



Starting Your Own Healthcare Practice: A GUIDE FOR SOLO PROFESSIONALS



Whether you are a counselor, physical therapist, or other professional, solo-practitioner businesses are quite common in healthcare and a vital part of the HPSO community. Launching your own healthcare practice is a big step in your career – but with reward also comes risk. As the business owner, you are the decisionmaker for all aspects of your practice, from budgeting to compliance to logistics. While you are bringing your skillset as a healthcare provider to the table, navigating the entrepreneurial side of things can get complex. Fortunately, HPSO is here to help you position your new practice for success.

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STEP 1: DEFINE YOUR PRACTICE MODEL

From the onset, it is critical to establish your business structure and clearly outline the scope of services you provide.

Determine Your Practice's Legal Entity

A legal entity describes the official structure for how your business is organized and recognized by the law. The type of entity determines the tax, liability, ownership, and regulatory requirements your business will need to adhere to.

The main types of legal entities include:

- **Solo Proprietorship:** Owned and operated by one individual.
- **Partnership:** Owned and operated by two or more individuals who share profits and responsibilities.
- **Corporation:** A separate legal entity that is distinct from its owners.
- **Limited Liability Company (LLC):** A separate legal entity from the owner with generally more flexibility in structure.

Identify Your Specialty and Services

Determine your practice niche. While your specialty as a healthcare provider may seem clear, there are core details to outline. For example, if you're a counselor, do you focus on specific diagnoses, conditions, or types of clients and sessions, such as individual, group, couples, or family therapy? You'll want to clearly identify your specialty and services to ensure prospective patients and clients understand exactly how you can help them.

Determine Your Location Strategy

Will you run your practice virtually, in-home, from a physical office, or a combination of these options? This will determine the types of licensing and insurance your practice requires.





STEP 2:

OBTAIN LICENSE, CREDENTIALS, AND MEET COMPLIANCE REQUIREMENTS

As a healthcare provider, you are accustomed to meeting requirements to maintain your professional license, such as participating in continuing education. When you start your own practice, that responsibility increases tenfold with requirements you need to uphold as a business owner in the healthcare space.

- **State Licensure:** Ensure your license and credentials are up-to-date and valid in the state you practice.
- **NPI and Tax ID:** Obtain a National Provider Identifier (NPI) through the Centers for Medicare & Medicaid Services (CMS) and Employer Identification Number (EIN) through the Internal Revenue Service (IRS).
- **HIPAA-Compliance:** Ensure the technology, tools, and systems your practice will utilize for appointment scheduling, documentation, billing, and other processes are secure and HIPAA-compliant for properly handling patient privacy.



STEP 3:

ESTABLISH YOUR BUSINESS INFRASTRUCTURE

Apart from the services you provide as a healthcare professional, there are key aspects of your practice to address. You may need to engage external specialists or vendors to assist with these elements of your business.

- **Banking & Accounting:** Set up a dedicated business bank account and choose reliable bookkeeping software, or consider hiring a CPA to manage your finances.
- **Marketing & Branding:** Identify what makes your practice unique. For example, if you are a counselor, why should clients choose you over a competitor? Tailor your communications and brand to clearly demonstrate your strengths. Then create a professional website, claim your Google Business profile, create social media profiles (if desired), and build referral networks to attract new business.
- **IT & EHR Systems:** Implement HIPAA-compliant information technology (IT) and electronic health record (EHR) systems to securely store and manage patient data.



STEP 4:

PLAN FOR GROWTH AND SUSTAINABILITY

Starting a practice is just the beginning. How can you set your business up for success so it doesn't go under in its first year?

- **Define Key Performance Indicators (KPIs):** Metrics like patient volume, revenue-per-visit, and retention rates can determine if your business model is profitable and identify areas for improvement.
- **Benchmark Performance:** Compare your practice to industry standards to identify strengths and areas for improvement. You may wish to hire market research companies to assist.
- **Continuing Education & Business Trends:** Let's face it – healthcare is constantly evolving. If you started a practice 20 years ago, the digital tools you used then have drastically changed. In addition to maintaining your continuing education requirements for your professional license, stay current on clinical best practices and industry trends to help your practice keep pace with it all.



STEP 5:

SECURE INSURANCE (Including Professional Liability Coverage)

Don't just start your business – invest in its future. While securing insurance is likely not the final step of opening your practice, it's the one HPSO wants to spotlight – because insurance solutions for healthcare professionals and practices is all we do, so we understand the importance of comprehensive coverage.

Why Professional Liability Insurance Is a No-Brainer for Solo Practitioners

Medical malpractice lawsuits can happen to anyone – and can devastate your practice, professional license, finances, and reputation you've worked hard to build. When you start a business, you are taking on immense risk exposures unique to the healthcare industry. The financial and reputational fallout of an allegation of malpractice can make or break your business.

Additionally, smaller practices typically operate with smaller budgets and fewer resources than larger companies. As a sole practitioner, you take on 100 percent of the risk related to your business, making comprehensive protection especially important.

Professional liability insurance is designed to help protect your practice, professional license, and finances. Let's take a closer look at this essential coverage.

What Is Professional Liability Insurance?

Professional liability insurance (also known as malpractice insurance) is designed to help protect professionals and businesses against malpractice claims that allege an error related to the delivery of professional services resulting in some form of damages or harm. While malpractice claims typically involve a physical injury, they may also include some form of negligence such as violating patient rights, verbal abuse, or unprofessional conduct.

Professional liability provides coverage against claims of:

- Negligence or errors in patient care
- Failure to diagnose or improper treatment
- Breach of duty or patient confidentiality
- Documentation mistakes or omissions

Even if a claim is unfounded, the legal costs can add up quickly (think *hundreds of thousands* of dollars) and can spell disaster for your practice. Most new business owners don't have that kind of money lying around. With coverage in place, you're protected from having to pay those costs out of pocket, ensuring your practice remains secure even in the face of unexpected legal challenges.

What Should Solo Practitioners Look for in a Liability Insurance Policy?

- **Coverage Limits:** Make sure the limits of liability of the policy are on par with industry standards (typically \$1 million per claim / \$3 million annual aggregate).
- **Licensure Defense Coverage:** This coverage pays for legal representation in disciplinary hearings stemming from licensing complaints and subsequent board investigations. Not all coverage plans include this feature, so make sure your policy does.
- **Coverage for both the business name, as well as the individual business owner.** When securing coverage, be sure to list all Doing Business As (DBA) names under which you provide services. For example, if John Doe is a counselor operating under the practice name Hopeful Horizons Counseling, it's important to include both his personal name and the DBA on the policy, as a lawsuit could be filed against either. This approach helps ensure comprehensive protection for you and your practice.



Don't Miss Out on the HPSO Difference

Like we said, healthcare professional liability insurance is *all* we do. Here is why our [healthcare business liability insurance program](#) may be a good fit for your new practice:

- **Broad, affordable, and flexible** business insurance solutions: including rates scaled to your practice size and risk profile; coverage for clinical and non-clinical exposures; and options for part-time, telehealth, and mobile practices.
- Trusted by **over 1 million** healthcare professionals and practices, including counseling practices, physical therapy practices, rehabilitation centers, home health agencies, clinics, pharmacies, medical spas, and many more.
- **Endorsed by 40+ professional healthcare associations**, including the American Physical Therapy Association (APTA), American Counseling Association (ACA), and the American Pharmacists Association (APhA).
- **Business-focused risk management resources:** we provide profession-specific case studies, claim reports, articles, webinars, continuing education, and more, covering current trends and insights for healthcare firms. Here's a few we think may catch your eye:
 - [Short Quiz: How Prepared is Your Healthcare Business?](#)
 - [Businessowner Manual: Risk Management Strategies for the Outpatient Setting](#)
(Read the complete manual or individual chapters!)
 - [Article: What is Small Business Insurance for Healthcare Practices?](#)

What Does HPSO Business Insurance Include?

A HPSO liability insurance policy includes:

- Professional Liability Coverage
- Proceeding Expense Reimbursement
- Non-Patient Medical Expenses
- Services to Animals Property Damage
- Subpoena Assistance Costs
- Licensure Defense Expenses
- Abuse and Molestation
- Personal Injury Protection
- Assault Coverage*
- Media Event Expenses Supplementary Benefits Endorsement

Additional coverages available:

- Employment Practices Liability (EPL)
- Enterprise Privacy Protection (Cyber)
- General Liability
- Consulting Services

It doesn't end with malpractice coverage. Additional insurance solutions to consider for your business include:

- Commercial Property
- Commercial Automobile
- Umbrella Liability
- Excess Liability
- **Business Owners' Coverage Options:**
Commercial General Liability, Business Income Protection, Accounts Receivable Records, Privacy & Security Liability, Employee Theft & More.

*Assault coverage not available in Texas.



Whether you are in healthcare or a completely different industry – starting your own business is easier said than done. In fact, we could write an entire book on any of the steps outlined in this guide.

Of all things business, we understand insurance is complex, but you don't have to navigate it alone. With 40+ years of specialized experience, HPSO recognizes what it takes to own and operate a healthcare practice, and we're here to help every step of the way. Whether you've been in business for a day, a month, a decade, or longer – safeguarding your practice is our top priority.

Let HPSO focus on your malpractice coverage, so you may have peace of mind to focus on your practice and your patients.

Get a quote today. It's free, no-obligation, and takes less than 5 minutes!



GET A QUICK QUOTE

