

# MUTUAL FUND



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## Ophthalmology

The case for diversification.

A common strategy, arguably an absolute, in business and investment is diversification. Amazon expanded from books to seemingly every product under the sun. Wealth managers invest in stocks, real estate, and countless other sectors. Where would Warren Buffett be if he had decided never to buy Apple stock and instead continued investing only in banks?

Why are we doing the opposite in the field of medicine? Like other specialties, ophthalmology is becoming increasingly specialized. Soon, there may be cataract specialists for the right eye and cataract specialists for the left eye. This is an exaggeration, of course, but eye care is full of clinicians billing themselves as experts in dry eye, premium cataract surgery, and retinal injections. In our opinion, this type of hyperspecialization is akin to playing

penny stocks. This is what Tom Cruise might call *risky business*.

### THE RISKS POSED BY INCREASING SPECIALIZATION

The trend toward greater specialization in eye care continues despite yearly decreases in reimbursement. Tim Cook would be out as the CEO of Apple if he maintained the same business strategy in the face of a 50% drop in the sales price of the iPhone over 20 years. Instead, the price of the iPhone has risen as demand has increased. In contrast, the demand for cataract surgery is at an all-time high, but physician payments are in the basement.

Money is a difficult topic for doctors to discuss. Those who fight for higher reimbursement may be viewed as greedy and self-centered. A popular notion is that patient care suffers if practitioners worry about the

bottom line. The reimbursement for cataract surgery, however, is abysmal, so comprehensive ophthalmologists are becoming increasingly dependent on premium offerings such as presbyopia-correcting and toric IOLs, LASIK, and laser cataract surgery. The danger of this approach is revealed by an economic downturn when fewer patients can afford procedures that are not covered by insurance. We saw this occur with LASIK after the Great Recession.

It is unwise, in our opinion, for ophthalmologists to continue practicing medicine as if a bull market will last forever. Markets—even health care—ebb and flow. The good news is that ophthalmologists already have tools to make their practices recession-proof. The only requirement is to do what they were trained to do: take care of patients. Not every patient needs to be referred out. When a case is straightforward,

## Three Tips to Protect Your Business

- ▶ As a trained and experienced surgeon, trust in your ability to diversify your skillset.
- ▶ Provide services that allow members of your local community to receive excellent ophthalmic care. You trained to be an ophthalmic surgeon, not to perform just one type of surgery.
- ▶ Take care of your employees. They and their families depend on you to make good decisions for them and your patients.

ophthalmologists can help the patient to the best of their ability. This approach to patient care has benefits. First, patients—especially established ones who trust their current provider—dislike being bounced around to multiple doctors. Second, many patients who are 80 years of age or older do not drive, and the family members who shuttle them to their appointments appreciate the convenience of visiting the same practice again and again.

### RISK MITIGATION THROUGH DIVERSIFICATION

Fund managers combine multiple stocks into a single mutual fund to mitigate risk. A similar principle can be applied to ophthalmology without exceeding a practice's scope through the addition of one or more procedures not related to cataracts. Offering more procedures and surgeries increases the number of level 4-coded visits and testing, which can raise the practice's bottom line. Added to this is a higher number of follow-up appointments later in the year.

The following are four noncataract procedures for practices to consider adding to their armamentaria.

**CXL.** This treatment can be performed outside an OR, and no ambulatory surgery center is required.

**Oculoplastics.** An ambulatory surgery center also is not required for blepharoplasty and tarsal strip

procedures, although the setting can be beneficial. The average blepharoplasty requires minimal supplies, and most of them are reusable, which is good for the environment and a practice's bottom line. The patients who undergo these basic oculoplastics procedures are some of the happiest in our practice.

**Glaucoma.** MIGS is another offering to consider adding to a practice's services. Performing just two MIGS procedures per week can boost the practice's bottom line. The increase in revenue is not from the procedure alone but also from associated clinic fees such as for OCT imaging.

**Retina.** The average ophthalmology trainee performs 400 to 500 retinal injections during residency. A general ophthalmology practice probably does not require a retina specialist to provide this form of treatment to patients with macular degeneration and diabetic macular edema.

### RESPONSE TO A COMMON ARGUMENT AGAINST DIVERSIFICATION

When we recommend that general ophthalmology practices expand the number of procedures they offer, the counterargument we hear most often regards a lack of training. All ophthalmologists, however, receive the same basic training and can learn things in practice. Comprehensive ophthalmologists perform many procedures that they either did not learn or did not perform a high

volume of during residency. Examples may include MIGS, LASIK, and even phacoemulsification.

We are not recommending that ophthalmologists choose a perfectly healthy 47-year-old patient when beginning to perform blepharoplasty. A better strategy is to start with patients who are 70 to 80 years old and have a marginal reflex distance of less than 1 mm. These individuals are likely to be ecstatic with their results. Performing blepharoplasty on this population for several months can allow an ophthalmologist to gain both experience and confidence.

### CONCLUSION

An ophthalmologist's most precious asset is their practice. (As Bill Clinton famously said, "It's the economy, stupid!") Your business requires protection, and the sidebar *Protect Your Business* offers a few relevant pointers. Diversification—the mutual fund of ophthalmology—can pay dividends. Certified financial planners have a fiduciary responsibility to their clients' financial health. It is why mutual funds are so often selected by investors. You are the certified financial planner for your practice.

If the Centers for Medicare & Medicaid Services cuts cataract surgery reimbursement to the cost of a fast food hamburger, you will be happy you know how to do more than fight nuclear sclerosis. ■