict of interest, fee-only planners tend to have more extensive training in a broad range of financial fields. Their role is that of adviser, helping you choose the instruments most consistent with your needs and goals.

You can find a fee-only planner by asking friends and colleagues for referrals, or by consulting one of several trade organizations. The National Association of Personal Financial Advisors (www.napfa.org) is the most prominent fee-only organization.

Never hire an adviser who solicits you. Good fee-only planners are rare and busy, and they never have the time or need to make cold calls.

As with anyone else you hire, always ask for references and check qualifications and credentials. At the very least, an adviser should hold one of the three legitimate credentials of the industry: Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), or Personal Financial Specialist (PFS). None of these designations, however, carries a guarantee of adequate experience or education.

Ask to see the planner's ADV form, parts I and II. This document, which must be filed with the Securities and Exchange Commission, outlines the adviser's compensation, whether by commissions or straight fees. (Be sure you are not dealing with one of the few shifty advisers who accept both.) It also details disciplinary actions, if any. Be immediately wary of any adviser who does not freely offer this form upon request.

Once you've chosen an adviser, keep a close watch on the plan being built on your behalf. Make sure the investments are conservative and varied, not concentrated on a few of the adviser's favorites or the financial flavor of the week.

Your planner should be able to converse intelligently about alternatives to his or her recommendations. An adviser who can't or won't do so is lazy, or letting ego interfere with responsibility, and may need to be replaced.

Good financial planners keep their clients well diversified and they make sure that other aspects of clients' finances—budgets, credit ratings, insurance coverage, tax situations, education funds, estate plans, and retirement accounts—are in the best shape possible.

And unlike advisers-cum-salespeople trying to generate extra income for themselves, they won't try to convince you that you can amass a fortune quickly or easily. ■

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The Payoffs and Pitfalls of Participating in Clinical Trials

BY CAROLYN SACHS
Contributing Writer

MAUI, HAWAII — Clinical trial participation can be a moneymaker for a practice with some realistic planning and savvy negotiations, according to Dr. Roy Fleischmann and Dr. Alvin Well.

"If you're looking to make a profit, you've got to get a profit," said Dr. Fleischmann.

"If I'm getting paid double what I'd get paid for seeing the patient, I have a feeling I'm OK." That extra in reimbursement provides a cushion to cover the unexpected, said Dr. Fleischmann of the University of Texas Southwestern Medical Center at Dallas.

Dr. Fleischmann explained, "You've got to figure out what your real charges are," and that includes allocating a reasonable portion of overhead to cover the share of phone and utility costs incurred because of the project. He said he calculates the average amount of overhead attributable to a patient visit and incorporates that in his cost estimate.

"You do have to think about your time," as well in determining the costs of doing a trial, Dr. Fleischmann added. "You have to go to the investigative meeting—it costs you a day. You have to do the site opening—that costs you an hour. You have to fill out the case report form. You have to sign all those lab reports when they come in."

Once you know your real costs, he recommends negotiating a minimum of 30% profit, which can help protect against unforeseen expenses. "I can guess, in looking at the protocol, what's going to happen if it goes perfectly well," Dr. Fleischmann said. But things do not usually go perfectly well with resulting amendments to the protocol and deadline extensions.

The key is to have someone other than the physician negotiate the contract with the company running the research. Dr. Fleischmann, who is in a large group, has an accountant do this job. Find someone you trust "to have the wherewithal to say, 'This is what we really need.'" It has to be fair, Dr. Fleischmann added.

Dr. Wells noted that costs and the bottom line cannot be ignored in the decision of whether to participate in a clinical trial. In estimating what he needs to be paid for a study, Dr. Wells, director of the Rheumatology and Immunotherapy Center in Oak Creek, Wisc., explained that he works with his billing staff to see what he is being paid for various patient visits, and then adjusts those numbers upward by 20%.

Dr. Wells, who is not part of a large practice, uses his coordinator to negotiate for him. "We play good cop, bad cop."

Dr. Wells and Dr. Fleischmann made their remarks at a symposium sponsored by Excellence in Rheumatology Education.

Beyond planning for a profit, physicians should select their research projects carefully. Dr. Fleischmann noted that it's important to pick studies for which you have the patients. And be realistic about how many patients you can deliver, he added. His own large group practice is participating in two studies involving patients who have not responded to anti–tumor necrosis factor (TNF) agents. Because only a few of his patients have not responded to TNF blockers, he has committed to providing "1 or 2 patients; we're not going to do 12 of them,'" Dr. Fleischmann said.

Although physicians always have the option of advertising for patients to meet recruitment goals, Dr. Fleischman advised against it. Work with patients from your own practice, he urged.

Don't count on outside sources, such as advertising, to bring patients on board. "Patient recruitment is a killer," he observed. "Nobody does it well."

If you don't have the patients in your practice willing to participate in a trial, he said, "you're not going to be able to do it."

Dr. Wells noted that convincing your patients to be in a trial can be tough. He reported finding it difficult to enroll patients in the current trial of celecoxib (Celebrex). Bad publicity about use of COX-2 inhibitors with the possibility of increased risk for heart attacks and strokes has given his patients pause. Many times, the patient will decide to participate because of [their loyalty to] you, Dr. Wells noted.

Dr. Fleischmann urged the audience to "be your own center" when doing a study, or join with a group of physicians with whom you are an equal partner. Avoid going through contract research organizations, he said.

Contracts should include clauses to provide for renegotiation if the company makes a change during the course of a trial. "Sometimes, companies will listen to it, and sometimes companies won't," he said. "But if you've got the study," he pointed out, and "you have patients in the study, you actually have a hook." For instance, your patients can be withdrawn from the study.

Dr. Wells observed that there are bound to be differences in perspective between physicians working in large group practices and those working in solo practices; between someone who has done "tons of clinical trials in a huge research group and somebody who is just essentially starting."

Noting that he might be in a somewhat different position from Dr. Fleischmann, who has done many trials, Dr. Wells said that he "might be willing to break even to get my foot in the door on a trial, or even make maybe just a little less of a profit." And, he said, "If you take the Celebrex trial as an example, you get to answer some interesting questions."

Dr. Fleischmann agreed sometimes there are reasons to do a trial other than for money. "There are trials where we don't make money," he said, "because there's an answer that we want to get."

There is no correct answer on how long to keep records after a trial. "A lot of companies will say 15 years. That's the usual," Dr. Fleischmann said. However, the Food and Drug Administration has the ability to go back and look at the data from a study at any point in time, he said.

"We keep them forever," he said, adding that he stores his records at Iron Mountain and the storage fee is part of the budget.

Dr. Fleischmann disclosed the following relationships with Abbott Laboratories, Amgen, Centocor, Genentech, and Wyeth: speakers bureau, consultant/adviser, and research grants. He also is on the speakers bureau for Hoffmann-La Roche. Dr. Wells is a consultant/adviser for Abbott, Amgen, Bristol-Myers Squibb, Centocor, Genentech, and TAP Pharmaceutical Products. ■