Satellite Hospital Practices: Strong but Delicate

In my opinion, there are two variations of satellite clinics in the US now. The most typical one would be a quasi duplication of the original practice. Owners think if one practice brings in a certain profit, a second practice should also do a similar profit. . From my travels across the country and also from questioning multiple consultants, I feel this is the most prevalent type of "Satellite" clinic in the USA.

However, I believe that the true satellite clinic would be more along the lines of a bicycle wheel.
A bicycle wheel is an elegant design. The entire weight of the rider is transferred from the outer rim through a handful of tiny spokes, and is concentrated at the sturdy central hub. I first learned of such a practice back in the 1980s in New Haven CT. The administrator was Mark Opperman, CVPM (who successfully administered a 10 doctor 90 employee Central Hospital for over 10 years). He told me…" that they are a great idea. Human medicine has been following this concept forever. You have a central facility that can have the best in equipment, employees, 24 hour care, while the outpatient facilities (the feeder practices) are basically outpatient facilities".

When we talk about satellite clinics, we're essentially talking about a practice that is designed with a central hub and a few spokes. Traditionally, the central hub is a large hospital facility that supports advanced laboratory and radiologic diagnostics, as well as sub-specialty, surgical, and emergency services. The satellite clinics are smaller facilities that provide basic diagnostics and treatments, with the expectation of transferring more complex or sicker patients to the central hospital. The entire goal of this model is to *concentrate overhead expenses and avoid duplication of resources* while expanding the practice's catchment area.

Sounds like a great idea in theory, but in practice this model is not without challenges and risk

The basic principles for success with this concept would appear to be:
- Satellites should be located within a driveable radius of the main hospital, ideally in desirable neighborhoods. -
- They should be small, and staffed by one doctor plus one or two techs who can also act as receptionists.
- Stocked with basic, inexpensive equipment, and lab services, along with a small pharmacy, and routine supplies
- Clinics should have fixed hours and minimal emergency capabilities.
- Administrative functions (billing, ordering, payroll,) should be done centrally through the business corporation, (electronic medical records should be on a central system as well)

However, if this concept is so great, why has it not caught on in the veterinary profession? The answer In my opinion is that that veterinarians do not play well in the same sandbox. Unfortunately this is a phrase I have heard way too often at conventions and meetings.

Karyn Gavzer of KG Marketing & Training points out, "Communication issues lead to morale issues. Satellite teams may feel they don't count and are asked to live with decisions that don't make sense for their smaller facilities." This breeds resentment, staff turnover, and poor customer service. Another issue is that the clinics often end up being treated like second-class citizens, with poor equipment, insufficient maintenance, and no interesting medicine.

If you're considering this model, don't reinvent the wheel; consultant expertise is strongly advised. There are many hidden landmines (for example, non-compete clauses must be extra robust to prevent satellites from becoming competitors, resource allocation can be tricky, and improper fee structuring can leave a lot of money on the table). But when tuned correctly, such practices can roll along very smoothly.

Satellite clinics does seem to be one trend, but I am not sure that I feel confident that we will continue to see this grow. The whole industry seems to be scattered at the moment and going in a lot of directions- growth of young entrepreneurs, corporate consolidation, decline of mom and pop shops, changing demographics.

Heather E. Lewis, AIA, NCARB

Animal Arts

My feelings on Central Veterinary Hospitals is that they are a great idea. You have a central facility that can have the best in equipment, employees, 24 hour care, etc while the outpatient facilities (the feeder practices) are basically outpatient facilities that have a reception area, exam room, pharmacy, small lab etc. but no x-ray, surgery or hospitalization facilities. These outpatient facilities are easy to set up, and can be very profitable. Human medicine has been following this concept forever. So, if this concept is so great, how come it has not caught on in the veterinary profession? The answer In my opinion is that that veterinarians do not play well in the same sandbox and that is why. For the Central hospital concept to work, all the owners have to get along and work together for the best interest of the hospital. Having been an administrator for a 10 doctor 90 employee Central Hospital for over 10 years I will tell you a lot of my time was spent keeping all the doctors happy and on the same page. We found having one of the owners be a "hospital director" who works directly with the hospital administrator and is a liaison between the board of directors and the hospital administrator was critical to allow me to do my job. I was very fortunate and had a great group of owners to work with (with the exception of one) and that is one of the factors that allowed us to be successful.

The second principle is that meaningful expectations and open communication are paramount. Many satellite-oriented practices have foundered because, simply put, people couldn't get along. All of the doctors and shareholders want their piece of the pie, but with satellites, those slices will be uneven. To keep things from becoming too uneven, doctors should rotate through the different locations and share responsibilities. You need good managers to make sure cracks developing between people or sites don't become fissures.

MY OWN PERSONAL EXPERIENCE WASN'T GOOD

Right after I had opened my Milton practice, I felt I needed a downtown presence to increase my exposure to the local populations. At he time it felt like a good idea but being a single doctor, there was no way I could make it work with my being the only doctor.(It can obviously work when the staff Includes more than one doctor)

Within 2 months of opening the second facility (staffed only for two days a week) I had to close its doors and accept the financial lose associated with this decision.

That is it for now.
Sorry for so little info to go on.

(I happen to agree with his thoughts completely on why the concept has not taken off in the states
He was a major reason for the success of the New Haven central veterinary hospital system
back in the 80's

He is also the speaker who I went to hear talk every year while I was starting up my practices and I thought he was brilliant (not the nicest guy but brilliant))

One suggestion I'd make to anyone thinking about a satellite clinic is to be sure and rotate all the doctors through all the locations if at all possible. Just assigning one or two doctors to a satellite clinic without a strong noncompete can be like giving them a book of business to enable them to start their own practice. I've seen that happen before.

But in addition, the only way to ensure a similar culture and have similar operations is to share doctors and staff among the locations. Nobody likes to travel longer distances to work, but if the satellite is reasonably close, a day or two a week is generally acceptable. And it can be a great way to expand without having to build or buy a larger single facility. Sometimes a satellite clinic is a great way to get a foothold in a new and growing area.

Good luck with the article.
Lorraine List, CPA/CVA

Most of the multi-location hospitals I work with have PROBLEMS and they don't want to talk about them!
The most common problems are that there is a main hospital with one or more satellites and the satellite locations are treated like step-children. They get:

- 2nd class equipment and limited equipment (surgeries, etc have to be sent to the main hospital)
- less attention from the manager
- non-permanent staff (often a rotating slate of doctors and/or technicians, who usually resent when they have to work there
- communication issues that lead to morale issues: satellite teams feel they don't count and aren't in the know; are asked to live with decisions that don't make sense for their smaller facilities and on and on and on!
- technology issues - computers at different locations are synced to share records, etc.

One 3-location hospital just closed their 3rd location because the ROI just wasn't worth the aggravation. (It was a good decision.)

I hope this helps. Hope all is well in your world! Things good here. Tim and I are still going strong and that makes a wonderful difference in my life! See you soon at one of the winter meetings - Karyn
Karyn Gavzer
KG Marketing & Training, Inc.

Hope all is well. Some of our client have done satellite clinics. You might talk with Dr. Dermot Jevens or his partner Dr. Keith Allan at Upstate Veterinary Specialists. They have a satellite clinic in Asheville, NC. I think it is very successful. So far they haven't built others.

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