

Cataract & Refractive Surgery TODAY

EXPANDING YOUR PRACTICE

The financial and practical benefits
of adding aesthetic services.

Adding Aesthetic Services: Diversifying the Revenue Stream to Survive in the New Economy

BY ROBERT J. NOECKER, MD, MBA



The state of the economy and its effects on medical practice has been an omnipresent concern for the past couple of years, and the outlook for the immediate future does not give much reason to hope for a significant change.

These are troubling times in the general economy, and the health care industry is suffering as well. Economic realities from within ophthalmology, namely a scaling back of reimbursement rates, have put added financial pressure on practitioners.

Survival in this new reality will require smart thinking about the types of services we ophthalmologists offer in our practices and whether they can help retain current patients or attract new ones. In the end, a successful expansion of clinical offerings that diversifies sources of revenue will help to insulate a practice against ongoing volatility and unpredictability.

The changing American demographic landscape, particularly the aging baby boomer population, is both a positive and a negative to the health care industry. More seniors will be joining patient rosters in the coming years, which means a higher volume of work (exacerbated by a potential shortage of ophthalmologists looming on the horizon). Yet, this shift comes at a time when lawmakers are looking to slash Medicare reimbursement rates. Just a few years ago, it was normal for ophthalmic practices to derive two-thirds of their revenue from Medicare; such a heavy reliance on government-based health care—even in the setting of increased volume—could be potentially ruinous to a practice's viability today.

In addition to these changing economic realities, ophthalmologists are facing growing patient expectations. Simply put, patients are demanding more for their money and are expecting a reasonable return on the dollars they invest in their individual health care needs and wants. The health care exchange has become somewhat commoditized, and the perception of health care's value has been monetized.

What options does the ophthalmic practitioner have for maintaining or even growing revenue in this environment? If reducing the reliance on third-party payers is important, then shifting to more offerings that require patients' out-of-pocket participation will be crucial. Moreover, if ensuring patient satisfaction is beneficial, then aesthetic and cosmetic services

may be an attractive option to enhance patients' experience at the clinic. There is demand for these services, and as ophthalmologists have learned from presbyopia-correcting IOLs and refractive surgery, patients are willing to pay extra for an improved quality of life. Unlike these premium services, however, many of the aesthetic and cosmetic procedures offered in the ophthalmic setting exist at a much lower price point, thus making them eminently more palatable for patients.

Our practice recently expanded its aesthetic offerings with the M22 from Lumenis, Inc. This device, which uses intense pulsed light therapy, is a highly effective treatment for rosacea with or without ocular surface disease, sunspots, certain vascularized skin lesions, and for hair removal. Incorporating this new service into our practice has been fairly straightforward, because we have an existing population of patients who already opt for cash-pay services like ancillary treatments for dry eye, premium IOLs, and refractive surgery. Rather than refer these patients out to a spa, a dermatology practice, or to an aesthetic surgeon, we can now reap the benefit of keeping these patients in house.

Offering aesthetic services has another benefit that may not be easily quantifiable in terms of dollars and cents. Patients can see an improvement in their appearance after only a few treatments, and they tend to be very pleased with the results. Personally, I enjoy performing services with the M22, because these patients are the happiest ones in my practice—and happy patients translate into increased referrals to the clinic.

There is yet another reality that all health care practitioners will deal with in the near future, and that is the competition for patients who are seeking greater control over where they spend their medical dollars. For this reason, I see the decision to offer aesthetic treatments with the M22 as a low-risk investment for a potentially high reward in return, because in addition to diversifying the revenue stream, these services also become an important point of differentiation in the marketplace. ■

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The Real Value of Aesthetic Services

Making the decision to offer or expand aesthetic services is one way ophthalmic surgeons are diversifying their revenue and differentiating themselves in an increasingly competitive marketplace. There are many factors to consider before deciding if the move is right for your practice, however. In the following roundtable, leading ophthalmologists Jason Bacharach, MD; Jason S. Brody, MD, MS; and Robert J. Noecker, MD, MBA, explain their rationales for offering aesthetic services, assess the risk-benefit ratio of adding these services, describe the advantages this strategy provides for patient retention and recruitment, and talk about why they chose to partner with Lumenis in this new venture.



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All are consultants to Lumenis, Inc.

WHAT LED TO YOUR DECISION TO OFFER AESTHETIC SERVICES?

Dr. Bacharach: My partners and I decided to increase our commitment in this area based on our patient population, the demand from our patients, and the fact that our surgeons and staff were already trained and interested in providing these services. We already had an oculoplastic surgeon who provided consultative services, and we felt we could expand our capabilities. Our patient base included people who were requesting blepharoplasties already, and we were seeing many patients who had ocular surface disease with rosacea. In addition to that, we had a new surgeon starting right out of training who had an interest in doing aesthetics work, and we thought this would give him a unique niche.

Dr. Brody: A little over 2 years ago, we identified a gap in our service—aesthetics, cosmetics, and oculoplastics—and looked at how much interest we might generate internally

or through referrals. We decided to establish a foundation for offering nonsurgical, nonincisional aesthetic services in the office, because, at the time, there was no one in the practice who was addressing cosmetic or oculoplastic issues that arose with not only our own patients, but also referred patients who were interested in onabotulinum-toxinA injection (Botox, Allergan, Inc.) or blepharoplasty.

In the long term, our decision to offer aesthetic services was predicated on patient retention. We recently hired an oculoplastics specialist so that we can attract new patients as well as retain patients who develop issues that require this type of treatment, rather than refer them out. By offering a suite of cosmetic services, our practice saw an opportunity to care for patients with medical needs, surgical needs, and aesthetic elective desires.

We have a large LASIK and premium IOL practice, and I think this population is a willing base for elective services. After learning that the potential price point for aesthetic procedures is nominal compared with other cash-pay services, we decided that we could create a stream of referrals and convert enough existing patients to justify the investment. I do think that success with aesthetic offerings will vary by practice type, and I also think that larger, multisub-specialty practices will have an easier time making that leap than smaller practices.

In the worst years of the recent economy, our practice may not have been willing to add these services. But, we have seen our LASIK numbers go up pretty substantially in the past 12 to 16 months, and our premium implant numbers are also on the rise. Furthermore, we have been able to cross-market to our refractive surgery patients. We give them a discount on the cosmetic service of their choice after they undergo refractive surgery. The thinking is that they have already had LASIK, and had a good experience, and now they might be interested in additional services that we offer.

Dr. Noecker: I moved to a new practice about 1.5 years ago, which gave me an opportunity to assess where I was and what I was offering to my patients. My current practice implants a lot of premium IOLs, and my partners perform a lot of refractive surgery, so there is an existing base of

cash-based services. Additionally, I treat a lot of tertiary glaucoma and complicated cataract surgery patients. So, from a business perspective, aesthetic offerings help diversify my revenue with discretionary, cash-pay services.

I think it behooves any ophthalmologist to diversify his or her services, because we do not know what is going to happen to the payor mix, especially with more Medicare cuts looming. Although my partners and I will not change our core business, why not offer aesthetic services? The demand is there, and the individuals I treat for aesthetic concerns are often my happiest patients.

WHAT AESTHETIC SERVICES ARE YOU OFFERING IN YOUR PRACTICE?

Dr. Bacharach: The M22 laser (Lumenis Inc.; Figure) is a versatile and multifunctional device, so I think it depends on what the ophthalmologist is interested in providing. The laser is equipped with two hand pieces, including one for intense pulsed light (IPL) therapy, which is useful for vascularized and pigmented lesions. Research has shown good efficacy in using IPL for treating ocular surface disease, and we are interested in running some clinical trials on this application. The M22's second hand piece is a Nd:YAG module, which can be used to treat vascular lesions and leg veins, and for the nonablative treatment of facial wrinkles.

Dr. Brody: Our office is equipped with the Lumenis One, which has both Nd:YAG laser and Lightsheer (diode) capabilities in addition to IPL for photo facials, skin blemishes, and rosacea. The Nd:YAG module can treat leg veins, deep vascular lesions, and even facial wrinkles. I find that most interested patients want this procedure for hemangiomas on the skin, which can appear anywhere on the body.

Dr. Noecker: Our interest in IPL started while we were studying its effectiveness for treating ocular surface disease. We found that patients who received light therapy on their cheeks also experienced improvement of their ocular surface disease. As we looked at our patient demographics, we realized we had a significant volume of patients with dry eyes and ocular surface disease who also have rosacea. IPL, in my opinion, is the best treatment for rosacea on the face, but it is also highly effective for ocular surface disease because it helps reduce the inflammation.

What's in the Box?

Lumenis, Inc., offers a suite of ancillary services to help you market aesthetics and grow your practice. Use your smartphone to watch a short video that shows you (almost) everything you get with the M22.



Figure. The M22 laser by Lumenis, Inc.

HOW DID YOU INTRODUCE AESTHETIC SERVICES TO PATIENTS? WHAT TYPES OF MARKETING DO YOU DO?

Dr. Brody: Successfully introducing these kinds of services comes down to education. Once you have made the decision to offer aesthetic procedures, there are a number of ways to educate patients. We use e-blasts, flyers, and internal marketing such as literature and posters. Cosmetic patients tend to be very word-of-mouth oriented, because if they have a good experience, they will tell their friends. It may take some time and effort for an ophthalmologist to grow this part of the business, because patients may not think of their eye care provider as offering these kinds of services. However, if the rollout is done in the context of having an aesthetic or cosmetic department, then that becomes a good option.

We have also educated our referral network about the fact that we now offer aesthetic services. We are constantly communicating with our referral network, because it feeds the practice. This gives us a reason to communicate with them and let them know something new is going on. Interestingly, that conversation proves beneficial on two levels—it helps attract new patients, and it also reinforces that we are available for other services.

Dr. Noecker: Patients in our practice were asking for aesthetic treatments even before we acquired the M22. Then, after we had success with IPL for treating the ocular surface, we expanded the offering to our general population. Now, when patients point to brown sunspots, we can treat that; when people complain about hair on their lips, we can use the same system to treat that. We might start

The Power of Versatility

BY ROBERT J. NOECKER, MD, MBA

One of the greatest strengths of the M22 unit is its versatility. The M22 unit has two handpieces for performing a range of procedures. For example, after I treat a patient's skin for rosacea, sun spots, or facial hair may become more visible. The intense pulsed light (IPL) module on the M22 can treat these conditions, too, and I can also use it to tighten up any loose skin with the thermal scarring effect. Then, I can switch to the Nd:YAG module to perform a range of other cosmetic services if the patient desires.

Many individuals in my practice have undergone prior refractive surgery, and they complain of ocular surface dryness. Although post-LASIK dry eye is mostly self-limiting, IPL therapy can help make these eyes more comfortable during the healing period.

I also find this technology helpful for optimizing the ocular surface before refractive correction, especially in the setting of meibomian gland dysfunction. Although many cases of meibomian gland disease can be effectively managed with eye drops and lubricants, these treatments only address the surface inflammation and do not treat the underlying dysfunction of the meibomian gland. IPL, on the other hand, is believed to target abnormal blood vessels on the eyelid and around the eye that may be contributing to the dysfunction.

This same mechanism of action explains why IPL is so effective for treating rosacea, other vascularized facial lesions, and pigmented areas. Many patients with evaporative dry eye disease with meibomian involvement have rosacea. Whether this is the same disease process is still unclear; however, both conditions respond to IPL, and patients appreciate that we can effectively treat both issues with the same therapeutic approach.

The versatility of the M22 can also complement other

cosmetic offerings within a practice. Consider that some patients may want an onabotulinumtoxinA injection (Botox, Allergan, Inc.) to eliminate large wrinkles, followed by cross-linked hyaluronic acid (Juvederm, Allergan, Inc.) to fill in any valleys, the removal of fine lines with an Nd:YAG laser, and sun spot treatments with IPL therapy. These multiple treatments do not have to be burdensome to patients, either financially or in terms of comfort. The procedures can be staged monthly or during a 4- to 6-month period so that patients can pay in full or per session until they have reached their desired effect.

Although many of these services are offered in other settings, there is a convenience factor for patients in having access to all of these offerings under one roof. There may also be a trust factor in receiving these treatments from an ophthalmologist. The ophthalmic community is not equipped to compete with the retail market; that is not our competitive advantage. Our competitive advantage is our medical expertise. I think we can win over many aesthetic patients by promoting our medical expertise and training, and specifically our in-depth knowledge of and comfort with treating around the eye.

As ophthalmologists, we already have access to a population that wants aesthetic services, but they are going elsewhere for them. Because we do not think to offer aesthetic procedures, and patients may not think of their ophthalmologist as performing them, we are losing these individuals to spas, dermatologists, and aesthetic surgeons. I encourage any ophthalmologist considering adding aesthetic services to realize that he or she may already have a large demographic of patients waiting to receive these kinds of treatments and willing to pay out of pocket to get them. You just need the right device to capture these individuals.

off talking with a patient about dry eye, but we may notice some rosacea, and we can offer them a treatment for that. The discussion evolves by identifying a patient's need.

We have intentionally been conservative in rolling out this service. We do not do any mass marketing, but we have literature in the office, and our staff hands out questionnaires to patients. Those materials alone breed interest and awareness. One of our main keys to growing the aesthetic side of our business is our staff, because they spend a lot of time talking with patients. Of course, we have also alerted our referral network about our offering in case they have patients who might be interested in these services.

Dr. Bacharach: My partners and I also had patients asking for these services, and now we see them choosing us over a dermatologist. Lumenis put us in touch with a

marketing company that has helped us develop a website, educate patients, and create brochures. I think our marketing efforts will become more active as time goes on. Right now, we have a good level of interest internally. Because the M22 is new to our practice, we want to make sure we have a good experience with it, so we started by offering discounted services for employees so they can be ambassadors for our practice.

WHAT HAS BEEN THE FINANCIAL IMPACT OF ADDING AESTHETIC SERVICES?

Dr. Noecker: Adding IPL technology has increased our cash flow, and we have seen it drive interest in other cosmetic offerings in our practice. We have intentionally kept our rollout minimal so as not to incur marketing expenses. There have been some training costs, but

Finding Patients Within the Practice

BY JASON BACHARACH, MD

Many ophthalmologists may not recognize or appreciate the demand for aesthetic services from within their existing patient base. The older demographic of patients that ophthalmologists generally treat are prime candidates for the kinds of aesthetic services available with the M22.

Another group of patients who might benefit from the kinds of aesthetic treatments available with the M22 are those with ocular surface disease secondary to rosacea. There is significant overlap in the appearance of these two conditions, and chances are, many ophthalmologists already have a large number of patients in their practice with rosacea who display ocular surface disease. Rosacea is highly responsive to intense pulsed light therapy, and so this can be a starting point for the conversation with patients who display both conditions.

Other aesthetic candidates include patients seeking refractive corrections, as they demonstrate a willingness to pay out of pocket for a cosmetic upgrade. Individuals such as these who are willing to pay for improvements to their quality of life constitute a ready pool of candidates to whom aesthetic services can be marketed.

Right now, because my partners and I are still expanding our aesthetic offerings, we are primarily focused on internal marketing efforts. However, one reason we are confident we can start to grow this aspect of our business with existing patients is that they have been asking for these services even before we acquired the M22. Since integrating the laser into our practice, we have created signs and posters to inform patients about these offerings when they enter the practice. These materials alone have generated a lot of interest in our aesthetic offerings.

It is important to assure patients that the aesthetic services available with the M22 are very safe, that they will see results in a short time frame, and that these procedures will not disrupt daily activities significantly. Offering these types of treatments can be a great differentiator for a practice in a busy ophthalmic market. For the individual surgeon, this is a great tool to establish a niche, especially for those new to the field.

In the future, my partners and I may decide to delve further into the field of aesthetics. It is already evident to us that cosmetic procedures can significantly expand our patient base. If we do decide to more aggressively expand our reach, I am confident that we will have a number of positive patient experiences to help drive those efforts.

nothing untoward. The M22 laser has been a reliable device, and so beyond our capital investment, we have not encountered any hidden costs. The important thing with this or any new service is being able to maximize uptake.

Dr. Brody: There was the initial cost of capital investment and a nominal training fee, and after that, we dedicated a budget to advertising, marketing, and educating our patient base. It depends on how aggressively you want to reach out. You can find ways to do that with nominal costs.

I think providing aesthetic and cosmetic services is most effective when there is a space dedicated to it—whether an exam room or other area. There may be costs involved in outfitting that room, but that is discretionary. Our practice has a cosmetic procedure room where we perform Botox, fillers, IPL, and other treatments with the Lumenis unit.

Our practice has a full-time technician who oversees and performs our aesthetic services, which has been very helpful, especially during our rollout. Although having a dedicated technician incurs the cost of salary, this person has been able to focus on growing that part of the practice and addressing patients' concerns. Depending on the extent of the services offered, a practice could ask a nurse or technician to multitask, but there is a tradeoff to some extent in efficiency and the ability to grow the service.

We have not done a full analysis of our return on investment to this point, because we are still establishing ourselves as a cosmetics and aesthetics provider. Now that we have a full-time oculoplastic physician who will help recruit patients, I expect that revenues from this portion of our practice will grow significantly over the next 12 months compared with the previous 12 months.

HAVE AESTHETIC OFFERINGS HELPED TO ATTRACT OR RETAIN PATIENTS? DOES IT IMPACT YOUR OTHER CLINICAL OFFERINGS?

Dr. Noecker: Aesthetic services complement the refractive and cataract surgical offerings in our practice. Many of the individuals who converted to aesthetic or cosmetic services were already in our practice receiving treatment for dry eye, cataracts, or were seeking refractive surgery. IPL-based treatments are a natural fit for those seeking other cosmetic procedures, and that relationship works both ways. Since introducing the M22, I have seen a 25% growth in other cosmetic procedures in my practice.

Dr. Brody: Another aspect of retaining current patients is the ability to convert them to other services in the practice. We have a high volume of individuals who come to us for medical reasons, but we also have many refractive surgery candidates. There is a service-seeking mindset among these patients and an existing financial resource. They have already demonstrated an interest in a cosmetic procedure, so it

makes sense to recruit them. A substantial portion of our cosmetic patients are individuals who came through the refractive side, either the patient themselves or their family members. This may not be the case for all practices; I think offering aesthetics might make the most sense for a group practice with a fair volume of patients. I think many ophthalmic patients do not necessarily realize that their eye care provider offers these kinds of services. Yet, we are not offering invasive procedures like a plastic surgeon performs. We as practitioners need to educate our patients that we can treat more than just the eye and the area around it.

WHAT HAS BEEN YOUR PATIENTS' RESPONSE TO YOUR AESTHETIC OFFERINGS?

Dr. Bacharach: We are still early in our experience with the Lumenis device, but the reaction has been very positive. Patients appreciate the noninvasive aspect of it. They understand that there are more invasive alternatives, but they like that this treatment modality does not significantly affect their lifestyle.

Dr. Noecker: I have come to enjoy performing these procedures, because again, these are really the happiest patients in my practice. There is a social aspect to these treatments as well, where patients who have a good experience will tell their friends and family. So, the happiness factor becomes a driver of patient volume.

Dr. Brody: It was fairly easy to get up and running with the Luernis device; my staff and I found the learning curve to be quick. By and large, patients have been happy with their treatments. If a patient feels he or she did not get the desired effect from a treatment, we can always go back and retreat. These aren't the kinds of procedures where you only get one shot at it. Patients have been very satisfied with the service, and we have found it to be a nice addition to the practice.

ANY ADVICE FOR OPHTHALMOLOGISTS THINKING ABOUT ADDING OR EXPANDING AESTHETIC SERVICES IN THEIR PRACTICES?

Dr. Bacharach: There has to be a reasonable potential for a return on the investment. Aesthetics either have to fit the demographics of your current practice, with patients who would be likely to pay for the services, or they have to expand your patient population. It might identify your practice as a center of excellence. Once the decision is made to start or expand aesthetic services, it is important to consider which ones to offer and who to partner with. We have been using Lumenis' lasers for over a decade, and the company has demonstrated sustained success in the marketplace, so moving forward with the M22 was fairly straightforward. The company provides a menu of add-on services and has

Why I Chose to Add Aesthetics to My Practice

Sheri Rowen, MD, recently decided to add the M22 system to compliment the other aesthetic offerings in her practice.



"I have been offering aesthetic services for 20 years and have had many patients crossover from my ophthalmology practice. Intense pulsed-light therapy will be a welcome addition for patients who opt for onabotulinumtoxinA injections and fillers and also want normal skin texture, pigmentation, and vascularity. It is time to get used to procedures that are self pay as this is the future and the M22 is a wonderful first start."

—Sheri Rowen, MD

been very helpful in getting us started, providing patient education tools, and helping us market these services.

As for the actual treatments, as with all procedures, you want to undertreat and then go back to retreat if needed. We usually tell people they will need multiple treatments or touch-ups down the line.

Dr. Noecker: Where do ophthalmologists get their cataract referrals? Basically, it is from happy referring doctors and family members. Word-of-mouth advertising is very powerful, and that model is applicable for growing other areas of the practice. You have to be comfortable talking about the cost of these procedures, because these services are paid for out of pocket. We already do that, however, with premium lenses and refractive procedures, so the doctors and staff are comfortable discussing elective options and their benefits. We find that patients actually like when the doctor leads the conversation. In short, there are many things that ophthalmologists are already doing in their practices that would correlate to successfully integrating aesthetic procedures. ■

Treating More Than the Eye

Adding or expanding aesthetics may require ophthalmologists to think outside of the box—or, more appropriately, to think outside of the eye. Use your smartphone to watch a short video and learn more.



