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INSIDE

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$20.5 million verdict shows need for caution with surgery centers, young patients

Eighteen-year-old woman died two days after liposuction

Plastic surgeons across the country took notice in May when a Pennsylvania jury awarded $20.5 million to the family of an 18-year-old woman who died after a liposuction procedure, but the big question is whether there was any lesson in the case. Can you take something away from the bad experience of the surgeon who performed the procedure, or was the huge verdict just a fluke in a standard medical malpractice case?

Malpractice attorneys and plastic surgeons say there are indeed lessons to be learned from the case of Amy Fledderman, from Newtown Square, PA, an honors student at Penn State University who died seven years ago after liposuction performed by plastic surgeon Richard Glunk, MD, of King of Prussia, PA. The case can serve as a reminder about the importance of proper surgery center certification and the added malpractice risks that come from working with young adults.

According to a report by NBC-10 in Philadelphia, the verdict came exactly seven years after the young woman's death. The jury heard five weeks of testimony about the May 2001 procedure in which Fledderman underwent liposuction on her legs, stomach, and under her chin. A nurse anesthetist was also found liable. (See the story on p. 3 for more details on the case.)

The plaintiff's attorney argued during the trial that Glunk's ambulatory surgical center was not licensed by the state for the liposuction procedure Fledderman underwent, and Glunk countered that he did not believe he needed a state license for the facility. Expert testimony during the trial demonstrated that Glunk hit a blood vessel during the surgery but waited two and a half hours before calling an ambulance. Fledderman died of a fat embolism two days after the surgery.

After the trial, Glunk told the media he would appeal and cited many inaccuracies presented in court. The local prosecutor initially considered filing criminal charges against Glunk but declined, saying a charge of homicide would require showing that the surgeon "consciously disregarded a substantial risk that Amy was about to die and decided to do nothing."

> "Two and a half hours to **call an ambulance speaks for itself.**"
>
> —*Sean Dwyer, JD*

The Pennsylvania Department of Health investigated soon after the death and determined that Glunk's office was not properly licensed, ordering him to stop doing liposuction and some other procedures in his office.

Plastic Surgery Practice Advisor contacted Glunk's office for comment, but the call was not returned.

Case shows med mal risks

Sean Dwyer, JD, a partner at Havkins Rosenfeld Ritzert & Varriale in New York City, says the case should be a reminder of how every case—no matter how seemingly routine—can end tragically, for the patient and the surgeon.

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Dwyer says he is concerned that many of the plastic surgeons with whom he is familiar in New York are letting their guard down as they focus more on developing business volume, sometimes at the expense of following traditional protocol and exercising care with each patient.

Dwyer says the allegations of improper licensing of Glunk's office facility are what trouble him the most. As more and more procedures are done away from the hospital setting, he says, it becomes imperative to follow the strictest guidelines for patient safety.

"Good risk management procedures and protocols are critical in the office setting," he says. "State licensing codes require the utmost attention to patient safety, but, more importantly, common sense requires it."

Dwyer says failing to incorporate proper risk management protocols and not adhering to the best clinical practices is extremely foolhardy. Eventually, the odds will catch up with you. A surgeon is "not only playing dice with the patient's well-being, but also with his or her own future in medicine," he says. "A surgeon who is going to do office procedures, like in this case, is essentially assuming all the responsibilities traditionally assumed by a hospital. These include ensuring that the facilities, policies and procedures, and people involved in the procedure are adequate."

Must plan for bad outcomes

For example, Dwyer says, the surgeon takes on more responsibility regarding the screening of patients for any factors that might preclude surgery in an office setting. The postop recovery protocol is also important, and the lack of a sufficient one may have figured in the outcome of the Fledderman case, he says.

"It is up to you to ensure that staff are adequately trained and there is a sufficient protocol in place to monitor patients after office surgery and respond appropriately," Dwyer says. "In particular, and this case really draws attention to this point, it is important that you have a prearranged protocol for promptly transferring the patient to a higher level of care if something goes wrong."

Plastic surgeons often find it difficult to adequately plan for life-threatening emergencies and complications because they are rare, Dwyer says. There are so few that staff members cannot become well practiced in how to respond. That is why a thoroughly thought out, strict protocol is best. Train staff members to respond quickly and on the side of caution whenever they suspect a patient's condition is worsening or if certain clinical indicators trigger the transfer plan.

"Two and a half hours to call an ambulance speaks for itself," Dwyer says.

Size of verdict holds lessons

The size of the verdict may also hold lessons for plastic surgeons. Dwyer says the Fledderman case exemplifies a particularly large malpractice verdict and notes that $15 million of the $20.5 million was for punitive damages.

"When the claim for punitive damages is pursued vigorously by the plaintiff, that can explain why the case went as far as a jury trial. The punitive damages are not going to be covered by insurance, so they were looking for the doc-

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tor to pay that amount out of pocket," Dwyer says. "The size of the award also reflects the level of concern and anger expressed by this jury. An award of that size is meant to send a message. They heard all the evidence, and they were not happy about it."

During the trial, the plaintiff's attorney claimed that Glunk told the patient, "You'll be as safe in my office as you'll be in a hospital."

Dwyer says that if Glunk made this statement, as the patient's parents allege, it was a big mistake. "You have to give a level of comfort, but if you make that representation and then your facility is not even properly licensed, you've opened up a can of worms. That in itself could be the basis for punitive damages," he says. "You want to project confidence, but, at the same time, you have to make sure the patient is properly informed of all the risks and hazards involved in

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Case facts: Surgeon and nurse anesthetist found liable for lipo death

In the *Fledderman v. Glunk* wrongful death and survival action, recently decided in Pennsylvania, the 12-member jury unanimously found that plastic surgeon Richard Glunk, MD, and nurse anesthetist Edward DeStefano, CRNA, were responsible for the death of 18-year-old liposuction patient Amy Fledderman.

The jury awarded $15 million in punitive damages, $3.5 million under the Survival Act, $2 million for Glunk negligently inflicting emotional distress on the patient's mother, $20,000 under the Wrongful Death Act, and $5,000 for what the jury found was Glunk's failure to obtain Fledderman's informed consent.

The jury deliberated for more than two days. The wrongful death damages were equal to Fledderman's funeral costs, and the informed consent damages were roughly equivalent to the costs of her surgery. Court records indicate that the jury found Glunk 75% liable for Fledderman's death and DeStefano 25% liable regarding Fledderman's medical care and treatment.

Court papers filed by the plaintiffs indicate that a blood vessel in Fledderman's neck was severed during the liposuction, and she was administered medication to which she was allergic. The medication caused a respiratory emergency, but the surgeon and nurse anesthetist kept the patient under observation in Glunk's office for two and a half hours before calling an ambulance. The plaintiffs alleged that Glunk and his colleagues waited until Fledderman was dying to call for help. Her medical records indicated that at that point, the patient was cyanotic, or blue, and her oxygen levels had dropped to the 60s.

Fledderman was transferred first to Montgomery Hospital in Norristown, PA, and then died en route to the Hospital of the University of Pennsylvania in Philadelphia.

The plaintiffs' pretrial memorandum to the court alleged that Fledderman spent the last 24 hours of her life in severe pain and vomiting blood.

"Dr. Glunk and his staff engaged in a massive cover-up, lying to the Pennsylvania Department of State investigators, to the Pennsylvania Department of Health investigators, and to detectives from the Montgomery County District Attorney's Office," the memorandum claimed. "It was not until the civil suit, during pointed questioning of witnesses by plaintiffs' counsel, that the truth was finally drawn from under the rock where Dr. Glunk and his staff had attempted to hide it."

According to the plaintiffs' pretrial memorandum, Glunk's liposuction privileges had been restricted at Main Line Health Hospitals, and he was required to be under the supervision of another liposuction surgeon. The plaintiffs' memorandum claims that Glunk's King of Prussia, PA, office was not licensed by the Pennsylvania Department of Health for the type of procedure he performed.

In his pretrial defense memorandum, Glunk stated that Fledderman had a rough emergence from anesthesia, with short breathing. Glunk and his staff monitored the patient and called an ambulance when her breathing decreased further. Then Glunk claimed that the patient was improperly intubated by a responding paramedic during her transportation to Montgomery Hospital. The improper intubation caused her oxygen saturation to decline to the 64% documented in her medical record, Glunk claimed.

During the trial, the defense abandoned the intubation theory and claimed that the patient died from an unavoidable fat embolism. DeStefano stated in his pretrial defense memorandum that the cause of death was a fat embolism.

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the procedure. And you can't put all those risks on paper but then make a verbal comment that negates them."

Warn of fat embolism risk

The Fledderman case is reason to more clearly warn patients about the risk of a fat embolism from liposuction, says **Michael Shalhoub, JD,** a partner at Heidell, Pittoni, Murphy & Bach in New York City and chair of the Medical Liability and Health Care Law Committee of the Defense Research Institute, the nation's largest organization of civil defense attorneys.

The risk of suffering from a fat embolism is relatively small, but the case shows that it should not be relegated to merely the fine print of a consent document, Shalhoub says.

> "A good part of this case turned more on the period of time after **the surgery than the performance of the procedure itself."**
>
> —*Michael Shalhoub, JD*

The case is a reminder that the surgeon's work—and the risk of malpractice—doesn't end with the procedure. The postop period is full of danger for the patient and the doctor, Shalhoub says.

"A good part of this case turned more on the period of time after the surgery than the performance of the procedure itself," he says.

Punitive award could be reduced

The plaintiffs pursued the case even after the surgeon's insurance paid the full amount available, Shalhoub says, because they were intent on punishing Glunk for what they deemed substandard and reckless care. Since punitive damages are not insurable, it is up to Glunk to come up with the funds. The punitive award might be reduced on appeal, says Shalhoub.

"But they might still be trying to get blood from a stone," he says. "Whether it's $5 million or $20 million, it doesn't matter if the surgeon doesn't have the money to give you."

Stephen M. Passen, JD, a partner at the Law Offices of Passen & Driscoll in Chicago, says young patients pose an additional liability risk because some states allow the surviving family members to sue for grief and loss of companionship.

"That can depend on the relationship that the patient had with her family members and whether the lawyer can prove those relationships in a meaningful way to the jury," Passen says. "Once you have a deceased patient who is described as a wonderful young woman who made everyone in her family happy, a jury can really be touched."

(See p. 5 for more on the risks of treating young patients.)

Have to make good offer

Denying responsibility might have angered the jury, says Passen.

When it is clear that the doctor is culpable, at least to some degree, it is counterproductive for the defense to keep pushing a story that doesn't make sense.

"That just makes the jury angry, and when the jury gets angry, plaintiffs' lawyers like myself love it," he says. "The verdicts tend to be high because the defendant just isn't being honest and admitting they were wrong."

Passen also questions whether the defense did everything possible to avoid taking the case to a jury. Even if the plaintiffs were intent on punishing the surgeon with a verdict and a punitive award, Passen says the defense should have tried to push back. That can sometimes require playing hardball, he says.

Especially when the liability is clear, the defense must make a substantial offer to settle quickly, Passen says.

If you lowball the offer, the family has no incentive not to risk going to trial. If you wait too long, the family will be too emotionally involved to forgo the public trial, he says.

"The defense often does not put the plaintiff at risk with regard to the appropriate offer. The plaintiff needs to understand that if they go to trial, they may not get what is already being offered," Passen says. "They need to be made to fear that what is on the table may be the best they'll ever get, and they could be making a big mistake by going to trial. My guess is there was not enough risk being put on the plaintiff here."

Med mal case shows risks of treating young patients

The award in the *Fledderman v. Glunk* case, in which an 18-year-old patient's family was awarded $20.5 million after the patient died following a liposuction procedure, reflects a unique risk that surgeons undertake when they perform cosmetic procedures on teenagers or young adults, says **Sean Dwyer, JD,** a partner at Havkins Rosenfeld Ritzert & Varriale in New York City.

Although this was a death case, Dwyer says, the award also could have been quite large if the patient had survived with permanent injuries. A jury would be instructed to award damages for pain and suffering over the patient's entire expected lifetime.

"So if you're talking about an 18-year-old patient, the jury will be able to award damages up to an expected lifetime, which is currently 88 years for a woman," he says. "That means you'd pay for 70 years of pain and suffering. That's different from a patient who is in her 50s or 60s when you treat her."

Michael Shalhoub, JD, a partner at Heidell, Pittoni, Murphy & Bach in New York City and chair of the Medical Liability and Health Care Law Committee of the Defense Research Institute, has investigated the Fledderman case by talking with some of those involved. Shalhoub says he found it interesting that the mother had previously taken her daughter to Glunk for breast augmentation when she was 16 years old. "In my mind, multiple plastic surgeries on a teenager or young adult can raise questions about judgment," he says. "That is something that surgeons might want to think twice about."

> "In my mind, multiple plastic surgeries on a teenager or young **adult can raise questions about judgment."**
>
> —*Michael Shalhoub, JD*

The most important determinant in the outcome of this case was the patient's age, Shalhoub says. He advises plastic surgeons to be cautious about doing purely cosmetic procedures on young people because a jury can perceive the surgeon as taking advantage of an insecure youngster with a poor self-image.

"The self-esteem image can be the same with a 60-year-old as with an 18-year-old, but a jury is going to think that the 60-year-old is better able to take care of himself or herself than the 18-year-old is," he says.

Allergan's eyelash drug may expand options for some patients

High interest predicted for bimatoprost once drug becomes available

The recent announcement by Allergan that its new eyelash-enhancing drug is moving toward approval has plastic surgeons looking forward to a cosmetic enhancement that some say will be quite popular with patients and could provide a nice boost to plastic surgery practices.

Allergan, based in Irvine, CA, recently announced that it intends to file a new drug application by the end of the third quarter of this year with the FDA for bimatoprost, a synthetic prostaglandin analog, as a treatment to stimulate eyelash growth.

Allergan has completed its clinical trial program demonstrating that its patented formulation of bimatoprost, when applied directly to the base of the eyelashes, results in significant eyelash growth, says **Scott Whitcup, MD,** executive vice president of research and development at Allergan.

"We are pleased with the results of our clinical program and believe this innovative product, if approved, could meet a significant and currently unmet demand in the medical aesthetic marketplace," he says.

Allergan has not released a brand name for the expected eyelash drug, but Whitcup says it is unlikely to be "Lumilash," the name bandied about as people speculated that the company was developing such a product.

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Eyelash drug

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Bimatoprost is the active ingredient in Allergan's glaucoma drug Lumigan.

If approved by the FDA for eyelash growth, which Allergan currently anticipates will happen in 2009, the company estimates global peak sales of bimatoprost for this indication could exceed $500 million per year. Whitcup says the global mascara market is presently estimated to be $3.7 billion annually. The company has projected between $440 million and $460 million in sales for Lumigan this year. Botox sales are expected to reach $1.4 billion.

> "The possibility is certainly there that the drug will still get **directly into the eye" and change eye color.**
>
> —*Andrew Iwach, MD*

Allergan has exclusive U.S. and foreign patents on the use of bimatoprost and other prostaglandins and prostaglandin analogs as a treatment to stimulate natural eyelash growth. If approved by the FDA, Allergan's bimatoprost product for eyelash growth will be available by prescription only to consumers in the United States, Whitcup says.

Following the same path as Botox

Keen observers will note that the drug approval path for bimatoprost is following the same route taken by the company's phenomenally successful Botox.

Botox and bimatoprost were approved initially to treat eye diseases—Botox to treat muscle spasms and Lumigan to treat high intraocular pressure—and then clinicians reported cosmetic improvements.

Allergan's recent announcement ended speculation about whether the company was seriously pursuing approval for the cosmetic use of bimatoprost. The company had not confirmed any such plans publicly, although it did take legal action to protect its patent from other companies selling eyelash enhancers that, according to Allergan, contained bimatoprost or other prostaglandins covered by the company's patent. The FDA has warned consumers about cosmetics that contain such substances and confiscated some products that contain bimatoprost and were sold without proper FDA approval.

Allergan is continuing to pursue legal action against nine companies selling eyelash products, and a trial is set for November 2009. One manufacturer, Jan Marini Skin Research, Inc. (JMSR) in San Jose, CA, was the subject of the FDA seizure in November 2007 but has discontinued selling Age Intervention Eyelash, the product alleged to contain bimatoprost.

The company is now offering another eyelash product with a nonprostaglandin formula called Marini Lash.

JMSR released a statement saying the FDA's concerns about safety "are not substantiated by any study or analysis that JMSR is aware of, and are certainly not substantiated by any study or analysis offered by the FDA. We are not aware of any instances where JMSR's eyelash product has damaged any user's vision or caused optic nerve damage, blindness, macular edema, or uveitis, and the FDA has not informed JMSR of any. The FDA press release purporting to warn consumers about such risks has no factual support we know of."

The company contends that the FDA failed to take action against other eyelash products containing the same ingredient, even though the FDA was notified that several other companies had copied JMSR's discontinued product and continued to market their competing products with drug claims for eyelash growth.

JMSR contends that it has conducted numerous safety tests on its original and reformulated products "far beyond those ordinarily required for a cosmetic product, and the test results showed that both products are safe. JMSR also conducted additional safety studies at the request of the regulators, and the results of those studies also showed the products are safe."

According to the company, the discontinued product was stored in JMSR's warehouse since September 2006, when it was embargoed by the California Department of Health Services' Food and Drug Branch at the FDA's request. "JMSR offered to destroy the product voluntarily, but the FDA recently informed JMSR that it preferred to seize the product so that it could issue a press release announcing the seizure," the company claims.

Drug will be applied like eyeliner

When bimatoprost is approved for cosmetic use, Allergan plans to sell it with an applicator for applying the drug to the eyelash margin in the same way women apply eyeliner. Whitcup says the direct application to the base of the eyelashes is expected to diminish one side effect of the drug reported when the drug Lumigan is applied directly to the eye in liquid drops—the patient's iris can change color.

Lumigan is not the only drug that uses prostaglandin analogs to enhance eyelashes, says **Andrew Iwach, MD,** an associate clinical professor of ophthalmology at the University of California at San Francisco and a faculty instructor at the California Pacific Medical Center Department of Ophthalmology. Iwach is a leading glaucoma specialist and a spokesperson for the American Academy of Ophthalmology. The glaucoma drugs Travatan, manufactured by Alcon Laboratories in Forth Worth, TX, and Xalatan, manufactured by Pfizer in New York City, contain a prostaglandin analog similar to bimatoprost and can result in longer, thicker eyelashes.

Iwach says glaucoma patients are sometimes quite pleased with the side effect of longer and thicker eyelashes, and the past experience of companies selling similar products for cosmetic purposes—even if they were stopped—suggests there is a market for eyelash enhancers. The big question for physicians and consumers might concern the acceptance of side effects, he says, because the drugs do come with a downside. The potential for eye color changes and eye irritation must be considered, he says. (See the story below for more on the side effects.)

"For a glaucoma patient who is taking these drugs because there is a danger of going blind, these side effects may be acceptable and worth the risk," Iwach says. "But for a patient who is using this drug for cosmetic purposes, the threshold may be different."

Iwach says the side effects are associated with administering the drug in eyedrops, and Allergan says its cosmetic drug will be applied to the base of the eyelash, so the side effects may not be the same. But there are no data yet to show how the new application method will change the side effects.

"We have plenty of patients who apply mascara, and it is inevitable that some of that mascara gets in the eye," Iwach says. "So the possibility is certainly there that the drug will

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Side effects of eyelash drugs can involve eye color change

The cosmetic enhancement of the eyelash can be significant from prostaglandin analogs, but it does not come without the risk of complications, says **Andrew Iwach, MD,** an associate clinical professor of ophthalmology at the University of California at San Francisco and a faculty instructor at the California Pacific Medical Center Department of Ophthalmology. Iwach is a spokesperson for the American Academy of Ophthalmology.

For one thing, patients can end up with lashes growing where they don't usually grow. "Sometimes, the lashes can be directed toward the eye itself, which irritates the eye and can be very uncomfortable," Iwach says.

Eye color change, which is the result of increased melanin production in the iris, adding more brown color, is another concern. The iris color change is permanent, he says.

Those most at risk for color change are patients with a mixture of brown and another color, such as hazel or brownish-yellow irises, Iwach explains.

The increased melanin production causes the brown to become prominent and edge out the other color. Patients with blue eyes are at less risk because there is little or no brown color to begin with, and those with brown eyes may not notice much difference because the iris simply becomes a darker brown.

The white of the eyes also can turn red, although that change may be transient. The margin of the eyes can darken, giving the patient the appearance of dark circles around the eyes.

"Even with people who are at risk for going blind, I have some people who are so attached to their iris color that they don't want to risk that change, and some of these other side effects are significant too," Iwach says. "People will want this information."

Eyelash drug

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still get directly into the eye and could produce some of these same side effects. Allergan is doing the right thing by pursuing FDA approval, but we should be aware there is the potential for some of these consequences."

Another safety concern involves patients who have had cataract surgery. Those patients could be at increased risk of macular edema if they use these drugs, which could degrade their sharp vision, Iwach says. (See the story below for more on safety concerns.)

High interest in new product

Alan Bauman, MD, a hair restoration physician in Boca Raton, FL, who pioneered eyelash transplants, says bimatoprost is well known to many physicians as an "exceptionally powerful hair growth treatment," and the drugs can be used off-label for cosmetic purposes.

However, the Allergan product would come with a welcome stamp of approval from the FDA, Bauman says. He has used other products containing prostaglandin analogs with good results. "The lashes tend to grow a higher density of lashes, much, much thicker lashes, and darker lashes, usually within about 12 weeks," he says. "Sometimes, you can see the results even sooner, maybe just in a month. It's dramatic."

Bauman recommends consulting with an ophthalmologist before beginning any course of treatment to improve eyelash appearance. And he says the negative side effects are not inconsequential.

"Sometimes, we see darkening of the skin of the lid in the area where the medication has been applied," he says. "But then again, some patients even like that because it looks like permanent eye shadow."

Bauman says plastic surgeons often don't realize how much their patients are interested in improving hair growth and eyelash appearance.

"I suspect that if you ask them, you'll find that a lot of your patients would be very interested in this kind of cosmetic improvement," he says. "Sometimes, they have no idea that these options are even out there. But if you ask them if they would like having those long, dark, Hollywood-type lashes, a lot of people will jump at the chance."

Patients want better eyelashes but may worry

An eyelash enhancing cosmetic that comes with an assurance of safety could be extremely popular with plastic surgery patients, says **Kerry Elmasry, LA,** an aesthetician for the North Shore-Long Island Jewish Health System in New York.

Elmasry says her experience with past products that promoted eyelash growth, including the one from Jan Marini Skin Research, Inc. (JMSR), suggests a good future for the Allergan product.

"They were fantastic. People's lashes came in long and thick, and even if you had blond hair, they came in nice and dark. Patients loved it because you didn't even need mascara," she says. "People would see me and say, 'You look stunning. What are you doing lately?' "

Elmasry says the JMSR products were huge sellers with her clients, until some media coverage questioned the safety of the products. She says she never saw any significant side effects from the products, except that the results were sometimes fleeting. "I think the only downside to the products were that they seemed to speed up the growth cycle. You got these wonderful lashes, but then you lost a lot of them on your pillow at night."

The products were most popular with women aged 40– 60. Elmasry says her clients reacted strongly to the media coverage questioning the safety of such products, so much so that she expects them to still be gun-shy when the next product arrives on the market.

If Allergan obtains FDA approval, that will be a strong point in its favor, she says.

"I suspect that will have to be a big part of Allergan's effort now, to find a way to counter these women's fears and turn that around," Elmasry says. "I think they can do that, and I'm waiting with bated breath for their product. This could be a very popular product with patients."

Added value can boost your practice in a down economy

Find ways to give the patient more, make your service better than competitors

Editor's note: This is the last article in a two-part series focusing on how plastic surgeons can help their practices grow, not just survive, even when the economy is in a down cycle. July's article showed how aggressive marketing and other strategies can grow your practice. This month's article addresses value-added ideas that can bring in more patients.

During a recession, people naturally want more value for their money. It's true at the grocery store, the hardware store, and yes, your plastic surgery practice.

Find ways to give your patients more than they expect—and more than they can get from your competitor across town—and you could see your practice grow even as the economy slows, some surgeons say.

This "value added" strategy is working for plastic surgeon **Gregory Buford, MD, FACS,** in Denver.

Buford says he employs the strategy not only because of the current economy but because patients are becoming more savvy and recognize that plastic surgery practices have slow seasons, such as summer. They know that when they are willing to undergo procedures during your slow times, they can expect a little something extra to entice them to your office. If you don't offer something extra, your competitors will, he says.

Buford says his practice is seeing a resurgence in the past few months. The bounce is helping the practice recover from the falloff in business in the first few months of this year, when Buford says he saw about 20% less work in some parts of his practice.

"We saw the big hit in the larger procedures, such as the combination tummy tuck and liposuction procedures, the really big high-dollar procedures," he says. "Interestingly enough, Botox really wasn't affected that much, and breast augmentation was not affected as much as some of the more expensive combination procedures."

Buford says plastic surgeons should be creative in developing value-added strategies, and they shouldn't rush to slash their prices.

Sometimes, the value-added tactics can be far more effective than simply lowering the price of a treatment, he says. (See p. 11 to learn more about one effective strategy.)

Diversify to strengthen your practice

Diversification is another good way to grow your practice in a weak economy, says **Stephen Harris, MD,** a plastic surgeon in West Islip, NY.

Harris makes sure his practice maintains a balance between elective cosmetic services and hospital-based services. He says his cosmetic practice revenue has remained stable for a few years, after a period of 10% annual growth prior to that, but his reconstructive practice has grown 25% annually in recent years.

> "We believe this is the new **wave in cosmetic surgery—value adds and incentives.**"
>
> *— Gregory Buford, MD, FACS*

"That allows you to continue to grow your practice and not be as much at risk if there are bad economic conditions that cause people to avoid or delay cosmetic procedures," Harris says.

"But even in those times, you may have people who say they will still do Botox and fillers, and if you're not offering those services, they will go to another physician. Maintaining some diversity makes it possible for you to grow in any market," he adds.

A main part of Harris' practice is breast cancer reconstruction, which provides a stable part of his business regardless of the trends in elective cosmetic surgery. He says surgeons can consider minimizing their overhead and pass some savings on to the patient.

"Having your own office or surgery facility seems to be everyone's dream, but I've always felt that there is a benefit to making relationships that allow you to do elective surgery in local hospitals or outpatient facilities," Harris says. "That allows you to offer packages to patients that are financially competitive, and it limits your financial risk. I also get a lot of referrals from the nurses in the hospital who see my work."

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Added value

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Don't lower prices too much

Patients are more price-sensitive in the current economy but still desire optimal results, Harris says. The key to effective marketing now is to convince patients that they are getting a good deal on the very best service available, rather than simply accepting a lower level or quality of service to save some money.

Many practices try to lure patients on price alone, Buford says, but the danger there is that by continually discounting procedures, you are sending patients the message that the procedures have no clear value. Patients can wait to see whether the price falls low enough for them, because you're telling them that there is no actual set point for what the procedure costs, he says.

> "If you count your nickels and dimes so much that the results aren't great, **it's going to kill you in the long run.**"
>
> —*Gregory Buford, MD, FACS*

Buford's solution is to set his services at a reasonable price, neither the lowest nor the highest in the community. He shoots for about the 70th percentile. Then any negotiation or marketing to the patient comes down to adding value to the procedure rather than cutting the price.

The goal, Buford says, is to provide optimal services and results at reasonable rates, with bundled packages and value-added incentives to both keep his clients happy and keep referrals strong. "By meeting the patient in the middle, aligning their needs with bundled service offerings and value adds, we're able to give patients comprehensive services for lasting results, with cost-effective solutions," he says.

'Buy two syringes, get third free'

The value-added strategy allows Buford's patients to feel like they're getting something extra from him that they wouldn't get from another surgeon. And it often allows him to make a more personal connection with the patient and make the patient more loyal to the practice.

"I'll say, 'Look, you've been a good client, so we want to offer a complimentary Botox treatment next time or a complimentary peel,' " Buford says. Because he already told his patients that his price point is competitive, he can offer something extra without cheapening his services. "At the same time, it keeps them in the practice, and if they like the value-added treatment, they may come in for more Botox once the economy is looking better," he says.

The following are examples of some of the value-added services Buford offers:

- Bundled medical skin care programs instead of à la carte services, with an overall savings on the treatments
- Discounts on injectables such as Botox, Juvederm, and Restylane (e.g., "buy two syringes, get third free")
- Fractional laser treatments combined with other services such as injectables or medical skin care, offering "the biggest bang for buck and beauty"
- Incentive pricing for multiple procedures performed at once, such as a tummy tuck with liposuction, or breast augmentation with liposuction

"We believe this is the new wave in cosmetic surgery—value adds and incentives," Buford says. "It is making a difference with the economy the way it is now, but I also think this is just the way plastic surgery is going to go in the future, even when the economy gets back on track."

Buford has also found success with making injectables more accessible to the patient. He does this not by lowering the price from his competitive set point, but by showing the patient how judicious use of the injectables can make the overall cost lower.

Don't be stingy with the product to try to save money, he says.

"The biggest mistake people make with injectables is undercorrection. So if you only do 40% of what the patient needs, they've spent the same money either way and they go home unhappy," Buford says. "I'd rather take the five minutes more and use another syringe to get them to full correction so they can go out in the community, and their friends see a great result. If you count your nickels and dimes so much that the results aren't great, it's going to kill you in the long run. Those happy customers, with great results that their friends can see for themselves, are my best marketing."

Plastic surgeons use barter to boost sales, bring in new patients

System can expose your practice to people you might never have met

Some plastic surgeons are finding that barter can be a good way to build their practices and fill their schedules. Barter systems are relatively simple to use and can be a good option, particularly for surgeons who are just building their practices and still have time to fill most days, they say.

The barter system is not what some people assume, says **Don Mardak,** CEO of International Monetary Systems (IMS), one of the country's leading barter organizations. (More information is available at *www.imsbarter.com.*) We're not talking about trading your plastic surgery services for something tangible like a bushel of corn. In the barter system, you provide plastic surgery to a fellow barter member for a set fee, usually the same amount that you would charge anyone else.

The difference is that you are paid in barter dollars instead of real money.

The barter dollars are put in your account with the barter system, where you can let the funds accumulate or spend them on any services offered by another member of the barter system.

Allan Parungao, MD, a plastic surgeon in Oak Park, IL, says he has found barter useful in his practice.

Parungao says he has used barter for about six years and, although it accounts for only 5%–10% of the practice's revenue annually, it helps maximize the profitability of the practice.

"When you're marketing to the other members of the barter network, that is another patient population for you to explore," he says. "And when they come and spend their barter dollars, you can turn around and use those dollars for items you really need. Advertising is my favorite use, but you can buy copy paper, handyman services, catering, a lot of different things."

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Barter better than unbooked time

Trista Negele, MD, a plastic surgeon in Chicago, says she joined the barter system about three years ago when she started a new practice and did not yet have a full schedule.

"I looked at it as an interesting way to get the word out," she says. "Everyone needs word of mouth to get the referrals, so this seemed like a way to jump-start that. I started seeing patients that I'm certain I would never have seen if they hadn't come to me through the barter exchange."

> "I started seeing patients that I'm certain **I would never have seen if they hadn't come to me through the barter exchange."**
>
> *—Trista Negele, MD*

Negele has used trade dollars for a variety of services, including remodeling, housecleaning, and collection services.

"It makes sense as long as you're not pushing away cash patients to make room for barter patients," she says. "It's a way to grow your practice, but it's not exactly the same as just getting paid in cash. If you have a choice, cash is better, but seeing a barter patient is always better than letting that office time go unbooked."

Barter exchanges typically charge a one-time membership fee, such as the $595 per year charged by IMS. Some also charge a monthly service fee. At IMS, the monthly charge is a flat $12 in cash and $12 in trade. Members at IMS also pay a 6% transaction fee, in cash, for goods or services traded. Both parties, the seller and the buyer, pay that fee to IMS.

The barter exchange maintains the account for the member and sends a monthly statement showing the trade dollars available for use. "As a result of the barter, that medical business is hooked up with a rich, varied network of actively bartering businesses," Mardak says. "Bartering enables businesses

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Barter

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to trade medical treatments for the goods and services they need. It can also provide you with a new vehicle for marketing your practice. Barter exchanges bring new buyers and sellers together, potentially creating a new customer base."

Network offers more exposure

Plastic surgeons who use barter say the idea is most useful for those practices that are not already completely booked on a regular basis. If you're already making as much money as you can by keeping your appointment book full all the time, there may not be much appeal for bartering. But if you have downtime, bartering introduces you to a new pool of people who might not otherwise pursue plastic surgery or find your practice when they do.

"Once they're part of our network, they want to use their trade dollars as much as possible. So if they have trade dollars to spend and they want a face-lift, they're going to come to you before they'll go to someone else in town," says Mardak.

Many plastic surgeons use their trade dollars for business expenses such as printing or advertising, Mardak says, but the dollars can also be used for personal expenses such as vacations.

The choices depend entirely on what services are available in your barter system, he says, and that depends on how many members there are and the variation in the services they offer.

Parungao says he had a difficult time spending his barter dollars, but as the membership in the system grew, it is no longer a problem.

In most cases, the services are not discounted or offered at any particular savings to barter members, Mardak says. Members benefit from the networking of barter members and the advertising by the barter exchange, which regularly sends out promotions detailing the services offered by members.

"Even if you don't get a special deal in terms of the cost, you're getting the exposure to other members of the network, and that can pay off later as well," Negele says. "The first time they come to you, they may be using trade dollars, but the next time, they may be paying cash or they might refer their friends."

Be aware that barter and cash transactions are exactly the same in the eyes of the IRS, Mardak says. Both are taxed equally.

In fact, goods and services sold through barter must be reported to the IRS. Consult your tax advisor or attorney about state and local taxes.

Mardak offers other caveats to bartering. Some trades happen quickly, others take some time. Also, the amount of certain goods and services available may fluctuate during the year.

"You must weigh the disadvantages against the advantages. Bartering turns your downtime into valuable commodities," Mardak says. "It increases sales while enabling you to purchase the goods or services you need without dipping into your cash."

