

Dr. Peter G. Fernandez Addresses PMA Issues

Editorial Staff

It started in May, 1989. The first of what was to be many letters arrived at the office of *Dynamic Chiropractic*. As the months went by, the phone rang often. Sure, the names were different and they came from different places, but the story was always the same:

"I'm Dr. So-and-so. I used to be a PMA client. Because of various reasons, I stopped paying them their ten percent. I don't feel I should have to because..."

What began as one chiropractor crying out has become a choir of hundreds.

What are the issues?

Are these issues legitimate?

Or, are these DCs deadbeats who don't pay their bills?

Dr. Fernandez, president of PMA, was asked to address the issues. To his credit he has agreed to do so. In the next several issues we will be comparing Dr. Fernandez's statements with statements made by those involved.

The two publications PMA is closely associated with have already come out in defense of PMA and its practices. * One has to wonder just why it is that PMA needed to be defended.

Dynamic Chiropractic has determined that both sides of these issues must be presented. It will be up to you, the profession, to determine what the truth is.

In anticipation of the response this series will doubtless evoke, it is our intention to publish as many of those responses as possible. Please note: *Dynamic Chiropractic* does not publish any letter not signed. If you would like your name withheld, please request that your name be withheld in a P.S. in your letter and we will honor that request.

We encourage you to send copies of your correspondence to Dr. Fernandez at PMA. However, if you are in litigation or anticipate that you may be soon, you may wish to send this letter anonymously. The address for PMA is:

*Practice Management Associates
3491 Gandy Blvd. North
Pinellas Park, FL 34665*

----- * The Chiropractic Journal, November, 1989, "PMA: Has Success Bred Contempt?"
Chiropractic Achievers, November/December, "Why I'm Not Retired On a Caribbean Island"

The following is an interview with Dr. Peter G. Fernandez, president of PMA. The questions asked are those that have been raised by PMA clients across the country. Be watching future issues of *Dynamic Chiropractic* as we delve deeply into each issue from different points of view.

Actual taped interview for publication in Dynamic Chiropractic.

DC: Dr. Fernandez, would you please explain what services PMA provides an established chiropractor, what the terms of the contracts are, and what the costs are for these services?

Dr. Fernandez: For an established doctor we provide a number of things. We provide a program that is simply seminar -- nothing more than seminars -- in which we give the doctor at least 150 classes per seminar, with an opportunity to go to 29 seminars per year across the United States. We have about 41 instructors and 27 consultants. I am a believer of information overload. The more practice management information I can get across to the audience, the more I am going to be able to help the doctors. We also have programs consulting with them. In these programs the doctor gets all the seminars we previously described, but also consulting with our service department, our advertising professionals, etc. There are two ways a doctor can get the consulting program; both of them are a percentage fee agreement. The seminar-only agreement is a flat fee arrangement of \$95 a week for 18 months. For the percentage fee contracts, which includes all the consulting, there are two versions.

The first version is for a doctor who is doing very poorly in practice for whatever the reason. He may have started out incorrectly, he may have gotten sick -- who knows what the reason is? But he is really struggling and is going under. This doctor we have to charge a lower fee because he is not making any money. We charge him \$75 a week, or ten percent of the deposits, whichever is most; that is a 24-month agreement. This way, when a doctor is making a lesser amount of income, he pays us a lesser amount. Then the doctor who comes to us and wants consulting, but he is already very successful in practice, doing \$20,000, \$30,000 or \$40,000 per month, then we charge him for an 18 month program, \$1,000 per month; or 25 percent above what he is presently doing in his practice, whichever is more. Then we build this doctor's practice whatever height he wants to get to. Those are the basic programs we have for doctors who are in practice.

Did I answer all your questions, Don?

DC: Yes. Would you explain the same types of services that you provide for students or new chiropractors?

Dr. Fernandez: For a student there is a very simple system. We charge the student \$25 to join. He can join anytime in chiropractic college and we prefer the beginning of the second year so we can prepare him for the student clinic. He doesn't pay us anything other than the \$10 registration fee for the seminars. He doesn't pay us anything until he opens his practice, which might be three, four, or five years later. Yet, he can still come to the seminars, learn everything we have to teach and all the consulting that is necessary to build a large practice -- all free until he opens his practice. Once he opens his practice he pays us \$75 per week for eight weeks, and then ten percent of his deposits for 24 months.

DC: Does PMA have a service that it charges a flat-fee for, and if so, how much and what does it provide?

Dr. Fernandez: We do have a flat-fee service for doctors that are in practice and it is called a Seminar Only Program, which I previously described -- an 18 month contract, no consulting involved, and they get 150 classes per seminar, 29 seminars per year; it is the best management firm classes that anyone can possibly get. For a new doctor, one who is starting out in practice, we do not have a flat-fee arrangement because they can't afford it. When they are in school, taking their boards, etc., they have actually no income coming in, and I personally feel the consultant is ripping off the student, asking him to pay \$500 per month when they aren't even in practice yet

and don't have an income.

DC: How many clients does PMA have, approximately, that are in a percentage contract or in the percentage part of their contract?

Dr. Fernandez: I would say that you are looking at 65 to 70 percent of our clients who are in a percentage-fee arrangement and the other percentage are a flat-fee.

DC: So, that would be roughly how many?

Dr. Fernandez: About 35 percent.

DC: But I mean in numbers. How many clients do you currently have?

Dr. Fernandez: I really haven't looked at the total number, but it is approximately 2,500.

DC: So, 70 percent of that would be about 1,700 that are in a percentage arrangement right now?

Dr. Fernandez: I would say something like that.

DC: There is a lot of talk right now about suits going back and forth between chiropractors and PMA. Do you know approximately how many suits PMA is involved in with their clients?

Dr. Fernandez: No, I really don't.

DC: Do you have any estimates of roughly how many?

Dr. Fernandez: No, I don't. I don't pay any attention to it. I understand it is less than five percent though. As long as it is in the five percent category, that's fine.

DC: So, it's somewhere around 125, I guess that would be.

Dr. Fernandez: You know, you have to understand Mr. Petersen, I have been a consultant now since 1980. I have had at least 50 to 90 doctors per month join my program throughout the year, so I've had many thousands of clients.

DC: Okay. You mention that you don't pay much attention to how many are involved. Do you have any feel for why they are suing or what the suits are about? Is there a reason that they might be suing that you feel might be a justified reason?

Dr. Fernandez: First of all, Mr. Petersen, they are really not suing me -- I'm suing them. I am suing them because they came to me, they wanted my program, they contracted for the program, they received my program and used it, and then decided not to pay me. There is this small minority of my clients -- the same minority that any other management firm has. I've talked to the other firms and they all have about five percent that they have to go to legal means to collect. These are people who just didn't pay for the services they received.

DC: As far as you are concerned, any of the reasons they have are not really justified reasons, they are just trying to get out of the contract?

Dr. Fernandez: Well, Mr. Petersen, you know that when someone owes money they will really conjure up all kinds of reasons why they shouldn't pay us. In a chiropractic practice, some of our patients will come up with "you didn't help me," or "you hurt me," or some of them even go to the extent of causing a malpractice suit for that. It's normal for the billee to hate and bad-mouth the

biller. That's normal.

DC: We have talked to quite a few former clients and there is a list of items that some of them have made claims on, and we would like to give you the opportunity to respond to all of those. There are some who believe that PMA encourages their clients to raise their overhead to unrealistic levels. Would you respond to that please?

Dr. Fernandez: First of all by your statement, Mr. Petersen, it sounds like an attorney said that -- not a client. I don't control the doctor's overhead. If I did, they would have a lot lower overhead. What causes high overhead in a doctor's practice is what I call the chiropractic disease which is buy, buy, buy. They buy every toy, every machine, every bell and whistle that they can get their hands on. We had one doctor recently who was furious because his lease was turned down for \$165,000 dollars worth of equipment to start a practice. He had to have wanted to buy everything that anyone had to sell. That's what causes high overhead. Another thing that causes high overhead is the doctor who is lazy. I don't care if he had an overhead of \$1,000 per month, if he doesn't earn but \$900, he has 110 percent overhead. I can't control that.

DC: In response you would feel that PMA doesn't encourage high overhead.

Dr. Fernandez: Mr. Petersen, the one point I stress, extremely and sternly to my doctors, is get out of debt as fast as you possibly can. Pay off every bill you have, every credit card, and get down to a lean-mean position. That has always been taught at PMA. I am adverse to high overhead. It wipes out more practices than anything else.

DC: Good. Another statement that has been made is that PMA has recommended overutilization or unethical conduct. Would you respond to that as well?

Dr. Fernandez: Oh sure! That is totally and completely untrue. I would like to give you my credentials and you can judge my ethics for yourself. I'm past president of the Florida Chiropractic Association, which is the second largest association in the world for chiropractors. I am past president of my local society; on peer review for approximately eight years; I was an insurance consultant. I was president of our Gavel Club, which is an organization of past presidents of our state association. When you have these kinds of credentials, I don't think you are unethical, especially when you are voted on by the doctors in your state. My servicing trained personnel I have here in the office are staffed by retired ministers, retired priests, former professors from chiropractic colleges, former administrators from colleges, who would assure that whatever advice is given is 100 percent ethical. And I end up donating ten percent of all the profits from PMA back to scholarships for students. I don't think anyone who really does that would really be unethical. Have I answered all your questions, Don?

DC: That pretty well covers it. The only thing you didn't mention was overutilization.

Dr. Fernandez: When you're on peer-review as many years as I was, you are completely anti-overutilization. I preach at every seminar, covering some points as far as ripping off insurance companies, which I am against since I was an insurance consultant. All of my clients are charged the usual, customary, and reasonable fees only. I do not charge a dual fee schedule which is \$25-cash and \$35-charge, which means \$35 to an insurance company. I feel that is insurance fraud and I preach against it. I preach, 'Don't give one visit over what the patient needs. That is not necessary in chiropractic, just go on and take care of another new patient.' I am 100 percent against overutilization. It is ridiculous, it hurts a practice, it stops referrals, stops multiple members of the family from coming to you, and no intelligent management consultant would ever advise something like that.

DC: PMA offers -- I guess it is called PMA leasing. Does that part of PMA actually sell equipment to the chiropractor?

Dr. Fernandez: We have an equipment company that sells equipment to the chiropractor. We have a leasing company that sells an extremely good computer, it leases to our clients or anyone else. Of course we have a leasing company that works with many leasing companies around the country, basically a brokerage, to try to secure leases for doctors of chiropractic. You have to understand there is a big problem out there today in the financial world regarding leasing. There was one leasing company west of the Mississippi that specialized in beginning chiropractors, (getting them in practice) and 67 percent of those beginning chiropractors didn't pay their lease payments. Of course that leasing company quickly changed its policies. I personally, and PMA personally cosigns the lease of everyone of my doctors. We put the financial might of PMA behind our doctors so they can get a lease, so they can get into practice, or a doctor who is in practice can get the proper equipment to practice properly. We are the only consultant in the business that has so darn much confidence in its clients that we will cosign for them. So that is a plus, not a minus.

DC: Some of the profession have been critical about having students go to practice management consultants before they have gotten into clinic. Would you give us your views on that?

Dr. Fernandez: Absolutely! I agree that a student doesn't need to go to a consultant and that it is ridiculous to go to a consultant in the first year of school. They should be studying anatomy and physiology. However, they should be with a consultant, as long as they don't have to pay for it, just prior to going into clinic. I recommend that my doctors refer their friends to me just prior to clinic, so when they are in clinic they can practice consultation, report of findings, how to get referrals, etc. So now when they go into practice on their own, after they graduate, they are a seasoned pro instead of a novice. The school benefits because if a student builds a big practice in the student clinic, of course all the proceeds from his practice go to the school, which helps the school out financially. So, it is a win-win all the way around.

DC: We received a phone call from a doctor who quoted one of your employees, saying that PMA was having some financial problems. They talked about PMA trying to sell off its accounts receivable, laying off some of its staff, and that Achievers Magazine was even losing money. Would you respond to this?

Dr. Fernandez: First of all, PMA is in fine shape, thank you. I appreciate your concerns. As far as selling the accounts receivable, I have never even entertained the thought, but now that you have brought it up, it might be a good idea. I could use the bucks. Firing people -- we have a staff of 142 people. Yes, we do fire people occasionally, but I think we hired three last week. So, that is not really relevant. Achievers is a very fine magazine and doing well.

DC: So in essence, it is untrue?

Dr. Fernandez: Yes, you are right, it is untrue.

DC: I have noticed some of the figures that PMA has published regarding the success of PMA clients. Do these figures include all PMA clients or only those who finished their contracts and follow the recommendations exactly?

Dr. Fernandez: I wish I could give you an answer to that -- you haven't told me what figures.

DC: Particularly the one about the difference between a PMA practitioner when they are first in practice and a non-PMA practitioner when they first go into practice.

Dr. Fernandez: Okay, that was in an Achievers Magazine survey in which doctors in the field wrote in. It came up to the total average of the doctor who started practice with other management firms as about \$56,000 the first year. The doctors with PMA, the average of those who responded was around \$240,000 the first year. So that was an average of those who responded.

DC: Did that include all PMA clients who were first year clients?

Dr. Fernandez: No, not at all. Whoever responded to a survey in a magazine -- like whoever responded to the survey in Dynamic Chiropractic a while ago on magazines -- which are the most popular, the least popular, etc. What percentage of my clients responded to it? Maybe about ten percent.

DC: Basically then, it was whoever wished to respond. You didn't actually solicit individuals; you actually just printed it in the magazine and said whoever wants to respond.

There is an awful lot of talk about PMA opening a chiropractic college. I must have heard this from a thousand people already. Is there any truth to that and if so, could you give us a little bit of detail about it?

Dr. Fernandez: Well, first of all, PMA is not going to open up a chiropractic college. I hope that some day I, personally, am instrumental in opening up a chiropractic college. When I was president of the Florida Chiropractic Association back in 1978, I appointed a committee to establish a chiropractic college in the state of Florida. That committee is still active today and has been very serious in their negotiation with another college in southeast Florida. I am personally also looking at a college site in Dunedin, Florida, to try and purchase that college to start a chiropractic college in Florida. It has always been a dream of mine and has been a dream of my state association. I hope to God that someday we can pull it off because I think the Florida students need a college in Florida. But PMA starting a college -- no. PMA is a management firm for chiropractors and of course would have nothing to do with a chiropractic college.

DC: Very good! In closing, is there anything you would like to say or tell the profession about PMA or how it operates?

Dr. Fernandez: Well, the only thing I can tell the profession is that I built PMA on my pet-peeve. I have always been with a management firm, one kind or another, from 1961 until when I retired from practice in 1980. Attending all the different firms, I picked up their good points and I also observed some of their bad points -- like going to a seminar and it was a repeat of one you had six to eight months ago and you just wasted a weekend. So I designed my program so there is something for everyone at every seminar. We go from the very rank beginner to the most advanced, from the doctor starting a practice to the one doing two or three million dollars a year in practice. We cover the entire gamut and it's is our pleasure to serve our profession.

DC: Very good. Thank you very much.

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