

BUSINESS HISTORY OF HENDON MEDICAL CENTRE

Business history of Hendon Medical Centre

Dr Alexander began his general practice in 1981 at Semaphore Park. He rented small premises in a small shopping centre and was very successful from the start. Unfortunately the landlord noticed this and began to increase the rent steeply within the first 6 months. Dr Alexander then purchased a property which has become Hendon Medical Centre.



He renovated the property to make it suitable As consulting rooms and organised other doctors as well as paramedics to work with him. He also opened two other clinics at West Terrace and on Main North Road (Australian Workers Clinic). He also developed a busy practice in Cosmetic Surgery involving Liposuction, Hair Transplantation and other

Cosmetic surgeries.

The practices were very successful.

Dr Alexander at the same time developed other business interests which provided substantial additional income.

Consequently he did not continue to develop the practices further. Over time due the practice became smaller til finally over the last 15 years or so it has essentially become a two man practice at Hendon only.

This state of affairs was quite satisfactory until the recent retirement of Dr Turner.

As a result of this Dr Alexander has decided to refurbish and renovate the practice.

Over the last 12 months plans have been drawn up to achieve this. The building will be progressively converted so that there are 5 consulting rooms available.

The practice has always been accredited but this lapsed two years ago so accreditation has once again been applied for.

Negotiations are taking place to arrange a blood collection centre to be started on the premises.

This will provide rent as well as advertising from the pathology company. This will involve placing additional signs and flags advertising the business. The blood collection will also be advertised on the pathology companies web site etc.

A Phlebotomy nurse will be made available by the pathology company. The rest of the time this nurse will be employed by Hendon Medical Centre.

Her wages will be largely offset buy the pathology company as well as the practice incentives that are available.

This will enable the practice to properly prepare and execute care plans. Up til now the use of care plans has been minimal in this practice.

It is anticipated that this would increase the gross income by up to \$100,000 per doctor.

In order to develop a business plan we will first look at actual expenses These are derived from bank statements and a supported by invoices and receipts.

Please look at the document "Hendon Cash Flow Appendix Page One.pdf" which is derived from the Excel file "HENDON MEDICAL CENTRE BUSINESS MODEL.xls" and published in Adobe Illustrator. First look at PARAMETERS. As you can see these can be varied and are immediatley reflected in the PROFITLOSS , CALCULATED , INCOME, EXPENSES boxes.

If you notice TENANT COSTS and LANDLORD these reflect fixed costs taken from actual receipts and tax figures. As you can see these are very reasonable.

This work is based on a 3 doctor model but would still be very profitable with 2 doctors and even more so with 4 or 5. Even if budget is not met there is no doubt that the business would nevertheless remain extremely attractive.

The other boxes include GROSS MEDICAL INCOME FOR DR ALEXANDER FROM ATO TAX REC, CARE PLANS, PRACTICE STRUCTURE, PNIP INCENTIVE and RENOVATION.

They are self explanatory.

Now some more explanation.

There are two categories of expenses

Landlord expenses which accrue to the owner of the real estate .

The second category of expenses are known as operating expenses and

BUSINESS HISTORY AND PROJECTED CASHFLOWS OF HENDON MEDICAL CENTRE

and have been already discussed.

In the business plan that is presented it is assumed that a practice nurse is employed in order to enable the proper use of GP care plans It is anticipated that the cost of a nurse who would be able to implement these care plans would be largely born by the PIP incentive Consequently since the practice would need to be accredited for this to occur the accreditation process has been applied for and should be completed within 3 months.

It should be noted that this practice has been accredited ever since accreditation started upto most recently 2016.

It is planned that further income would be derived from a phlebotomy nurse and rental to a pathology company of blood collection premises. RENOVATION has been commenced.

A container has been ordered and will arrive within the next two weeks Once this has arrived all filing cabinets finals and other relevant

consumables will be moved into the container office.

A builder has been engaged.

He will commence shortly to refurbish the rear toilet.

Next he will remove the middle toilet (see building plans).

Finally the two walls will be removed to enable the extension of the central passage right through to the back of the premises.

This will open up the entire area with lots of waiting room and 5 consulting rooms.

Once this has been done a second and third doctor could commence. There is no doubt that it would not take very long before these doctors are all busy.

The exact percentages given to the doctors will differ in the following way.

It is anticipated that 75% will be given for regular consultations.

Furthermore 50% will be given for execution of care plans.

Any home visits would be reimbursed at 95%.

On the completion of this business plan which should occur by the end of 2018 Hendon Medical Centre should be operating very profitably.

From 1983 up to 1989 Dr Alexander as well as doing General Practice had a moderately busy cosmetic surgery practice.

This involved Facelifts liposuction hair transplantation collagen injections as well as other minor procedures.

When the cost of medical insurance for this type of work became prohibitive he ceased doing it and just continued General Practice.

Over the last few years this practice has done quite well run as a traditional two man practice.

The figures are given below

In addition to this over the last 5 years Dr Alexander developed a small practice doing cosmetic surgery which included the injection of facial fillers and the use of Dysport.

He also has good contacts with various people who provide referrals for WorkCover and Insurance patients, as well as a lot of Sports Medicine focussed on MMA, Boxing both professional and amateur, KickBoxing, Muay Thai etc.

The income for this work is not reflected in the tax figures showing off of as they relate you'll be to the Medicare income only.

The cosmetic work was done through a separate account.

In a typical year Dr Alexander I would see about 8000 patients. encounters achieving an average income of approximately \$50 per

patient encounter.

There is very little use made of care plans.

From July 2017 Dr Alexander stopped bulk billing completely and charged all patients a \$19 Gap.

This bought the average patient income up to approximately \$65 for patient encounter although the number of patients dropped by about 10%.

This was the outcome desired and it will continue until the practice is properly restructured as described above.

Dr Alexander is skilled in the computer use having completed extensive studies in that subject in the past.