

2009-11-16 9:06:16

[print now](#)**COVER
FEATURE*****Refractive surgery*****Making the most of it****by Michelle Dalton EyeWorld Contributing Editor**

Nationwide, there has been a slow and steady decline in LASIK volume to around "700,000 procedures from the 1.4 million performed about two years ago," said Richard L. Lindstrom, M.D., adjunct professor emeritus, Department of Ophthalmology, University of Minnesota, Minneapolis; founder, Minnesota Eye Consultants, Minneapolis; and member, ASCRS Refractive Clinical Committee. With most practices having their best quarters in the first quarter, "the next real chance for a turnaround isn't going to be seen until 2010," he said. In his practice, LASIK volume is off about 30% to 35%.

For many surgeons—and many practices—the current economic state "is an environment people have never seen before," said Shareef Mahdavi, president, SM2 Strategic, Pleasanton, Calif. As consumers, it's easier to cut back on spending in times of economic uncertainty, and this is adversely affecting a majority of elective procedures, he said.

"The areas hit most quickly in times of a recession are the discretionary spending, like LASIK," he said. "That doesn't mean that refractive surgery goes away. Some surgeons are interpreting their decreased volume as a sign that the heydays are over. But that's not true. There are still people out there having LASIK and undergoing premium IOL [intraocular lens] implantations."

Emil W. Chynn, M.D., M.B.A., founder, Park Ave Laser, New York, agreed. He said his is one of the only refractive-only centers in the highly competitive market of New York whose volume is not down.

"We have been able to 'buck the trend' by maintaining our external marketing efforts, rather than decreasing it like most practices, while increasing our internal marketing efforts," he said.

"There's no need to panic, as long as the practice has a plan in place," said Paul M. Stubenbordt, president, Stubenbordt Consulting, Roanoke, Texas. "If you've grown too fast, that can be a good sign, but everything that grows rapidly will slow down."

LASIK volume is a "key indicator" to the overall U.S. economy, Mr. Stubenbordt said. Volume begins to fall before the economy falters, and increases before the economy rebounds, he said.

"LASIK volume is not going up right now," he said. "The financial experts state that recessions tend to last about 18 months, so we should be



seeing some recovery by summer this year. What that should mean is that LASIK will increase a bit more in spring.”

Make marketing count

Whether it’s a delayed recovery or a slow economic recovery, LASIK volumes “may not ever get back to where we were,” Dr. Lindstrom said. “We’re just not counting of LASIK being a big part of our revenue. We’ll continue to offer it. At one time we did twice as much LASIK as cataract surgery. Now it’s half as much. After seeing the growth in cataract and premium IOLs, it’s made us regroup.”

One key to prospering is maintaining a commitment to marketing, Mr. Mahdavi said. For instance, rename the “waiting room” as the reception area or greeting area.

“We expect people to drop \$5,000 and then we expect them to wait for the privilege. It’s the classic negative cue. We’re now a society that doesn’t wait for anything,” he said.

In his consulting business, he has helped practices monitor the first interaction with a potential patient—answering the telephone.

“Scores across the board are very, very bad,” he said. CareCredit (Costa Mesa, Calif.), a company that provides personal lines of credit for healthcare treatments, underwrote and sponsored a study on telephone protocols.

“In some cases, whoever answered the phone didn’t try to find out why the customer was interested in LASIK in the first place,” he said.

Interestingly, practices that raised their prices also increased the number of patients, and “dropping your LASIK prices is not going to stimulate your business. This is a luxury category and should be treated that way.”

Dr. Lindstrom said his practice “spends marketing dollars in both internal and external marketing with referring optometrists.” By analyzing the return on investment of the practice’s marketing dollars, the decision to grow the premium IOL category and comprehensive services is more cost-effective than trying to generate more LASIK growth.

“We’ve found it much more productive than generating LASIK patients. Our other services keep our ASC [ambulatory surgical center] full. If someone walks into our practice and wants LASIK, I’ll be happy to do it, but we’re not focusing our marketing on that,” Dr. Lindstrom said.

Dr. Chynn, on the other hand, spends close to \$100,000 a year on marketing for his refractive-only practice.

“I have come to accept that running a successful refractive center is more about marketing than medicine,” he said. “Beginning doctors often think that, if you do good work, the patients will come. This may have been true a generation ago, but is certainly not true for refractive surgery today.”

In his highly competitive market, Dr. Chynn said the busiest refractive practice by volume has also been the subject of the most lawsuits, including a class action suit claiming patients were operated on by a surgeon other than the one they were told would be operating. With all the negative publicity the practice has received, however, patients are still flocking to the practice. Marketing the practice as LASIK pioneers have successfully grown the practice.

“I have heard patient after patient tell me they presume that if someone is a ‘pioneer’ they must be good. These are patients in my practice who are coming to me for complicated enhancements,” Dr. Chynn said. “This points to the fact that if you are an excellent surgeon, with poor marketing, you will probably not be very successful as a refractive surgeon in [New York], but if you are a bad surgeon with a great marketing team, you can unfortunately do quite well.”

Dr. Chynn added that he will only employ those who want LASIK or who have undergone the procedure themselves, as those are likely the best proponents for the procedure.

Effectively communicating details about the procedure and what patients should expect is also key, Mr. Stubenbordt said.

"Don't cut too much of your staff. You don't want to wipe out people you've spent a lot of time training," he said. Successful practices are less about the visual results and more about the overall patient experience, he added.

"Those that are still thriving find the success has very little to do with how they price LASIK. It's a big mistake in this economy to cut your pricing," he said. "Cut your marketing dollars from venues that are not working." He suggested considering electronic advertising, as average pricing in some markets is as little as one-tenth of what it was a year ago. Practices should subtly alter their internal and external marketing to position elective surgery as comparable to other things people normally spend their discretionary income on, Mr. Mahdavi said, where time becomes the currency.

For instance, he said eating out costs about \$1/minute, regardless of whether it's at a fast-food establishment or a fine-dining venue. Going to see a film costs about \$0.08/minute, before adding in the concessions. LASIK will cost the patient about \$0.08/minute, if you presume 16-hour wake times over the course of 10 years.

Paraphrasing Steven J. Dell, M.D., Mr. Mahdavi said there is nothing else you can choose to invest in that you would use every waking moment of your life.

"When I say investment, I mean don't just compare the cost of LASIK to eyeglasses or contacts," he said. "Comparing LASIK on a cost-per-minute basis is how doctors should be addressing their patients."

Practices without a customer service vision should also re-evaluate current staffing.

"It's not just about cutting costs," Mr. Mahdavi said. "It's about cutting the disease out of the practice."

The technological advances of laser vision correction over the past decade "sort of sold itself," Mr. Mahdavi said. "Refractive is not longer an easy business, but it's an incredible business."

The business of medicine

Short of getting an M.B.A. themselves, there are some basic principles of running a business all physicians can use.

"Surgeons have been trained. Cornea fellows have probably spent \$30 to \$40,000 on training, and none of that has been on how to run a business," Mr. Mahdavi said. "It's an unfair disadvantage and it's only come as the rise of elective medicine has taken prominence."

Mr. Mahdavi suggested refractive-only practices might consider the down economy a good time to expand the services they offer to include such things as nutraceuticals.

"Optical shops were the traditional expansion model," he said. "But you're also competing with your referral source."

Minnesota Eye Consultants has a diversified business model, Dr. Lindstrom said. The practice has integrated both M.D.s and O.D.s, with ASC ownership and optical shop ownership.

"Our model is doing well, despite the huge fall off in LAISK procedures," he said. "Our primary services is good, optical is good, med./surg. is growing in cataract and multifocal/toric. Those areas have created meaningful revenue that we've lost in LASIK."

Dr. Lindstrom added that, at least for the time being, corneal sculpting and laser refractive surgery are areas that "will continue to be an important part of our practice, but not our focus."

Dr. Chynn has an M.B.A., and said, "Originally, I thought of myself as a physician first, and a businessperson second. However, after having practiced exclusively refractive surgery for over a decade and owning my own refractive center, in terms of my day-to-day concerns, the vast majority of my time is spent managing the business, and only a minority of my time is spent managing the medical side of the practice. So, although I might like to deny the fact, or wish things to be different, the reality is that I am functioning more as an M.B.A. than an M.D. in my daily life."

Before quickly deciding to add other services, analyze their potential, Mr. Mahdavi said. There will be consolidation in the industry, and "some may get out of the business altogether. We'll continue to see a bifurcation—either you're going to focus on a premium experience for the patient, or you're going to go discount. The future for ophthalmology is good, very good. I'm constantly challenged to come up with a profession that has this kind of impact on human beings—the ability to eradicate a need for glasses. Our glass is half full. There's a huge gratification in helping people improve their vision. The surgeons who are passionate will continue to do well. And it's not because of the services they sell, but they've made it a hallmark of their business model to treat customers well."

The business side of running a solo practice is much more difficult than the medical side, Dr. Chynn said. "It is vastly easier to control surgical variables than the outside macroeconomic climate. This is why many ophthalmologists, not just refractive surgeons, often say the most relaxing part of their day is when they're in the O.R. We can focus on one thing and control outcomes, without distractions."

In his market, a contraction has begun, with "weaker centers and chains either merging or closing shop," Dr. Chynn said.

Overall, the outlook for healthcare is good. "For eyecare, the outlook is very, very good. And for elective eye care procedures like LASIK, it's excellent," Mr. Mahdavi said. "There's still a lot of wealth in our country, and people value their eyesight above any other sense. It's up to ophthalmologists to package and position services so people want to spend their money on them. Physicians need to look at refractive surgery as a lifelong investment on the part of their patients."

Editor's note: *Dr. Lindstrom did not indicate any financial interests related to his comments. Mr. Mahdavi is president of SM2 Strategic (Pleasanton, Calif.). Dr. Chynn has no financial interests related to his comments. Mr. Stubenbordt is president of Stubenbordt Consulting (Roanoke, Texas).*

Contact information

Chynn: 212-741-8628, toplasikdoc@gmail.com

Lindstrom: 952-567-6051, rlindstrom@mneye.com

Mahdavi: 925-425-9963, shareef@sm2strategic.com

Stubenbordt: 817-491-1104, paul@refractiveconsulting.com



