



ecstasis

# *The Business of Ketamine*

Innovative Therapies &  
Proven Success


Howard Goodwin, DNAP, CRNA, CHSE

[www.ecstasishealing.com](http://www.ecstasishealing.com)

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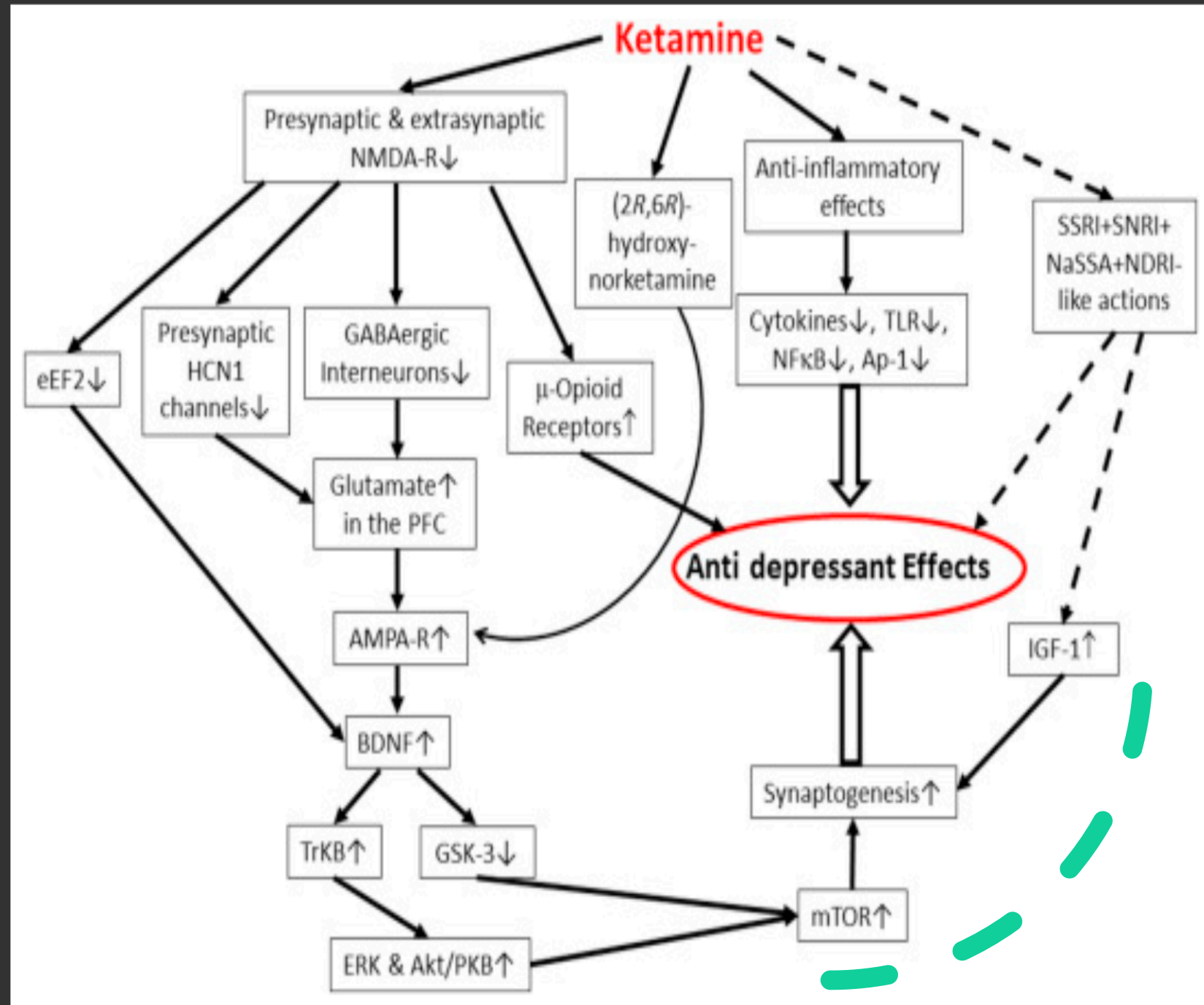
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# Objectives

- Review the Mechanism of Action of Ketamine for Psychological & Chronic Pain Diagnosis
  - Describe the Fundamental Principles of a successful business
  - Review the Legal aspects of Ketamine Clinics
  - Develop a Core Mission Statement for your Business
- 

# Ketamine MOA – Mood Disorders

K. Hirota, D.G. Lambert (2018).

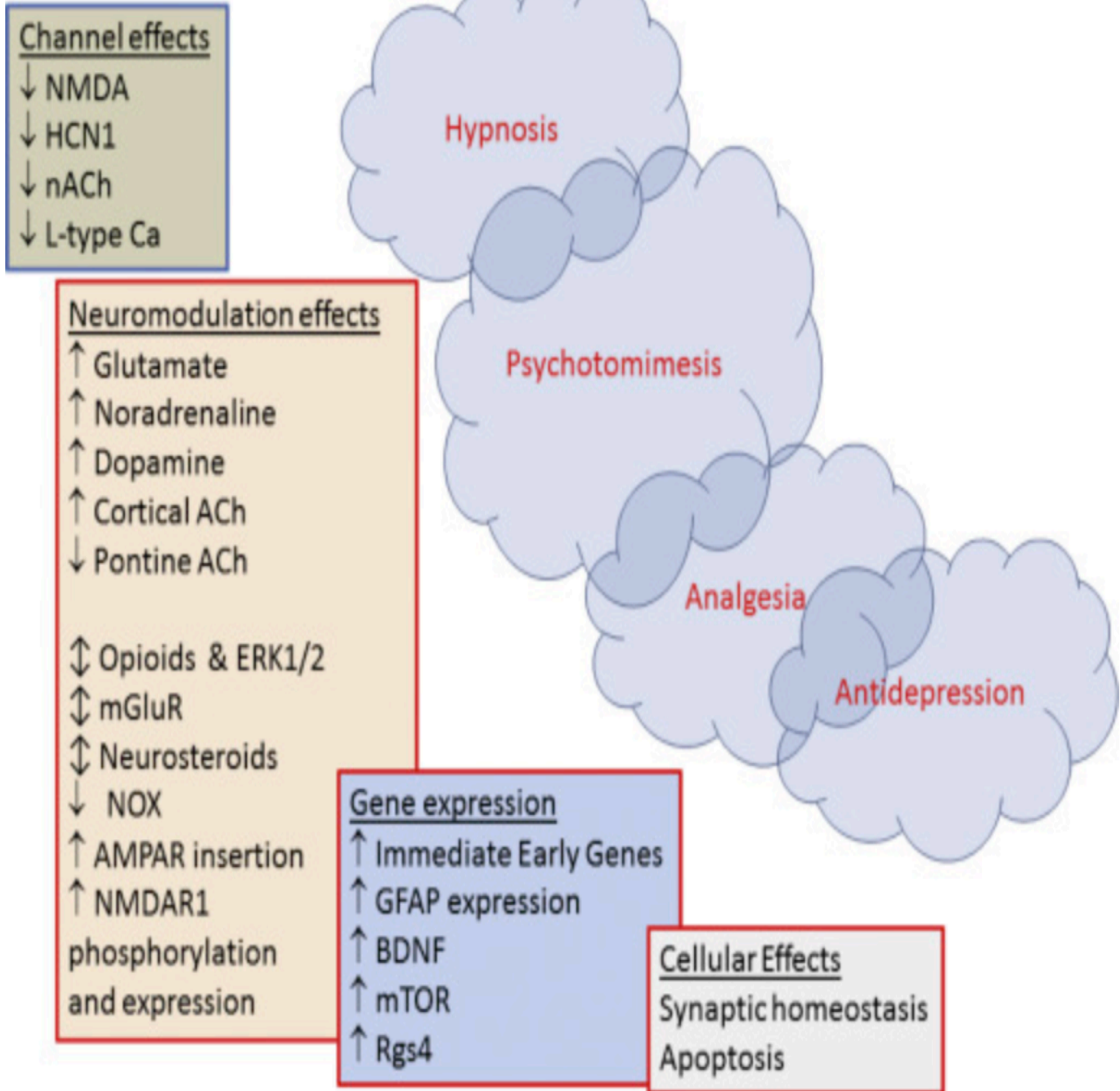


# Ketamine MOA – Mood Disorders

*K. Hirota, D.G. Lambert (2018).*



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# Ketamine & Chronic Pain

- Ketamine Effectively Treats
  - Neuropathetic Pain, Allodynia, & hyperalgesia
  - Allodynia & Hyperalgesia → Effectiveness due to prevention of the NMDA-mediated “Wind-up” Phenomena
  - Single peri-operative infusion limits development of Chronic Pain up to 180 days post-op.

# Ketamine MOA

- Ketamine may create Chain Signaling cascades, interrupting pathophysiologic propagation of chronic pain development
- Blockade of NR2B sub-unit of NMDA receptors, Direct acts on the Delta Opioid Receptors, & augments the mu-Receptors
- Increases Dopamine.
- Chronic Pain and Depression are link
- There are some correlations between Chronic Pain and newly diagnosed PTSD

# Other Considerations

- Chronic Pain and Depression are link
- Correlation between Chronic Pain and newly diagnosed PTSD

# Ketamine Dosing Strategies & Frequency

- 0.5mg/kg → Is only a starting point
- Dissociation has a strong correlation to success
- Consider Additives for Chronic Pain → Lidocaine & Magnesium are good options
- Patient Selection Process is Critical
- Treatment Series:
  - 3, 4 or 6 for mood disorders?
  - 6, 8 or 10 for Chronic Pain?
- Timing: 10-14 days for initial series
- Booster Infusions: 3, 6, 9, or 12 Months.....?



## 8 Steps to Starting your Own Business

### Step 1: ► Identify Opportunities

1099-Inc or Independent Billing



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## Step 1: Identify Opportunities



- 1099-Inc Contractor
  - Pros
    - You do not wait for reimbursement
    - Rates can be tailored to hourly or daily pay rates
  - Cons
    - Revenue is typically less than direct billed amounts.
    - Hourly pay for short days is not economical.
- Direct Billing
  - Pros
    - Higher receivables (depending on cases and payer mix)
    - Freedom....
  - Cons
    - Initial Insurance Credentialing & Payment can take up to 90 days.
    - Reimbursement turnaround is about 30 days on average
    - Billing Company versus self-billing
      - Billing Company costs are typically 6-8 %

### IRS Rules for Contractors:

You are not an independent contractor if you perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if you are given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.



## 8 Steps to Starting your Own Business

### **Step 2:** **▶ Plan Development**



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TABLE 1

## Anesthesia Group Pre-Op Assessment

### Age

- Length of present hospital contract
- Number of contract renewals with hospital or system
- Age variance of partners in group
- Partners preparing to retire or go part time

### Height/Weight

- Number of physicians (partner vs. employed)
- Number of CRNAs/AAs
- Number of administrative staff

### Medicines/ Supplements

- Increasing subsidy requests
- Additional stipends—medical leadership, OR utilization, etc.
- Leadership positions with Board of Directors, Medical Staff or OR management

### Allergies

- Difficult managed care negotiations with payers
- Unsettled contract negotiations with hospital
- Unsettled HR or professional liability lawsuits
- Disruptive physicians or poor medical staff relationships

- Inability to cover required OR sites
- Multispecialty group providing other hospital based specialties

### Past Medical History

- Partnership or independent contractors practicing together
- All MD or Anesthesia Care Team
- Productivity model or equally divide work and compensation
- Exclusive hospital contract or follow the surgeon
- No hospital contract

### Past Surgical History

- Hospital or ASC contracts gained or lost
- Change in group governance or partnership structure
- Group contraction
- Financial or legal obligations to former employees

### Family History of Anesthesia Problems

- Partner in-fighting
- Inability to recruit quality specialty providers (cardiac, peds)
- Issues with local competitor, hospital system

## Step 2: Plan Development

- Making the Leap:1099-Inc Only
  - Pros
    - Freedom to Select Benefits Options
    - You Can determine your own Schedule
    - You Are in Control
    - Flexible Retirement Account Options
    - Increased Tax Savings Opportunities
  - Cons
    - No Work, No Pay
    - Insurance Costs
    - No Paid Vacation
- Combined Income Strategy: W2 & 1099
  - Pros
    - Benefits can be obtained through W-2 Employer
    - Multiple Income Streams
    - Increased Tax Savings Opportunities Available
    - Multiple Retirement Plan Options
  - Cons
    - Less Schedule flexibility
    - Individual Malpractice Policy Still Required



## 8 Steps to Starting your Own Business

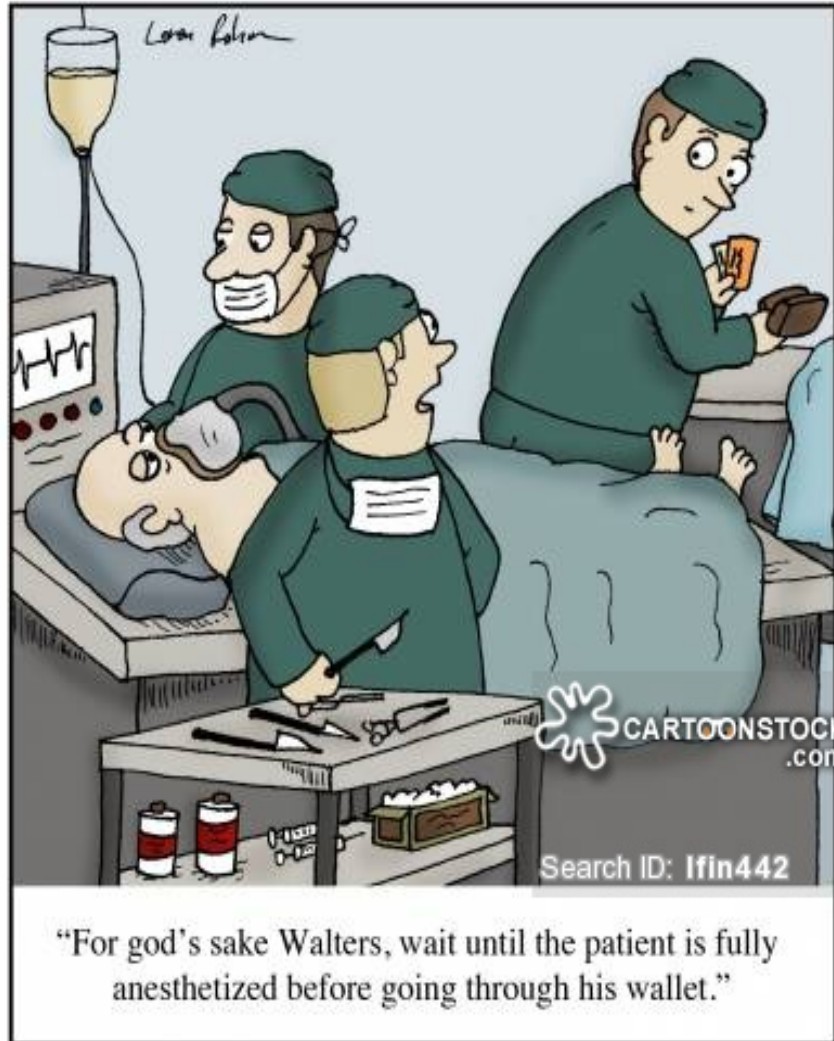
- Step 3:**
- ▶ **Plan your Finances**



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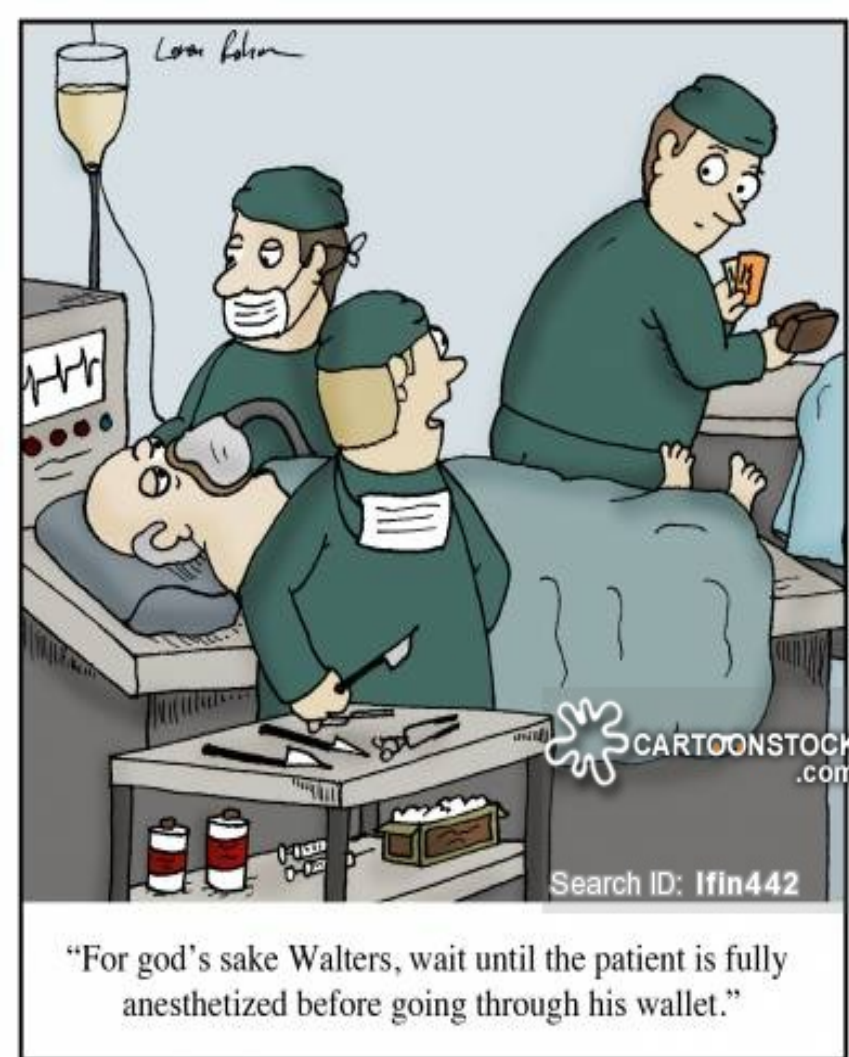
## Step 3: Plan Your Legal & Financial Support Systems

- Attorney Support
  - Contract Review is difficult and often in terms not easily understood.
  - Generalist Attorneys are fine for basic Contract review. Rates are typically \$200-250/hour
  - Contract Attorneys are costly but great for detailed contract writing and review. Cost is \$400+/hr
  - They Can file and serve as your point of contact for legal formation of your business
- CPA Support
  - A good CPA that can handle corporate and Personal Returns is a must. They are worth their cost. \$800-1200, depending on services provided.
  - Get your accountants opinion on business structure and how to optimize tax savings.
  - If they do not provide tax planning as part of your annual tax return packet then you need a new CPA
- Book-keeper
  - If you are not good at tracking your expenses and revenues, then a good book keeper is necessary. Cost is relatively cheap depending on the amount of work. Average monthly Cost is about \$250 (5-10 hours of work/month)
- Banking
  - It is a necessity to keep your Business Revenue and Expenses separate from your personal expenses
  - Business checking & savings accounts are Essential
    - Monthly Savings should be 25% of total 1099 revenue to cover tax payments
  - I recommend a Business Credit Card for expenses
    - Get a cash back option
    - Make sure It has a year end summary option (Most Business Cards Do)



## Step 3: Plan Your Legal & Financial Support Systems

- Malpractice Insurance
  - 2 options
    - Claims-made
      - Coverage is in place if the policy is in effect when both the incident took place and when the lawsuit is filed
      - If you leave your job, then the lawsuit is filed then you are not covered.
        - Tail-Coverage – Additional Policy that can be purchased when leaving to provide coverage for a set amount of time after the policy ends. The cost is 1-2 times the typical insurance premium.
    - Occurrence
      - Claims are covered for an event that took place during the period of coverage, even if the claim is filed after the policy lapses.
      - Group, Full-time, Part-time, and Moonlighting Policies are available
  - Other Insurance Considerations
    - Supplemental Malpractice Coverage → supplements the policy supplied by the group or hospital. It ensures you and your interests are protected should you ever be involved in a claim.
    - Vicarious Liability Insurance → For Groups or individuals who hire or contract other providers
      - Vicarious Liability arises when one party is responsible for another provider contracted or employed to provide services on a company's or individual's behalf.



## 8 Steps to Starting your Own Business

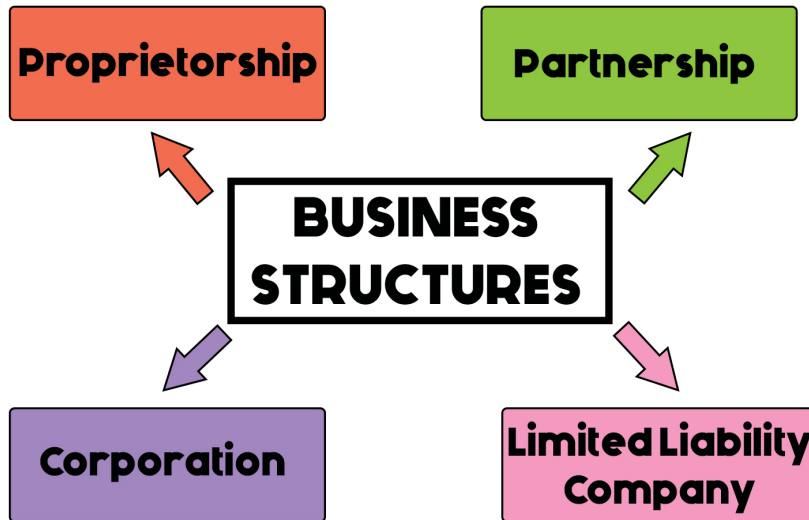
- Step 4:**
  - ▶ **Selecting your Business Structure**



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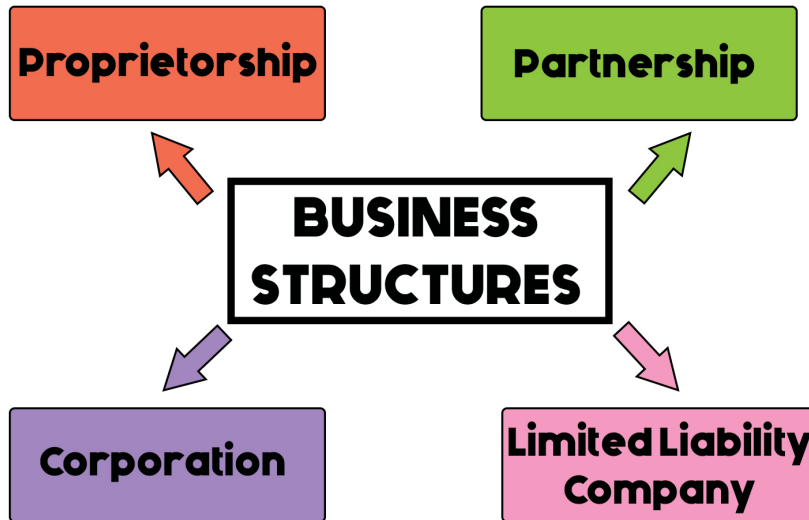
## Step 4: Selecting Your Business Structure



1. Consult Your CPA & Attorney for Guidance
2. You Can Select from the following 4 options:
  1. Sole Proprietorship
    1. Simplest Business Structure
    2. Unlimited Liability – Owners Assets are at Risk
    3. Personal Income Taxes paid on Business Net Profits
  2. General Partnership
    1. Easy & Quick to Start.
    2. Profits are divided based on ratio of Capital contribution made by each partner
    3. Unlimited Liability
    4. Partners pay income taxes on their percentage of the net profits



## Step 4: Selecting Your Business Structure



### 3. Limited Liability Corporation (LLC)

1. Limited Liability
2. Possibly Lower Tax Options
3. Benefits can be deducted as business expenses
4. S-Corp Status Is available option (avoids double taxation – Corporate and shareholder taxes)
5. Less expensive than Corporations but more expensive than SP & GP.

### 4. Corporation

1. Limited Liability
2. Possibly Lower Tax Options
3. Benefits can be deducted as business expenses
4. Ownership Is easily transferable
5. Expensive set-up compared to other entities
6. Establishment is more involved
7. S-Corp Status Is available option (avoids double taxation – Corporate and shareholder taxes)



## 8 Steps to Starting your Own Business

- ▶ **Step 5:  
Pick & register your Business name...**



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## Step 5: Pick & Register Your Business Name...

- Go to the WV Secretary of State Website to Research Small Business Formation
  - <https://sos.wv.gov/business/Pages/StartWVBus.aspx>
  - An Attorney or CPA can do this for you.
- WV Secretary of State Website is where you Register & Check Availability of your Business Name
  - <https://sos.wv.gov/business/pages/RegBusName.aspx>
  - Business names can be anything.
- You will need a Federal Tax ID Number (EIN) for your business
  - [https://www.irs-tax-id-number.com/ein.aspx?utm\\_source=bing&utm\\_medium=cpc&utm\\_campaign=EIN%20%7C%20Exact%20%7C%2005-08-17&utm\\_term=ein%20irs&utm\\_content=exact%20-%20ein%20irs](https://www.irs-tax-id-number.com/ein.aspx?utm_source=bing&utm_medium=cpc&utm_campaign=EIN%20%7C%20Exact%20%7C%2005-08-17&utm_term=ein%20irs&utm_content=exact%20-%20ein%20irs)
  - You Need your Business name and Entity Type Filed before applying for your EIN.
  - Your future W-9 Forms will need to be filled out with your Entity Name and EIN.
    - <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

### How to choose a Business Name



## 8 Steps to Starting your Own Business



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- Step 6:**
- ▶ **Get Your Business License**

# BUSINESS LICENSE CERTIFICATE

LICENSE: 4001-3938

EXPIRES: 12-31-2017

Current Employees: 0

2017

911 RESTORATION  
4175 LAKESIDE DRIVE #120  
UNIT 4P  
RICHMOND, CA 94806  
LICENSE TYPE: ANNUAL LICENSE

TYPE OF BUSINESS: MISCELLANEOUS

City of Richmond • 450 CIVIC CENTER PLAZA • RICHMOND, CA 94804 • (510) 620-6742

PHILIP J. KELLAM  
COMMISSIONER OF THE REVENUE  
CITY OF VIRGINIA BEACH  
CERTIFICATE OF BUSINESS LICENSE

2015

NAME AND ADDRESS	CERTIFICATE NUMBER	LOCATION OF BUSINESS
ADVANCE TREE CARE INC ADVANCE TREE CARE INC 2085 LYNNHAVEN PKWY #106- VIRGINIA BEACH VA 234560000	PLEASE REFER TO THIS NUMBER IN ALL CORRESPONDENCE BUSINESS ORIGINATOR DATE	2459 MULCH LANDING ROAD VIRGINIA BEACH VA 23453
	06/28/2011	MONTH DAY YEAR 06 02 2015

CERTIFICATE EXPIRES: December 31, 2015

THIS CERTIFICATE MUST BE AVAILABLE FOR INSPECTION AND IS NONTRANSFERABLE

Dear Taxpayer:

Thank you for your payment on your Virginia Beach Business License. Attached is a receipt of your payment and your Business License Certificate. **ALL CERTIFICATES MUST BE AVAILABLE FOR INSPECTION.** If you have questions concerning your business license, contact the Business Revenue Division by electronic mail at [business@VBgov.com](mailto:business@VBgov.com); by facsimile at 757.385.4193; by telephone at 757.385.4515; or at City Hall from 8:00 a.m. – 5:00 p.m., weekdays. Please contact me personally if you have additional questions or suggestions on how I may better serve you.

Sincerely,

*Philip J. Kellam*  
Philip J. Kellam, Commissioner

CERTIFICATE NUMBER: 4001-3938

Amount Due: \$ 0.00

Amount Paid: \$ 56.83

LICENSE NUMBER:

Save time, visit online at [www.VBgov.com/cor](http://www.VBgov.com/cor)

THIS LICENSE MUST BE PUBLICLY DISPLAYED AS PROVIDED BY LAW

COUNTY OF PRINCE WILLIAM, VIRGINIA  
2016 BUSINESS LICENSE

LICENSE NO. 16L23962

Consumer Notice: This business license does not constitute proof that the licensee has complied with the regulations of the Virginia Board of Contractors. Before signing any contract, you should ask to see the contractor's state issued license and check to be sure that it has not expired and that the contractor is working within the limits of his licensure.

BUSINESS NAME AND LOCATION	OWNER NAME AND ADDRESS
AMERICAN EXTERIORS AND MASONRY LLC 1311 BARKSDALE DR NE LEESBURG, VA 20176-4902	AMERICAN EXTERIORS AND MASONRY LLC 1311 BARKSDALE DR NE LEESBURG, VA 20176-4902

WHEN INQUIRING ABOUT THIS LICENSE, REFER TO THIS ACCOUNT NUMBER ♦ 99480878

TYPE OF BUSINESS	DATE ISSUED	VALID THROUGH
RECIPROCAL CONTRACTOR CONTRACTORS - HOME IMPROVEMENT CONTRACT	May 25, 2016	March 1, 2017

THIS LICENSE IS NON-TRANSFERABLE

## Step 6: Get your Business License(s)

- Technically you need a business license in each City, County or Town you perform services in.
- This Can work to your Advantage
  - Richmond License Rates are a flat \$30 fee for all business with Receipts less than \$100,000 & \$0.58 per \$100 when tax base exceeds \$100,000.
    - $(\$100,001/\$100) \times \$0.58 = \$580.01 \rightarrow$  the extra \$1 you made costs you \$550 in this case
  - Virginia Beach has the same calculation as Richmond
  - Isle of Wight County, VA rates are a flat \$50 fee for all business with Receipts less than \$50,000 & \$0.58 per \$100 when tax base exceeds \$50,000.
    - $(\$50,001/\$100) \times \$0.58 = \$290.01 \rightarrow$  the extra \$1 you made costs you \$240 in this case
- If you have the option to control where you work and how often, it may be worth spreading your work between multiple cities and counties to save of your Business License Fees.

## 8 Steps to Starting your Own Business

- ▶ **Step 7:  
Choose your Accounting System**



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## COMPANY NAME

CASH RECEIPTS AND DISBURSEMENTS  
12/31/2015

	INCOME								EXPENSES										
	INTEREST		EQUIPMENT	GAS &	TRUCK				NOTES	OFFICE	DUMP	PROFESS-			BANK				
	REVENUE	INCOME	PURCHASE	OIL	REPAIR	REPAIR	INSURANCE	TELEPHONE	INTERNET	PAYBLE	SUPPLES	FEES	PHONE	MAINT	RENT	IONAL FEES	MEALS	FEES	OTHER
JAN	32,355.00	-	3,854.25	835.56	1,063.21	-	228.20	30.00	109.79	4,039.08	206.08	75.00	623.35	7,574.91	1,203.66	606.00	-	281.48	3,811.35
FEB	15,170.00	-	(2,540.00)	829.97	863.18	-	-	503.83	139.97	2,169.00	26.00	-	663.91	9,815.26	-	-	-	-	1,336.54
MAR	12,555.00	-	-	749.94	1,669.83	137.69	269.70	-	387.07	1,654.22	14.93	110.00	490.95	9,344.95	-	-	-	-	5,525.17
APR	29,380.00	-	1,482.94	1,111.64	921.25	-	-	178.01	69.21	2,360.22	150.92	220.00	941.46	10,621.38	-	-	-	-	4,165.82
MAY	17,070.00	-	(3,500.00)	861.80	2,583.45	-	42.24	469.83	188.23	3,805.62	59.27	-	720.34	12,569.14	-	-	-	-	3,120.47
JUN	10,790.00	-	-	156.00	640.60	-	-	-	155.84	629.74	153.93	-	339.31	7,855.80	-	-	-	-	1,349.51
JUL	16,310.00	-	-	736.56	1,349.04	25.23	-	158.64	73.00	2,340.72	49.86	110.00	701.35	5,756.73	2,328.08	1,529.00	208.00	218.58	4,703.25
AUG	31,570.00	-	267.81	1,670.89	1,133.94	-	-	65.92	593.04	2,483.30	60.31	-	1,108.69	10,386.85	1,010.64	613.00	-	236.38	7,301.20
SEP	24,390.00	-	-	887.85	2,218.65	-	28.49	124.67	481.32	2,665.05	114.45	165.00	1,045.34	6,636.41	1,371.92	873.00	-	320.86	8,736.92
OCT	17,129.00	-	636.29	246.66	37.54	-	-	175.03	124.91	3,749.87	117.36	110.00	297.54	8,337.83	1,815.04	797.00	-	274.96	3,235.83
NOV	18,395.00	-	-	74.45	410.21	-	26.91	-	737.80	2,061.68	112.54	55.00	798.21	6,061.28	-	944.00	425.00	221.94	1,225.38
DEC	21,810.00	-	1,111.21	1,065.96	764.44	10.64	-	140.00	659.20	3,072.35	149.08	125.00	1,006.34	7,474.64	-	-	-	-	6,398.21
TOTAL	246,924.00	-	1,312.50	9,227.28	13,655.34	173.56	595.54	1,845.93	3,719.38	31,030.85	1,214.73	970.00	8,736.79	102,435.18	7,729.34	5,362.00	633.00	1,554.20	50,909.65

## Step 6: Choose Your Accounting System

- Excel is the Cheapest And Easiest Option
- Other Options are Available:
  - Consider Cost and Ease of use
- If you use a bookkeeper then they may have cheaper quick books options available.
- Top 5 Accounting Software Programs in 2019 (I have only used QuickBooks and Excel) – I like excel the best
  - QuickBooks
  - Freshbooks
  - Zoho
  - Billy
  - GoDaddy





## 8 Steps to Starting your Own Business



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- Step 8:**
- ▶ **Promote & Seek Opportunities**

# 6 Ways to Promote YOUR BUSINESS



Designed by Tech9logy Creators. Your IT Outsourcing Partners!  
<http://www.google.com>

**T9L**  
Tech9logy Creators

## Step 8: Promote & Seek Opportunities

- Business Promotion starts with working on You....
  1. Ensure you have a broadened your Experience.
  2. Customer Service Driven Model
    - As business grows, then complexity grows.



# Legal Aspects of Ketamine Infusion Businesses

- Varies State to State
- Check with the BON
- Ask State Association if any information is available
- Obtain Legal Counsel for a Legal Memorandum
- Most likely need an MD medical Director
- Ketamine Infusions for Mood Disorder and chronic pain management are off-label uses of the drug. MD oversight may be required for off label use of drugs.

# What's your purpose?

- Define your objective – Target Patient Population
  - At Ecstasis – We are targeting PTSD in our veteran population. Many Veterans are disabled due to PTSD. Efficacy of treatment is 70-80% in this population.
- If its for the money, then there are easier ways to make money.
- Start Part-time and build-up your practice. Our projected break-even on the investment is 24 months from opening (it took us 20 months to open) → almost 4 years before we break even.
- Partnerships are very helpful → just make sure you get the right partner.

# References

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