

## HOW DO I START MY OWN PRIVATE PRACTICE AS A MENTAL HEALTH NURSE PRACTITIONER?

One of the most frequently asked questions from nurse practitioners is, “How do I open or start a new private practice?” This specialty area of extended nursing practice is very attractive to nurse practitioners looking for a practice setting where they can be the primary decision-makers in an independent work environment. Typically though, Nurse Practitioners only establish their own practices after several years of work experience as salaried Nurse Practitioners at a hospital or other health care facility (Bryant, 2011). Private-practice Nurse Practitioners can enjoy greater autonomy, and potentially greater earnings, than salaried Nurse Practitioners working at clinics and hospitals. You will also have more freedom to choose the particular patient populations you want to serve. However, this also comes with much broader responsibilities. Whereas a hospital or clinic Nurse Practitioner can focus on caring for and educating patients, as a private-practice Nurse Practitioner you shoulder the additional day-to-day responsibilities of running a business whilst, at the same time, serving as the primary health care provider to your patients.

Both risks and potential rewards of private practice are higher than for salaried work.

Overall, median Nurse Practitioner earnings are \$120 - \$140 000 per year, while private-practice Nurse Practitioners can potentially earn much more than this, well over \$160 000 a year if successful. However, insufficient capitalization to cover start-up costs and insufficient cash flow to sustain a private practice are the leading causes of practice lack of sustainability. Most Nurse Practitioners have not had any previous business experience, with little experience of business management or market analysis. Carefully assessing the patient demand and reimbursement potential of a private practice in a particular area, is the first essential element between business success and failure. A practice must be carefully planned, and will require assistance and understanding of financial management, tax and accounting, human resource, marketing, medical billing and coding and / or risk management knowledge which are all leadership skills within the scope of Nurse Practitioners. Negotiation of hospital privileges, third-party insurance reimbursement contracts and development of a business plan should well prepared prior to opening a new practice.

Because Nurse Practitioners are likely to establish practices in under-served, low-income areas, government rebates available under Medicare Nurse Practitioner items are available. Other reimbursement options are available including private insurers, brockage funding allowing for contracted reimbursement for services, but third-party reimbursement can be supplemented with contract services for local businesses, hostels, and long-term care facilities. Private-practice Nurse Practitioners are responsible for their own malpractice and liability insurance, and employee salaries and health insurance, annual leave, sick leave and superannuation costs and business administrative time with related costs (ie. phone, printer, electronic devices, and software). While hospitals or clinics cover these expenses and related paperwork for salaried Nurse Practitioners. Many states require Nurse Practitioners to enter a collaborative arrangement with local medical practitioner to help establish private practices. Employed Nurse Practitioners can have written agreements that outline their collaborative arrangement. The scope of practice for Nurse Practitioners across Australia is regulated by AHPRA and all states limit Nurse Practitioners to only practice within the specialty areas for which they are credentialed and certified.

## QUALIFICATIONS

In order to set up a private practice the mental health nurse practitioner must have the following credentials:

- An undergraduate nursing degree from an accredited university school of nursing
- A minimum of three years or 5,000 hours of post-graduate experience in an advance practice clinical role (ie. Grade 3 and above clinical, not management role).
- A Nurse Practitioner master's degree from an accredited university school of nursing or equivalent Nursing Masters together with taking up required Post Graduate NP units of study to meet the NP standards of practice. (ie. advance pharmacology and clinical investigation units) to meet the pathway 2 endorsement application option.
- Current NURSING registration with AHPRA
- Nurse practitioner endorsement through AHPRA.

## MODELS OF PRIVATE PRACTICE

Private Nurse practitioners may work in a solo or group practice. The decision to open a solo or group practice depends on the preference of the nurse practitioner starting the business. Both models can be profitable and successful.

- A solo practice has one clinician who is responsible for providing the services and, in most cases, owns the business. Although a nurse practitioner can work as a solo private clinician, it is useful to remember the importance of establishing, developing, and maintaining a local network of health professionals for referral and support.
- A group practice will have two or more clinicians who provide the clinical, and psychotherapeutic, services. The clinicians of the group practice may operate independently of each other, and bill for their individual services, or they may work for the group practice, which bills for them and provides other benefits to the nurse practitioner. A group practice may be owned by one or more of the practice clinicians or by someone else such as an investor.

## SETTING UP THE PRACTICE

Although the services provided in a private practice are clinical, it is important to remember that it is also a business that requires preparation, organisation, and a business plan to enable it to be successful. Enrolling in a basic business course or workshop to acquire specific business skills, and become familiar with key business practices, can be very helpful before opening a private practice. It is possible to hire a practice management company to help with the business aspect of the practice.

## REGISTERING THE BUSINESS

First of all you must decide if you intend to trade as a sole-trader, in a partnership or as a company. It is best that you seek independent legal and / or financial advice about this decision. Advice about registering your business name can be found here

<http://asic.gov.au/for-business/registering-a-business-name/steps-to-register-your-business-name/>

Assistance with working out which registration you might need can be found here

<https://www.ato.gov.au/Business/Registration/Work-out-which-registrations-you-need/>

There is also help for health professionals doing business online at

<https://www.humanservices.gov.au/health-professionals/subjects/doing-business-online-health-professionals>

### INCORPORATING YOUR BUSINESS

A nurse practitioner may practice solo, as a sole trader, or within a group practice scenario as a partner or part of an incorporated company. In addition to tax benefits, incorporating the business is a good way to separate and protect your personal assets. It is advisable to discuss your business plan with a financial, business, or legal consultant to decide if working as a sole trader, partner or company is the best option for you.

### A BUSINESS BANK ACCOUNT

Your new business requires a separate bank account and this can easily be arranged at your preferred banking institution

### PROFESSIONAL LIABILITY INSURANCE

Professional liability insurance is required when working as a nurse practitioner and is essential when moving to private practice as a nurse practitioner. The amount of coverage is dependent on several factors including state regulations, the requirements of insurance companies, and the type of services you intend to employ in your practice, but can range from \$10,000,000 to \$20,000,000. Coverage should be maintained continuously whilst practicing to avoid gaps in time that would not be covered. Additional information about professional liability insurance can be obtained online from insurance companies who cover health services. ([AHRPA Fact sheet: Professional indemnity insurance arrangements](#))

### HEALTH CARE RECORDS MANAGEMENT

The department of health guidelines on administrative record keeping guidelines for health professionals can be found here

<http://www.health.gov.au/internet/main/publishing.nsf/Content/admin-record-keeping-book>

## PRACTICE MANAGEMENT SYSTEMS

Information for practice management can be found here

<https://www.humanservices.gov.au/health-professionals/professions/practice-managers>

[https://www.humanservices.gov.au/funnelback/search?query=nurse+practitioner&scope=%2Fhealth-professionals%2F&form\\_build\\_id=form-bfaC8emJsEtEujKRY7sbYEv6UwdLklUGvQ935K7p5po&form\\_id=dhs\\_blocks\\_form\\_search](https://www.humanservices.gov.au/funnelback/search?query=nurse+practitioner&scope=%2Fhealth-professionals%2F&form_build_id=form-bfaC8emJsEtEujKRY7sbYEv6UwdLklUGvQ935K7p5po&form_id=dhs_blocks_form_search)

## MARKETING YOUR PRACTICE

Marketing your practice is key to receiving referrals from medical practitioners, PHNs and other allied health providers. Note that Nurse Practitioners can receive self-referrals from directly from people in the community and do not require a formal referral although referral information can provide helpful details when a new client engages in your service.

Medicare rebates under NP items are unlimited although an individual is unable to claim more than one rebate per day for the same service.

A primary goal for successful marketing is to make decision-makers aware of who you are, what services you provide and why you are uniquely qualified to provide them.

Investing in a web page to advertise your practice and set up a professional business e-mail address, attached to your web site, to receive referrals and inquiries is a great way to seek referrals. Media platforms such as Linked-in, FaceBook and Twitter are all good ways to raise your professional profile.

Traditional marketing such as posting flyers on community bulletin boards, producing a newsletter, an advertisement in community newspapers or home association newsletters also work well. Maintaining a high media presence locally and through multimedia platforms is essential for establishing and maintaining a healthy professional profile.

You may also list your practice on other health professional database sites such as ACMHN, ACNP, WhiteCoat etc., and free search engine Health direct -

<https://www.healthdirect.gov.au>

## FUNDING STREAMS IN PRIVATE PRACTICE

**Medicare item numbers:** Information can be found here

[http://www.health.gov.au/internet/main/publishing.nsf/Content/midwives-nurse-pract-ganda-nursepract#5\\_2](http://www.health.gov.au/internet/main/publishing.nsf/Content/midwives-nurse-pract-ganda-nursepract#5_2)

**Primary Health Networks (PHN) :**

<https://www.health.gov.au/resources/collections/primary-health-networks-phn-collection-of-primary-mental-health-care-resources>

**Find your local PHN:** <https://www.health.gov.au/initiatives-and-programs/phn>

**NDIS registration and pricing arrangements for NPs** (refer to both Nursing and Therapy

Support items: <https://www.ndis.gov.au/providers/pricing-arrangements>

**Private Health Insurance:** Check with the individual insurance providers. New arrangements for NPs are being updated.

## SETTING YOUR FEES

When setting fees there are several factors to take into consideration, including

- Your business overheads
- The prevailing economy
- The geographical location
- The population demographic
- The reimbursement fees of private health insurance companies
- The fees of other mental health providers

Decide on an amount that is fair and reasonable for your practice with consideration given to any contractual obligation assigned through funding arrangements under existing third-party payer agreements.

## ADDITIONAL RESOURCES

**The NDIS Scheme:** <https://www.ndis.gov.au/>