

# PREMIUM PRACTICE

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## Rejuvenate Your Practice

BY ROCHELLE NATALONI, CONTRIBUTING EDITOR

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*Premium Practice Today* is a monthly feature section in **CRSToday** providing articles and resources to assist surgeons and their staff in the pursuit of premium practice development to facilitate exceptional experiences for patients and business success.

# Rejuvenate Your Practice

Nip and tuck your way to diversification.

BY ROCHELLE NATALONI, CONTRIBUTING EDITOR

*I used to think of an ophthalmologist as someone who provided eye care. Just a few years ago, harking back to the “stick-to-your-knitting” mantra I had learned early in my career, I counseled a surgeon against incorporating hearing aid services. Botox (Allergan, Inc.) was first approved more than 20 years ago. At that time, I would never have predicted that, eventually, millions of women would willingly pay to have a “weapon of mass destruction” injected into their forehead repeatedly and that aesthetic medicine would become what it has today.*

*A quick search of the literature will convince most of you that the area of elective medicine has become larger than any of us thought possible. Eye surgeons who already perform fee-based services are in a prime position to expand on their offerings beyond vision care and create what I have termed “convenient buying opportunities” for patients with whom they already have relationships. My experience helping providers position nutraceuticals (eg, omega-3 capsules) and hearing instruments within their practices has caused me to reverse that earlier stance. I now advocate that the premium practice indeed offer these ancillary services to its patients ... as part of a larger move toward establishing a direct financial relationship with them.*

*This month's Premium Practice Today will give you reasons to get involved in this growing trend.*

—Section Editor Shareef Mahdavi

Having been among the first specialists to embrace the widespread use of lasers, ophthalmologists are known for their progressive practice patterns. This willingness to think outside the box serves today's cataract surgeons well, as socioeconomic forces prompt them to diversify or deal with the consequences.

Branching out to offer cosmetic surgery and/or aesthetic services is a potentially lucrative avenue for premium practices. Many procedures, such as cosmetic blepharoplasty and Botox Cosmetic (onabotulinumtoxinA; Allergan, Inc.) injections, are either tangentially related to or have their roots in ophthalmology. Adding these procedures to their practices can therefore be seamless for interested physicians.

Recent data show that blepharoplasty is the second most popular cosmetic surgical procedure performed on patients aged older than 51 years. There were 152,123 cosmetic blepharoplasties performed in the United States in 2010, making it the third most popular elective cosmetic procedure, according to the American Society for Aesthetic Plastic Surgery.

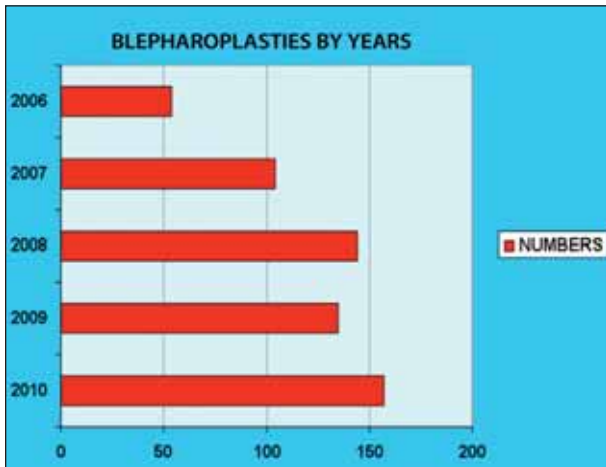
This opportunity to generate revenue has not gone unnoticed by ocular surgeons. A 2010 survey of mem-

bers of the American Society of Ophthalmic Administrators revealed that, of 1,134 respondents, 55% said that the ophthalmic practice with which they were affiliated provided cosmetic services, according to Karen Krzmarzick, MA, CAE, the group's executive director.

*Premium Practice Today* spoke with surgeons and other industry experts who say that answering the call of baby boomers who want to look as young as they feel can be a solution to the income imbalance created by cuts to Medicare reimbursement. Others, however, warn that the competition in the antiaging and cosmetic surgery arena is so fierce that only true contenders should enter the ring.

## DIFFERENT BUSINESS MODELS

Some eye surgeons dabble in aesthetic initiatives. They sporadically perform cosmetic blepharoplasties and inject away crows feet at the request of a few appearance-conscious patients. Other surgeons have fully committed to the art of antiaging with a dedicated staff and sometimes even a separate facility. When the team at The Eye Center of Oak Ridge in Oak Ridge, Tennessee, decided to commit to cosmetics, practice administrator Kim Southmayd nurtured the transition from the first step of deciding to forego building a separate facility



The Eye Center of Oak Ridge tripled its blepharoplasty volume and reaped \$1.14 million in additional revenue in 5 years.

through the growing pains of choosing which procedures to stick with and which to abandon. She now reports that, during the 5 years since the practice added cosmetic services, it has tripled its blepharoplasty volume and reaped \$1.14 million in additional revenue. "Our experience shows that there is a big opportunity for extra income without a lot of investment of capital or time," says Ms. Southmayd.

The key, she says, is having a willing and capable surgeon, a supportive administrator, and possibly an aesthetician. Also important is determining if the practice has the right patients. She points out that individuals seeking premium IOLs and LASIK surgery are comfortable with the concept of out-of-pocket payment, and presbyopic patients are at an age when facial rejuvenation is desirable. Having this pool of potential patients to target with internal marketing works well for The Eye Center of Oak Ridge, as do its relationships with referring optometrists.

Ms. Southmayd explains that patients do not necessarily appreciate the distinction of having an ocular surgeon perform their blepharoplasty instead of a cosmetic surgeon. Once they learn that cosmetic surgeons may perform a tummy tuck and a breast augmentation on the same day as a blepharoplasty, she says, patients realize that perhaps surgeons who deal with eyes all day long have more expertise for ocular procedures.

When her practice began offering cosmetic procedures, the goal was to spread out the overhead without making a big investment. "We started out doing Botox and fillers but quickly found out that the money was really in blepharoplasty," says Ms. Southmayd. The practice now has

three surgeons on staff who regularly perform cosmetic eyelid surgery.

"Externally, we try to educate people about why they would want to have an eye surgeon do their blepharoplasty through a variety of marketing initiatives," she says. "Internally, our technicians are really good at identifying potential candidates and making the suggestion of a blepharoplasty. I think these patients are more confident about having it done when they hear that an ophthalmologist will do it and probably would not have had it done if we didn't make them aware that [our surgeons offer the procedure]."

## SPA TREATMENT

Todd Albertz and Don Holmes of the Cincinnati Eye Institute are also bullish on the concept of ophthalmic surgeons' venturing into the realm of cosmetic and aesthetic procedures. In their case, the decision was made to build an entirely new facility dedicated to antiaging treatments. Mr. Albertz is the director of surgical services, and Mr. Holmes is the vice president of marketing and business development. The pair says that the capital investment was steep, and performing these procedures is not an overnight money maker. It has been 2 years now, however, and they expect the operation to break even by the end of 2011. Fifty ophthalmologists are affiliated with the practice, and it enjoys a conversion rate to premium lenses of about 20%.

The goal at the Cincinnati Eye Institute was to position the practice for future growth. The expanding baby boomer demographic with its well-documented demand to remain vital indefinitely seemed to be the right market to address. Once the decision was made to build The Face & Eye Aesthetic Center, Mr. Albertz and Mr. Holmes took a road trip through the surrounding community and spoke to their competition in spa locations in Ohio. They decided to bring on an aesthetician, to rent rather than buy aesthetic lasers, and to sell three high-end skin care product lines. Building a space for a retail spa costs approximately \$125 to \$150 per square foot, according to Mr. Albertz. "Our square footage was 1,674, and our total investment was just under \$215,000, including demolition of the existing space," he explains.

Regarding the decision for The Cincinnati Eye Institute to include cosmetic services in its offerings, Mr. Albertz says, "We were thinking the baby boomers are already here getting [premium IOL] surgery, and they are going to be our bread and butter for the next 20 years. It would be foolish to think that [the Centers for Medicare &

## Is a Medi-Spa Right for Your Practice?

If you think your practice and your personality would be a good fit for the cosmetic aesthetic market, consider Brad Ruden's perspective. Mr. Ruden is the owner of MedPro Consulting & Marketing Services (Scottsdale, AZ) and an accredited valuation analyst who assists ophthalmic practices in opening medical day spas for the provision of aesthetic services.

**Q. What are the benefits of offering ancillary cosmetic and aesthetic procedures such as cosmetic blepharoplasty, Botox (Allergan, Inc.), injectable fillers, laser skin resurfacing, and cosmeceuticals aimed at baby boomers?**

A. These services exist because there is a demand for them. The benefits are that patients want these services and the practice can control the environment in which the services are provided to ensure patients get the best results. If done correctly, not only do patients leave satisfied, but the practice can benefit financially and strengthen patients' loyalty to the practice.

**Q. What are the drawbacks of making a foray into the aesthetic/antiaging arena?**

A. Aside from the financial investment and a lack of profitability, the biggest drawback is the potential to harm an otherwise good practice's reputation if the services and results are not on par with those on the ophthalmic side. If a practice has a good reputation in one service line and a poorer one in another, the bad reputation is not uplifted by the good one. The good reputation suffers.

**Q. What are the pros and cons of offering some or all of these services in one's current facility as opposed to a separate, affiliated spa setting?**

A. A practice runs the risk of diluting its brand by offering seemingly unaffiliated services under the same name. Studies show that ophthalmologists are some of the most trusted doctors; surveys indicate patients rate vision as the most

important sense. Because of this level of trust, a patient is likely willing to give ancillary services a try. If not done correctly, however, a failure in providing acceptable ancillary services can have a negative impact on the reputation of the ophthalmology practice. I advise the practice to provide such services in a separate space and under a separate name. If a practice decides to provide all services under one roof, consider giving the spa space a different color scheme and decor than the eye space. This will create the image of separation. If the spa is ever shut down, the coloring and decorations can be removed, and the practice is all one eye space again.

**Q. What should ophthalmic surgeons plan for in terms of capital investment, and what can they expect as far as a return on investment?**

A. It depends on the services provided. One could offer a range of limited services and spend \$20,000 to \$50,000. One could offer a full range of services and spend \$150,000 to \$250,000 on equipment and supplies. The return on investment would depend on how well the business was managed. I would hope one would realize, after expenses, a return of 20% or better.

**Q. It seems as though ophthalmic practices that attract large numbers of presbyopic and cataract patients would be perfectly positioned, from a demographic standpoint, to take advantage of the baby boomers' well-documented desire to look younger and remain relevant socially and professionally well into their golden years.**

A. I think it depends more on the local economy and discretionary spending habits of the area residents. Practices that already have a cash-in-hand component (eg, premium lenses, LASIK, optical dispensary) may find it easier to get patients to pay cash for other services.

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Groupon helped draw clients to Cincinnati Eye Institute's Face & Eye Aesthetic Center.

Medicaid Services] is going to increase the amount of money that [it] pays surgeons to perform cataract surgery. If we want the practice to stay viable, we need to look at other products and services that our target audience is going to want, that are within the realm of our practice's mission statement. In our case, we thought cosmetic blepharoplasty made perfect sense. Once [patients have] that, they will want their skin to match the newly refreshed look of their eyes, and they will want some laser skin resurfacing and wrinkle reduction. It only makes sense for us to provide that as well."

The Cincinnati Eye Institute has kept capital costs down by working out a deal with an equipment broker to lease rather than buy aesthetic lasers for skin resurfacing. "The benefit here," says Mr. Holmes, "is that, if the equipment becomes obsolete in a year, we have not spent hundreds of thousands on something that's already antiquated." The downside is that the practice only has access to certain lasers on certain days, so some finesse has to be used when scheduling patients.

Early lessons included learning that hiring an aesthetician with a loyal clientele did not automatically translate into a full roster of clients at the practice's new spa. "It turned out that many of them were in the middle of package deals from her former spa, and they didn't want to lose the money that they'd already spent," explains Mr. Alberts. "So, it was several months before she began to see many of her old clients." In the meantime, the practice signed on with Groupon—an online deal-a-day coupon service—and the results were a pleasant surprise. "When we launched [the service] in September, we sold

500 Groupons in 3 hours," explains Mr. Albertz.


"Instantly, The Face & Eye Aesthetic Center was advertised to 150,000 people in the Cincinnati market, because that's how many people were part of the service at that time," says Mr. Holmes. "Now, [Groupon's] e-mail list is over a quarter of a million. With our first Groupon, our average upsell in other products and services was \$167 per person. Some just got the discounted service we offered with Groupon, but others spent between \$300 and \$2,000 on additional products and services."

There is a symbiotic relationship between the Eye Institute and the Face & Eye Aesthetic Center, says Mr. Albertz. "For instance, we may have a 24-year-old female who comes into the aesthetics center for a \$40 Obagi [Obagi Medical Products, Inc.] chemical peel. She sees that the Eye Institute offers LASIK, and then she decides to schedule a LASIK consult."

## PERFECT POOL OF PATIENTS


Jacqueline D. Griffiths, MD, the medical director of NewView Laser Eye, Inc., in Reston, Virginia, is an ophthalmic surgeon whose practice has a hefty premium IOL component and an equally active antiaging segment. She has always been interested in performing cosmetic blepharoplasty. In Fairfax County, just outside Washington, DC, Dr. Griffiths has a well-heeled clientele that is eager to avail itself of this procedure as well as the injectable wrinkle reducers that help to diversify her practice. "The easiest and most common thing that ophthalmologists get into in the antiaging arena is Botox," Dr. Griffiths says. "This is because ophthalmologists were the first to use Botox therapeutically, and it is simple to use and easy to incorporate into our practices. In my area, with market prices the way they are, Botox is a revenue generator." She points out that fillers such as Juvederm (Allergan, Inc.), Restylane (Medicis Pharmaceutical Corporation), and Radiesse (Merz Aesthetics, Inc.) are lucrative in her practice as well.

Dr. Griffiths says it is natural for an ophthalmic surgeon to broach the subject of blepharoplasty by mentioning to a patient that he or she has some hooding on his or her eyelids. The topic of wrinkle reduction, however, can be a little more sensitive. "When I first started to offer Botox and fillers, I was afraid that if I mentioned it I might insult people," she says. Since then, the practice has added several questions to their questionnaire that inquire if the patient has ever considered Botox or specific fillers. "When I see on the questionnaire that they have thought about it, this gives me an opening to talk about



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- Conductive Keratoplasty (CK – for reading glasses)
- Botox Cosmetic/ Restylane/ Radiesse/ Juvederm/ Latisse (eyelash growth)
- Blepharoplasty (Eyelid Surgery)
- Advanced Cataract Surgery
- Multifocal and Astigmatic Correcting Implants
- Bifocal Contact Lenses
- Colored Contacts
- Rx Glasses and Sunglasses
- Non-Rx Sunglasses

We hope your experience with Jacqueline D. Griffiths, M.D. and staff is pleasant and mutually rewarding.

NewView Laser Eye, Inc., offers a survey to patients at the beginning of the consultation to gauge their interest in procedures, including blepharoplasty, Botox, and fillers.

the topic. If patients want filler treatments when they are in for an eye exam, we will do it the same day. If possible, we will also do Botox on the same day it's requested," says Dr. Griffiths.

## CONCLUSION

Branching out into cosmetics is working for The Eye Center of Oak Ridge, The Cincinnati Eye Institute, and NewView Laser Eye, Inc., as well as countless other ophthalmic practices across the country. It is not the right move for all eye surgeons in search of a vehicle through which to diversify their practices. Health care consultant Stewart Gandolf warns that a part-time commitment will yield part-time results. The author, speaker, and cofounder of Healthcare Success Strategies in Irvine, California, Mr. Gandolf has worked with thousands of practices in numerous specialties throughout his career. He says, "It can be an insanely competitive market. The ones who succeed are the ones who look at participation in cosmetic surgery or 'medi-spas' as a commitment." He says some practitioners who are just begin-

ning to consider this idea may already be too late—especially for skin resurfacing and other laser aesthetic procedures. He points out that these lasers were first marketed to cosmetic surgeons and dermatologists and then to family practice physicians, gynecologists, and even dentists. Patients are now being offered these services everywhere they turn.

"Naturally, because of declining reimbursement throughout medicine, everybody wants more revenue," says Mr. Gandolf. "Now, everyone has these lasers, and they need to use them to recoup their investment. It's a competitive bloodbath, and a lot of medi-spas are closing down."

Ultimately, Mr. Gandolf says, eye surgeons who are interested in venturing into cosmetics and aesthetics should "either sell these ancillary services to your current patients and limit your expenses or make a dramatic commitment to growing the cosmetics end of your practice." "Still," he added, "because ophthalmologists have a surgical upside (eg, blepharoplasties), they often can be profitable when others cannot." ■

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### Additional Resources:

*American Society of Aesthetic Plastic Surgery  
(www.surgery.org)*

*American Society of Ophthalmic Administrators  
(www.asoa.org)*

*Healthcare Success Strategies  
(www.healthcaresuccess.com)*

*MediSpa Association  
(www.medicalspaassociation.org/index.asp)*

*MedPro Consulting & Marketing  
(medprocms.com/brad-ruden-resume)*

*NewView Laser Eye Inc (www.newviewlasereye.com)*

*The Cincinnati Eye Institute Face & Eye Aesthetic Center  
(www.ceifaceandeye.com)*

*The Eye Center of Oak Ridge  
(www.theeyecenters.net/beforeafter.cfm)*