

NZSA Private Practice Introductory Guide

Introduction

Congratulations! You have completed your anaesthesia Fellowship training and armed with your piece of paper (and many more), you can now head into the wilds of private hospital work. While this can be an exciting time, it may also feel daunting. We have produced this guide to make this transition easier for you and sought input from anaesthetists working in private practice. In developing this guide, we asked ourselves 'what do I wish I had known before I started working in private?' We trust you find this guide informative.

Private practice in New Zealand

Private practice in New Zealand typically means working as an independent practitioner or contractor providing anaesthesia, perioperative care and pain management services in private clinics and hospitals. Practitioners who work in this way need to apply for accreditation and will be granted practising privileges by the institution. This obliges the practitioner to maintain Medical Council of New Zealand (MCNZ) registration, take part in appropriate professional development and work within a defined scope of practice. Working outside a formal employment arrangement means the practitioner is responsible for their own practice and income. Income is generated by the provision of a service, establishing a fee structure, creation of invoices and collection of fees.

What do I need to work in Private Practice?

1. FANZCA or equivalent.
2. Vocational registration with the Medical Council of New Zealand.
3. Indemnity insurance, like Medical Protection Society.
4. Valid Annual Practising Certificate.
5. Accreditation to work in larger private hospitals.
6. Health & Safety documentation.
7. Orientation to the private facilities.

When can I start doing private work?

There are no rules as to when you can or cannot start. Most anaesthetists work in the public system for a couple of years at least, before looking for additional work in the private sector; however, this is not an absolute. Talk to those in your department if you are unsure; hearing about the experiences of your colleagues who work in private practice is recommended.

Business options

There are different business structure options available when practising privately e.g. sole trader, company, partnership, or joint venture. It is important to seek advice from an accountant and lawyer to determine which structure suits your practice and circumstances. Established groups will have a structure in place and you should seek advice from your accountant and lawyer regarding the implications of this. Please see the next heading for information about groups.

What is a group - should I belong?

In the larger centres, there are often billing groups that have been created to take over most of the administrative tasks. The group may be purely for managing the patient billing or they may also manage list organisation. To join a group, usually it is as a locum, and you become a member

once you have permanent private work. To join, you usually need to be nominated by two existing members of the group and provide the above paperwork. Generally, the entire group will be canvassed to make sure any anaesthetists who join are of a good standard, which is usually a formality. How you are charged by these groups may differ. In some groups, a portion of the amount you bill will be paid to the group in levies. These levies are determined by the group and you should know ahead of time what portion, e.g. 10 or 15%, will go to the group. These levies should be taken off your gross income as an outgoing prior to working out the tax burden you will owe the IRD. Other groups may charge you a set amount per patient account.

Whether you chose to work through a group or on your own is up to you. Obviously with no levies, working on your own means you maximize your income, however, not having the services of the group means more work for you – providing patient information and questionnaires, chasing debt, engaging debt collectors, liaising with insurance companies and also finding your own locums when your leave does not align with the surgeon's.

How do most people get private work?

This varies in different parts of the country and depends on your circumstances. Often people have a friend or surgical colleague who is also just starting out in private and needs an anaesthetist. Other times people will be shoulder tapped by the existing anaesthetist who wishes to change or drop their private commitment. Or you can start off in some centres by registering as a locum until something more permanent comes up. In other centres where there is less of a group focus you may get yourself known by starting to cover leave for a colleague, which may lead to more regular work.

What is my relationship to the private hospital?

You are a contractor working in the private hospitals. You are a Person Conducting a Business or Undertaking (PCBU) in the eyes of Workplace Health and Safety regulations. You have obligations to the hospital, their staff, the surgeon and the patient. You need to be familiar with this legislation and fulfil your requirements, e.g. maintaining a risk register and operating in a manner that is consistent with workplace Health and Safety (the NZSA has produced a Health and Safety Manual tailored to anaesthetists which can be found on the members only section of the NZSA website.)

Billing

How do I know what to charge for my services?

Knowing what amount to charge for your services is one of the trickiest aspects of starting in private practice. Most likely, you have been a salaried employee most of your working life and have little to no experience with what to charge for your services.

There are also different ways of setting remuneration depending on the way the hospital, the surgeon and the insurance company interact.

- **Relative Value Guide (RVG):** The NZSA developed a Relative Value Guide for anaesthetists working in private practice to help you decide on the value of your services. The unit rate is for you to set. Then a formula allows you to decide on the total number of units each case is worth. There is a time component (i.e. each hour up to two hours = 4 units/hr, then 6 units/hr >2 hours), a procedure component (e.g. 8 units for a joint replacement) and modifiers for complicated aspects (e.g. obesity, prone procedures).

- **Affiliated Provider Scheme:** For example, Southern Cross hospitals have an affiliated provider scheme, and if your surgeon has a contract with them, then you will be offered a contract price that is, essentially, non-negotiable. There might be occasions when a contract procedure extends outside of the original plan due to a surgical finding/complication at the time of surgery. There is no specific way to address how this should be reimbursed given these payments are fixed. The best option is to discuss this with the surgeon or hospital, whoever “owns” the contract with the insurance company, as they may also be seeking a higher payment for their unexpected costs. They are more likely to have the ability to negotiate something on your behalf. NZSA will continue to bring these sorts of issues to the attention of the insurance companies to try to find a simpler pathway to follow under such circumstances. The option of charging the difference to the patient is one way to recuperate the extra payment, however the possible negative outcomes of this should be considered first.
- **Other contracted rates:** For example, in Auckland ACC has a contracted rate with Southern Cross hospitals and this rate may be a single sum for common procedures, or it may be a unit rate that is applied to the RVG.

Why can't we discuss what we charge?

If you discuss what you bill your patients outside of a partnership relationship, you are at risk of anti-competitive behaviour and could be accused of price fixing. At the most serious end, this will result in prosecution by the Commerce Commission, which has occurred in the setting of medical billing in recent years. Competitors are not permitted to discuss their current billing rates, including the RVG unit value charged. However, historical billing information can be collected under certain circumstances, but caution about such discussions is advised.

What is the Commerce Commission?

The Commerce Commission is the government agency that enforces competition, fair trading and consumer credit contract laws. For more information: <https://comcom.govt.nz/>.

How do I bill?

This will depend on whether you belong to a partnership or group where there will be employed staff who will take care of the billing, and often the provision of pre-operative health questionnaires and patient information leaflets (see below). If you are looking after your own billing, you are advised to get an accountant to assist with financial matters, however you'll need to raise invoices and send them to patients or insurance companies, or sometimes, depending on the contracts, to the hospital or the surgeon's rooms directly. You also need to consider that patients are usually sent an estimate of anaesthesia costs along with the estimates of the surgeon's and hospital's fees prior to surgery. It is wise to ensure your surgeon knows what you are likely to charge so the patient is not unpleasantly surprised after the event.

What if a patient/insurance company do not pay their bill?

This will happen from time to time. Understanding how comfortable you would be in pursuing a patient for payment might help you decide whether belonging to a group is the right option for you. Not all billing services will pursue debt collection so be sure to understand exactly what any billing service offers before you commit to one.

Tax and GST

Do I need to charge GST?

If you are self-employed or your business income is less than \$60,000 per annum, you do not have to charge GST. If it is more than \$60,000 you are obligated to be registered for, charge and pay GST at 15%.

How do I register for GST?

If you have an average of one session of private work a fortnight, you are likely to get close to the \$60,000 per annum limit. If you are GST registered, you must pay GST, at least every six months and file GST returns with the IRD. Registering for GST is very straightforward, and you can find information on the IRD website <https://www.ird.govt.nz/>.

Can I/should I claim expenses?

You can claim expenses that are related to your job as a self-employed contractor. This may include for example: billing service fees, accounting fees, home office expenses, mobile phone expenses, professional subscription fees, income protection insurance among others. Understanding exactly what is allowed is something you may want to discuss with an accountant.

You also need to consider maintenance of your home office/rates/phone/internet/power/mortgage interest etc.

Do I need to make myself a business?

This is a personal choice. You can be a contractor to the hospital and NOT be a business. However, if you do decide to register as a business and you are the sole employee of that business, you will need to register with ACC and pay levies. Understanding the pros and cons of this is something you may wish to discuss with an accountant.

Do I need to do a tax return?

If you have any self-employed income you will need to pay tax on this. You will have to fill out an IR3 and maintain your annual financial accounts every year, as well as keep any account details for a minimum of seven years. After your first year where you declare and pay the additional tax (mostly likely at 33% of what you earned after levies are GST deducted), you will have to pay provisional tax on your anticipated additional income for the following year. This provisional tax will be due in October and May and can be a sizeable amount depending on your private income.

Should I get an accountant?

This depends on how savvy you are at the financial details and how complicated the tax return and expenses you claim for are.

Credentiailling

What is credentialling?

Credentiailling is the process whereby hospitals undertake a review of your qualifications and experience, as well as current good standing (current APC, indemnity insurance) to assess the suitability for you to work at their premises. It is essentially an approval of scope of practice – you are credentialled for example to provide anaesthesia services to children over the age of three for non-cardiac surgery. This is similar to the process required in your DHB.

How do I get credentialed with a private hospital?

You can usually get credentialed by contacting the hospital manager and providing the listed requirements above. Often an orientation of the facilities is also expected, with a walk through of the wards, pre-op and post-op areas as well as the OR suite and emergency procedures (DI trolley, crash cart etc.). Such an orientation is highly recommended prior to commencing your first list at a new hospital if possible.

Responsibilities

What are my responsibilities – to patients, the hospital, the surgeon, out-patients and in-patients?

Usually you have a duty of care to your patients from when they are admitted to the private hospital until their discharge. This includes being available to see them overnight if needed, or to discuss issues with the nursing team, unless you have made clear and communicated provision otherwise, e.g. if you complete a morning list and then travel overseas in the afternoon, you need to make sure there is a suitable colleague that you have handed the patient's care over to. You need to have communicated this to the nursing team and the patient and make sure your colleague's contact details are available.

You have responsibilities to abide by the hospital's regulations, procedures and health and safety practices. How you work with your surgical colleague depends on the surgical specialty and complexity of the surgery. For ophthalmology or gastro lists for example, it would be unusual to contact each cataract or scope case prior to surgery, but for most other surgery, you would expect to know the details of each patient a few days in advance to allow time for you to look them up and call them as needed. Who sees the patient post-operatively should be discussed and planned with the expectation that most patients would be seen by either the anaesthetist or the surgeon each post op day, except perhaps on discharge.

What do I do if I have an inpatient and I cannot see them, e.g. I am going away the next day?

Again, this is not uncommon, but requires good handover to a suitable colleague, or the surgeon so they can assess the patient's suitability for discharge.

When can I leave the hospital after a case?

Generally, unless other arrangements have been made, any patients in the PACU must have any airway devices removed and be responding to simple questions before you leave the facility. Ideally you would know the status of any other cases within the hospital that were done earlier in the day and make sure that the ward and PACU nursing teams know you are going away.

Consent

What is informed financial consent?

Informed financial consent is where a patient is aware of an estimate of charges that they may have to pay, either because they have no insurance, they have insurance with a 'gap' or they have chosen to see a surgeon who is not part of an Affiliated Provider scheme. In essence, when a patient must personally pay more than just an insurance excess, it is ideal that the financial aspect of their care has also been discussed pre-operatively. This can prevent non-payment post-operatively and should be documented as part of their consent process.

What differences are there between consent in public versus private?

Only some private hospital facilities have overnight medical staff. The nursing staff are used to this arrangement and are highly capable, often able to perform skills that house surgeons might do in a public hospital, e.g. cannulation and catheter insertion. However, if there are concerns regarding the patient's BP, pain, or urination for example, they are going to call you for advice and direction. It pays particularly to make sure you have sufficient pain relief options charted as most institutions will not accept phone orders for opiates. If there is an RMO on at the hospital overnight, it is wise to discuss with them what you are or are not comfortable with them managing without consulting you.

WorkSafe Health and Safety

The Health and Safety at Work Act 2015 imposes duties on Consulting Specialists working in private hospitals and those leasing consulting space from private hospitals. Under the Act, the Consultant Specialist is regarded as a Person Conducting a Business of Undertaking (PCBU).

What is a PCBU?

A PCBU (Person Conducting a Business or Undertaking) is a broad concept used throughout the Health and Safety at Work Act 2015 to describe all types of modern working arrangements which we commonly refer to as businesses.

Most New Zealand businesses, whether large corporates, sole traders, or self-employed, are classed as PCBUs. The Health and Safety at Work Act:

- ensures everyone has a role to play
- makes everyone's responsibilities clear
- focuses on managing work risk
- requires those who create the risk to manage the risk
- requires businesses to engage with workers and enable them to actively participate in health and safety; and
- allows flexibility in managing health and safety risks.

NZSA Health and Safety Manual

To know more about your responsibilities the NZSA developed a Health and Safety manual, tailored to anaesthetists, to help you comply with the H & S Act. This can be found on the NZSA website in the members' only section. You will need to be logged in to access this resource. Note that failure to comply with the legislation can lead to penalties of up to five years imprisonment and fines of up to \$600,000 for failing to comply with the Act.

How do I fulfil my Worksafe Health and Safety responsibilities?

- A PCBU has the 'primary duty of care' – the primary responsibility for people's health and safety at work. A PCBU must ensure, so far as is reasonably practicable, the health and safety of:
 - its workers
 - any other workers it influences or directs.
- The PCBU must also look after other people who could be put at risk by its work, for example, hospital staff, patients, visitors, contractors or the general public.
- The hospital is also a PCBU and has the same obligations. Under the legislation, the Specialist and Hospital must consult, cooperate and coordinate with each other and work together on

health and safety matters. Neither party can contract out of these responsibilities or transfer them to the other party.

- If you are self-employed then you must also ensure, so far as is reasonably practicable, your own health and safety as well as the health and safety of others who could be put at risk by the work you do.
- The primary duty of care is a broad, overarching duty. It includes, so far as is reasonably practicable, the PCBU having effective practices in place for:
 - providing and maintaining:
 - a work environment that is without risk to health and safety
 - safe plant and structures
 - safe systems of work
 - adequate facilities for the welfare of workers at work.
- Safe use, handling and storage of plant, substances and structures.
- The provision of information, training, instruction or supervision that is necessary to protect people from risks to health and safety arising from the work carried out.
- That the health of workers and the conditions at the workplace are monitored to prevent illness or injury to workers arising from the work carried out.
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What is considered a worksite for a PCBU?

A worksite for a PCBU is deemed to be any place you do work, i.e. hospitals, clinic rooms and it could also include your home if you have a home office.

ACC

Hospitals usually hold ACC contracts and are referred to as the Lead Provider. You will become a subcontractor to the hospital which will reimburse you for your anaesthetic services. You will need to discuss the contract with the management of the hospital, your mode, level and conditions relating to reimbursement for ACC cases. You will not be paid directly by ACC.

In addition to the Elective Services Contract, which the lead provider will hold, you are able to receive reimbursement for Preoperative assessment services and Pain Management (outside that related to the surgical episode) under the Clinical Services Contract. Anaesthetists and pain specialists can hold a CSC or may be part of a hospital's CSC. Discuss this with your local colleagues who will be able to advise you as to who holds the CSC in your area.

Private hospital contracts

You may be providing anaesthesia for patients whose surgery is undertaken under a contract. ACC patients will have their operations under the Elective Services Contract and the Hospital will hold the Lead Provider contract. Affiliated Provider contracts, under Southern Cross Insurance, will be held by either the Hospital or a Surgeon. There are many other contracts including the DHB contracts and it will be necessary for you to discuss with the Lead Provider i.e. the person or institution that holds the contract, your level of reimbursement and conditions under which you are providing services. Please remember that if you are an independent practitioner you MUST only negotiate on your own behalf regarding contract issues. Refer to the Commerce Commission site as above for more information.