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continued

Entrepreneurship for the OT Professional

Guidance and practical tips for OT's and OTA's to increase success in starting a private practice or business.

Krista Covell-Pierson, OTR/L, BCB-PMD
Owner of Covell Care and Rehabilitation

Learner Outcomes

1. Define at least three different kinds of business structures
2. Complete a SWOT Analysis
3. Determine two strategies to improve business management



The road to becoming an entrepreneur is personal

- Attended Colorado State University
- Started my OT career in psych and skilled nursing.
- Worked as a rehab manager, Director of Social Services and Marketing in SNF's.
- Loved working with clients that had dementia.
- Encouraged by the medical director to consider starting my own business.
- Worked with a neuropsychologist and began the private practice.
- Continued to work full-time for several years and built the business on the side providing treatments in clients' homes and community settings.
- Became a Medicare provider in 2007.
- Covell Care and Rehabilitation evolved and now offers OT, PT, SLP, geriatric care management, senior fitness training, counseling, massage, contract staffing for home health, driving rehabilitation and treatment for pelvic floor dysfunction. We service 5 different counties in Colorado at this time.
- Strive to help other OT's (and other disciplines) become business owners as well.



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Questions to ask yourself...

- Are you an entrepreneur?
- Can you manage being the tradesperson (OT or OTA) *and* the owner of a small business?
- Is your new business actually a private practice? If not, what is it?
- How will your business make money?

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Are you an entrepreneur?

- **8 Signs You're an Entrepreneur (Forbes, 2013)**

- Passion
- Doesn't take no for an answer
- Competitive nature
- Enneagram Personality Test = #1 The Reformer
 - (Principled, Purposeful, Self-Controlled, and Perfectionistic)
<https://www.enneagraminstitute.com/>
- Self-starter
- Think outside the box
- Unpredictable
- Strong people skills

"Remember, being an entrepreneur is neither a part-time or a full-time job. It's a lifestyle."



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Tradesperson/OT or OTA



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continued

Tradesperson versus Business Owner

Tradesperson/OT or OTA

- Works for an organization/employer
- Completes therapy services
- May manage others
- Provides communication to families, clients, colleagues and managers
- May monitor and track financial information per the employer's request
- Completes documentation
- Attending meetings
- Meeting productivity standards
- Purchasing equipment
- Training on equipment
- May provide trainings for other staff members
- Other duties



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Transitioning from therapist to therapist AND entrepreneur

“I can do it better!”

This may potentially be the beginning of a therapist growing into a business owner.

However, the therapist must learn *how* to be a business owner.

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Small Business Owner

- Is responsible for all aspects of the business-not just therapy
- Manages financials for the business
- Participates in marketing practices
- Organizes the business
- Paying bills
- Collecting money
- Ensuring quality of care
- Develops a website
- Creates brochures
- Tracks goals for the business
- Delegates tasks to staff members (if applicable)
- Adheres to rules and regulations for healthcare and business operations
- Completes billing and invoicing
- Participates in community outreach
- Accepts intake calls
- Provides follow up calls
- Tracks intake processes and referrals
- Continues to work as a tradesperson
- And many, many, many more hats!



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Remember as you transition to owning a business:

- Time required to start a business is not typically paid
- You are a student again
- You will always be a student
- Being rigid and uncompromising can work for OR against you. Choose wisely.
- Don't only focus on the money. Focus on quality.

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Is your business an OT based business? Or is it something else?

- Is your business in compliance with your state practice act?
 - Refer to your state practice act and licensure requirements
 - If the answer is no, you may not be developing an OT based business.
- Does your business adhere to the OT code of ethics?
 - If the answer is no, you may not be developing an OT based business.
 - Code of Ethics: <https://ajot.aota.org/article.aspx?articleid=2442685>
- Consider your payment sources and ensure you understand the clientele you are serving, as well as related rules and regulations.
- Language matters when describing your business. Seek legal advice when needed.

Remember to stay within your scope of practice when starting a business. It can be easy to wander off in the weeds for a creative, excited entrepreneur!

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Things that MAY be in the grey area...

- Wellness programming
- Yoga classes
- Telehealth
- Diabetes education classes
- Selling durable medical equipment (DME)
- Companion care
- Support groups
- Pediatric play groups
- Others



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Legal structures

- Sole Proprietorship (Individual)
- General Partnership
- Corporation
- Limited Liability Corporation
- Others

Consult with the Small Business Development Center, attorney and/or CPA for additional guidance.

All information listed about the business structures in this presentation is quoted directly from <https://www.irs.gov/businesses/small-businesses-self-employed/business-structures>

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Legal structures

- Sole Proprietorship (Individual): A sole proprietor is someone who owns an unincorporated business by himself or herself.

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Legal structures

General Partnership: A partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor or skill, and expects to share in the profits and losses of the business.

A partnership must file an annual information return to report the income, deductions, gains, losses, etc., from its operations, but it does not pay income tax. Instead, it "passes through" any profits or losses to its partners. Each partner includes his or her share of the partnership's income or loss on his or her tax return.

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Legal structures

Corporations: In forming a corporation, prospective shareholders exchange money, property, or both, for the corporation's capital stock. A corporation generally takes the same deductions as a sole proprietorship to figure its taxable income. A corporation can also take special deductions. For federal income tax purposes, a C corporation is recognized as a separate taxpaying entity. A corporation conducts business, realizes net income or loss, pays taxes and distributes profits to shareholders.

The profit of a corporation is taxed to the corporation when earned, and then is taxed to the shareholders when distributed as dividends. This creates a double tax. The corporation does not get a tax deduction when it distributes dividends to shareholders. Shareholders cannot deduct any loss of the corporation.

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Legal structures

S corporations are corporations that elect to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. Shareholders of S corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates. This allows S corporations to avoid double taxation on the corporate income. S corporations are responsible for tax on certain built-in gains and passive income at the entity level.

To qualify for S corporation status, the corporation must meet the following requirements:

- Be a domestic corporation
- Have only allowable shareholders
 - May be individuals, certain trusts, and estates and
 - May not be partnerships, corporations or non-resident alien shareholders
- Have no more than 100 shareholders
- Have only one class of stock
- Not be an ineligible corporation (i.e. certain financial institutions, insurance companies, and domestic international sales corporations).

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Legal structures

A Limited Liability Company (LLC) is a business structure allowed by state statute. Each state may use different regulations, and you should check with your state if you are interested in starting a Limited Liability Company.

Owners of an LLC are called members. Most states do not restrict ownership, and so members may include individuals, corporations, other LLCs and foreign entities. There is no maximum number of members. Most states also permit "single-member" LLCs, those having only one owner.

A few types of businesses generally cannot be LLCs, such as banks and insurance companies. Check your state's requirements and the federal tax regulations for further information. There are special rules for foreign LLCs.

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How will your business **MAKE** money?

- **What are you providing for payment?
Consider it a trade. What value do you provide and how much is it worth?**
- Who benefits? Who is paying?
 - Think of stakeholders
- Where does service occur?
- When do services occur?
 - **Why is it valuable?**
- **Practice explaining your answers to these questions**

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How will your business **COLLECT** money?

- Therapists may have a hard time asking for payment, collecting funds. Understanding your value helps when requesting payment.

Some private practices are cash-pay only (cash, check, credit card)

Others accept insurance

- Basic knowledge of insurance programming can help the new entrepreneur determine what avenue to take

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Be prepared for situations to arise with payment:

- Clients difficulty understanding insurance
 - "My insurance should pay this 100%. I am not paying this."
- Clients not being satisfied with treatment
 - "I don't think I should have to pay for that because my shoulder isn't better."
- Clients may not see your value
 - "I could have taken a shower and done all that by myself. It isn't worth that cost."
 - "I will pay half of this bill. That's it."
- Client may experience income complications
 - "I am going through a divorce and I don't have any money."
 - "I can't afford groceries. I can't pay this bill."

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Cash only practices

Pros:

- Easier to track accounts receivable
- More control over amounts charged to your client
- Can be lucrative

Cons:

- Documentation requirements still apply so that clients can attempt to be reimbursed by their insurance
- Therapists still need to understand insurance guidelines in order to explain them to clients
- Insurance authorizations may still be required (if clients plan to try and obtain reimbursement)
- Referred clients may not want to come to the practice because other practices will bill their insurance for them

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Insurance accepting practices

Pros:

- Referred clients typically want to use their insurance benefits
- Many insurance companies accept electronic invoicing and make electronic payments

Cons:

- Time-consuming to submit and follow-up on claims
- Providers must stay current on rules and regulations for insurance companies
- Payers can take the money back after they've paid providers
- Can result in more out-of-pocket expenses for billing software, outsourcing billing or bringing a biller into the practice
- Can feel overwhelming to the new business owner

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Common insurance types

- Private individual health plans
- Employer sponsored health plans
- Medicare
- Medicaid

Reviewing these types of insurance can help the new business owner decide what his/her clientele will potentially have and guide them to which insurances should possibly be pursued for a contract.

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Private individual health plans

- Insurance that citizens purchase directly from a health insurance company.
- All U.S. citizens can obtain this type of health insurance except Medicare and Medicaid recipients.
- 6% of Americans have this type of insurance.

<https://www.nerdwallet.com/blog/health/compare-medicare-medicaid-health-insurance/>

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Employer-sponsored plans

- Insurance purchased through an employer.
- Any citizen working for an employer that offers health insurance can typically obtain this insurance coverage. It may be available to their dependents.
- 49% of Americans have this type of insurance.

<https://www.nerdwallet.com/blog/health/compare-medicare-medicaid-health-insurance/>

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Medicare

- The federally funded health program covering adults with disabilities, those over age 65, and people with end-stage renal disease, or kidney failure.
- 13% of Americans have Medicare.

<https://www.nerdwallet.com/blog/health/compare-medicare-medicaid-health-insurance/>

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Medicaid

- This is a joint health program run by each state along with the federal government that covering children and adults with low incomes or limited means to pay for health care.
- 19% of Americans have Medicaid.
- Medicaid programming is different between each state and therapists need to understand their state's rules and regulations.

<https://www.nerdwallet.com/blog/health/compare-medicare-medicaid-health-insurance/>

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Medicare considerations

OT professionals often wonder about becoming a Medicare provider when wanting to work with older adults. New providers may avoid Medicare because of:

- Overwhelm
- Fear
- Difficulty in understanding
- Time-consuming

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Medicare considerations

Overcoming challenges is part of becoming a business owner.

- Overwhelmed: Start somewhere, don't worry about understanding the whole in the beginning
- Afraid: Knowledge will reduce the fear
- Difficult to understand: Take a class, start learning, find a mentor.
- Time-consuming: Invest the time. Remember, it takes what it takes!

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Medicare and Fiscal Intermediaries

Medicare Basics:

- Medicare is a federal government-based health insurance plan
- Medicare is available to Americans who are aged 65 and older, people with disabilities and people with end-stage renal disease
- The government funds Medicare
- Medicare does not directly handle all aspects of the program. It uses private insurance companies, such as Novitas in Colorado, as fiscal intermediaries to administer certain aspects of the program.
 - The primary responsibilities of a Medicare fiscal intermediary is to review the appropriateness of medical coverage under the insurance and to handle reimbursement for services.
 - This is called Local Coverage Determination
 - Practices should review Medicare rules and regulations however the FI's interpretations of the rules and regulations must be reviewed as well.
 - Whichever set of rules and regulations are more restrictive is the set of rules to be followed by the practice.

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continued

A/B MAC Jurisdictions as of October 2017



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Things to consider for Medicare recipients

- OT's without a relationship with Medicare: OT's that are not Medicare providers may not offer services to Medicare clients for covered services. Occupational therapy is a covered service. OT's can provide non-covered services like yoga classes, wellness consults, etc.
- Non-participating provider: OTs who are non-participating providers are allowed to accept self-payment at the time they provide service as long as they send the claim to Medicare so that Medicare may reimburse the patient directly. OT's can not opt out of Medicare.
- Participating provider: OT's who are participating providers accept and bill Medicare for patient visits.

Disciplines allowed to opt out: Physician assistant; • Nurse practitioner; • Clinical nurse specialist; • Certified registered nurse anesthetist; • Certified nurse midwife; • Clinical psychologist; • Clinical social worker; • Registered dietitian; or • Nutrition Professional

Glossary of Medicare Terminology: <https://www.medicareinteractive.org/resources/glossary>

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Payment systems

Private pay

Pros:

- Easier to track accounts receivable
- More control over amounts charged to your client
- More flexibility in therapeutic interventions that are offered

Cons:

- Documentation requirements still apply so that clients can attempt to be reimbursed by their insurance
- Unable to take cash from Medicare clients
- People looking to use their insurance benefits may look to contracted providers

Insurance

Pros:

- Contracting with insurance providers can generate referrals
- Widens the pool of potential clients

Cons:

- Less flexibility in therapeutic provisions
- Software and billing practices must be established
- Practices must adapt to insurance regulations timely

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What will your internal billing system be?

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Medicare Resources

Find out who your Fiscal Intermediary is/Medicare Administrative Contract
Review their Local Coverage Determination (LCD)

Medicare & Medicaid website <https://www.cms.gov/>

Medicare Benefit Manual <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/bp102c15.pdf>

Rick Gawenda <https://gawendaseminars.com/>

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Myths and Truths about owning a business

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continued

- You will make more money than you make now
- Your schedule will be flexible
- I can sell my business in the future and retire
- You need a lot of money to start a business
- You shouldn't start a when you have a full-time job
- Starting a business requires a lot of time
- Having a timeline will help things stay on track
- I will not fail
- You have to have a full business plan before you start a business
- You should be an expert in your field before starting a business
- In the beginning you have to do it all to get your business off the ground
- Creating an online presence is important when starting a business
- You will be happier
- There will be more time off opportunities
- You will not have to do things you don't want to do

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Things aren't always what they seem...



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Things to do

- Register your business name with the state
<http://www.sos.state.co.us/pubs/business/businessHome.html>
- Setup secure business filing
- Open a bank account
- •Most banks will require proof that the business is registered and a certificate of good standing
- Obtain a federal tax ID number
 - www.irs.gov
 - For more info call 1-800-829-4933
- Obtain a State Tax License and Wage Withholding Account
- State tax number needed if you sell products
- Wage Withholding Account needed if you have employees and withhold state income tax
- Obtain a business license
 - Not all businesses require a license
- Obtain liability insurance
- Complete a SWOT analysis
- Complete a market analysis
- Initiate a business plan

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Documentation in Private Practice

- Follow documentation guidelines for your line of practice
- Ensure you know the rules and regulations as well as know where to reference them
- Don't base your practices on what you learned in the past
- Remember documentation guidelines are a minimum requirement
- Therapy documentation software can support your practice
- Documentation software is not always connected to billing software
- Follow the most strict rules in relation to documentation
 - For example, if Medicare states a certification can span for 12 weeks and your FI states it can only span for 30 days, you will need to adhere to the 30 day rule.

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HIPPA

If you are billing insurance in your practice you will be required to stay in compliance with HIPPA.
(Health Insurance Portability and Accountability Act)

Attend a HIPPA course and seek advisement to ensure all aspects of your business are compliant. Keep and track all Business Associate Agreements.

- Email
- Billing software
- Online fax systems
- Accountant

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continued

Consider legal counsel as you get started

- Establishing your legal structure and paperwork
- Developing client consent forms
- Ensuring HIPPA compliance
- Insurance coverage
- Other

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Complete a SWOT Analysis

Students can print out the SWOT and follow along

When would completing a SWOT be helpful?

- a. To assess the current state of your business
- b. To assist with creating and marketing and operational plans
- c. Facilitate making a key hiring decision
- d. When making an important decision that will impact your company

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- SWOT Analysis
- <http://www.businessnewsdaily.com/4245-swot-analysis.html>
- **SWOT=Strengths, weaknesses, opportunities, threats**

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Strengths and Weaknesses

S & W: Refer to internal factors, which means the resources and experiences readily available to you.

- Financial resources (funding, sources of income, investment opportunities)
- Physical resources (location, facilities, equipment)
- Human resources (employees, volunteers, target audiences)
- Current processes (employee programs, software systems)

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Opportunities and Threats

O & T: Refer to external forces which typically reference things you or your company do not control, such as:

- Market trends (new products and technology, shifts in audience needs)
- Economic trends (local, national and international financial trends)
- Funding (donations, legislature and other sources)
- Demographics
- Political, environmental and economic regulations

Once a SWOT is completed strategies can be developed to help the business owner see what needs to happen to support the business.

See included worksheet

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	Favorable	Unfavorable
Internal	Strengths What are your strengths? What do you do better than others? What unique capabilities do you have? What do you perceive as your strengths?	Weaknesses What are your weaknesses? What do your competitors do better than you? What do others perceive as your weakness?
External	Opportunities What trends or conditions may positively impact you? What opportunities are available to you?	Threats What trends or conditions may negatively impact you? What your competitors doing that may impact you? Do you have solid financial support? What impact do your weaknesses have on the threats to you?

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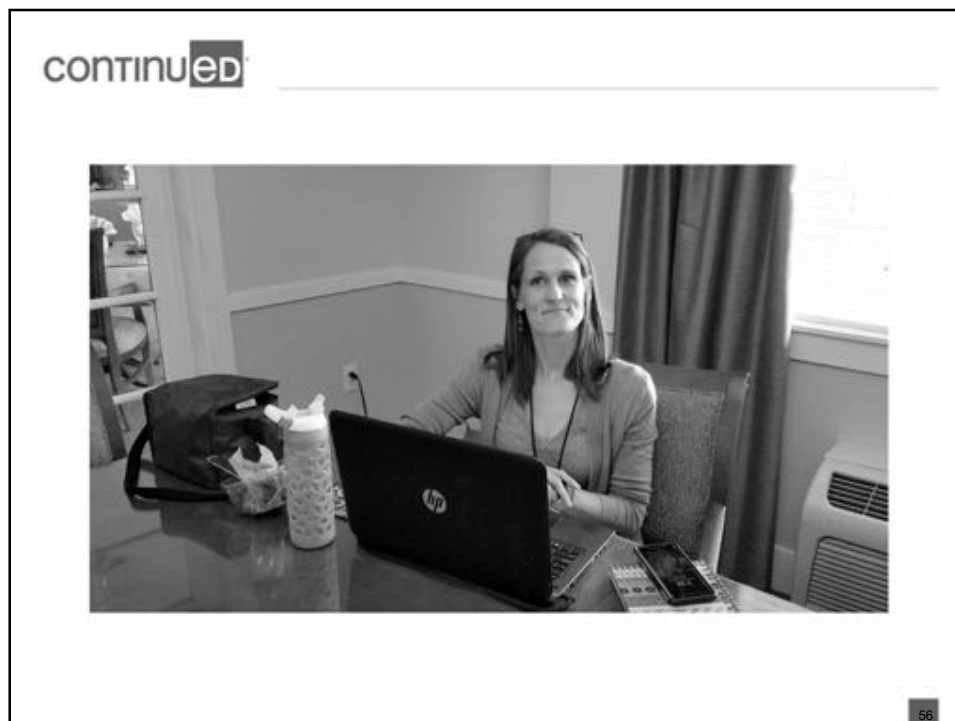
continued

	Favorable	Unfavorable
Internal	Strengths	Weaknesses
External	Opportunities	Threats

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continued		
	Favorable	Unfavorable
Internal	<p>What are your strengths? Cognitive therapy, motivated, doctor has identified me as being useful to clients, have a lot of relationships with local businesses.</p> <p>What do you do better than others? Home assessments, cognitive therapy, collaborating with families, resourcing.</p> <p>What unique capabilities do you have? Working with people with cognitive deficits, creative problem solving, writing skills.</p> <p>What do you perceive as your strengths? Writing, working with people, creative, work ethic, positive attitude</p>	<p>What are your weaknesses? Can't bill insurance, don't have business cards, don't know about business structures, people don't take me seriously.</p> <p>What do your competitors do better than you? More staff and support, connected to resources, automatic referral processes, online documentation.</p> <p>What do others perceive as your weakness? One-person business, not a lot of clients, new business model, OT can't work by themselves, naïve.</p>
External	<p>What trends or conditions may positively impact you? Clients want therapy at home, more people are being diagnosed with dementia that need assessments, insurance contracts are available to me, services like this don't exist in my area, the Aspen Club needs speakers. People outside of city limits have limited resources.</p> <p>What opportunities are available to you? Clients in outlying towns need services. I know a biller that can help me with insurance contracts. I can hand information out when I speak at events. Volunteer opportunities are present.</p>	<p>What trends or conditions may negatively impact you? People are used to certain medical models and may not be open. People think I do home health. Other companies bill insurance.</p> <p>What are your competitors doing that may impact you? Companies are trying to build support services for people with dementia that are closed to outside resources.</p> <p>Do you have solid financial support? I can work at my job full time and work around my business.</p> <p>What impact do your weaknesses have on the threats to you? I can't serve people that only want to bill insurance. I don't have anything to leave behind for people. I need to build my reputation.</p>

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Business plans

- Serves as a blueprint for your business
- Describes your business concept
- Typically required if working with lenders, investors, potential business partners
- <https://www.sba.gov/business-guide/plan/write-your-business-plan-template#section-header-2>
- Think of this like a medical record. There's a story from beginning to end, a description of what's been done and why, and explanations of what will be done and why.

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Strategies for success

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ Remember your why--why are you doing this? ▪ Self-care ▪ Professional-development ▪ Boundaries ▪ Know your numbers ▪ Hire help ▪ Volunteer ▪ Market to everyone—even your chicken list ▪ Keep an idea journal ▪ Practice time management strategies | <ul style="list-style-type: none"> ▪ Be with other business owners ▪ Remember, it is lonely at the top (sometimes) ▪ Hire a mentor or coach ▪ Don't take things personal ▪ Network ▪ Disconnect ▪ Stand out in marketing ▪ Do the right thing. The money will follow. |
|--|---|

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Strategies for success

- Establish systems
- Examples:
 - Intake
 - Scheduling
 - Consents
 - Certifications and Recertifications
 - Documentation
 - Marketing
 - Financials
 - Self-care

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Resources

- E-Myth:
- Books and coaching program <https://emyth.com/>
- Small Business Development Center <https://www.sba.gov>
- Facebook groups for private practice
- AOTA
- State OT Association
- Four-Hour Workweek (book) <https://fourhourworkweek.com/>
- Self-Care 101 (book) <https://www.amazon.com/Self-Care-101-Guide-Nourish-Flourish/dp/0996762302>
- Big Magic: Elizabeth Gilbert (book) <https://www.amazon.com/Big-Magic-Creative-Living-Beyond-ebook/dp/B00S52M350>
- www.irs.gov
- Success magazine <http://www.success.com/>
- Tune into the show The Profit <http://www.cnn.com/live-tv/the-profit>

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Questions?

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