

**Medical Practice:
Sample Deposition Questions**

Note- This sample list is based on typical questions involving a divorce. These are sample questions only and will need to be tailored to deal with specific issues present in a particular practice valuation assignment. This list is a starting point and will need to be supplemented with substantive questions involving the management of the Practice, as well as the individual analysis of year-by-year income statement and balance sheet results and performance and factors impacting those results.

For Questions Contact:



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1. Describe your undergraduate and medical training and that of your colleagues.
2. What states are you and other practice physicians licensed to practice in?
3. After medical school, what special training did you receive where and when? What subspecialty training did you receive and where?
4. What board certifications did you receive and in what?
5. Are your board certification certificates in your specialty renewed and up to date? When were they last renewed?
6. How difficult is it to get into training programs in your specialty? How many physicians in your market area have your particular specialization?
7. Is there a shortage of training programs and graduates in your specialty?
8. Same as above for other practice physicians.
9. Do you have any special training that would be unusual for your specialty? Compared to your specialty in general?
10. When were you born?
11. Your resume shows you have authored a number of publications. How unusual is this for a physician in your specialty?

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12. What positions do you hold and have you held (including at separation) in local, state and national medical societies, at hospitals, and other organizations?
13. What societies are you a member of?
14. Are you a member of the _____ Association (for specialty).
15. Same as above for other practice physicians.
16. Where do you and other practice physicians hold hospital privileges (at separation and presently)? Is this expected to increase or decrease and why? Have you or other practice physicians been refused privileges anywhere, and if so why? Have you or other practice physicians lost privileges anywhere? If so, where and why?
17. Where does each of you perform most of your procedures, i.e., at which hospitals?
18. Have you or members of the practice ever been the subject of a disciplinary proceeding or inquiry of any kind? Explain.
19. How much typical time, in hours (prior to separation, at separation and presently) do each of you and your colleagues spend each week working? How many of these hours were in surgery, on rounds in the hospital, in the office seeing patients for follow-up, on call (but where not at the office or hospital), etc.?
20. How many surgeries and procedures do each of you and your colleagues perform on average per week (at separation and currently)?
21. How many patients do each of you and your colleagues see on average each week (at separation, currently)?
22. Describe the types of procedures you and your colleagues performed (at separation and presently). Which ones are the most predominate? Which ones require the most skill? Are there any types of surgeries or procedures that you do not perform? Why?
23. What is the age range of the cases you treat? Is there a predominate age range?
24. From what geographic area do your patients come?
25. Do you perform any surgical procedures at the office? If so, describe.
26. Who else in the region you cover practices your specialty?
27. What is it that differentiates your subspecialty from a physician in your specialty without subspecialization in terms of skill, etc.?
28. What are your future plans with the practice (at separation and now) and how long do you and your colleagues plan to continue to work? How will and how has your workload changed?
29. Were you in good health at separation and are you presently? Same for others.
30. Describe how you came to join your practice and when? When did you become a shareholder? What positions did you hold in the practice? What types of surgeries and

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- procedures did you perform there and how did it differ from your present practice? How did your workload in hours differ between there and the present practice?
31. How was your pay determined? Was it equal to other physicians, based on productivity (if so, how what this measured?), etc.?
 32. Buy-ins: (a) What buy-in, if any, was required of you and others? (b) Did part of your buy-in come in the form of accepting reduced compensation as an employee physician prior to becoming a shareholder? If so, how much of a reduction and for how long? (c) When you were recruited to the practice as an employee, was there an understanding you would be offered ownership at a future date? If so, when? Is this common or standard in the practice for newly entering physicians? Who has bought in to the practice in recent years? On what basis?
 33. Buy-outs: (a) When you leave the practice, how are you paid for your interest? (Also, be sure and go over any buy-sell agreement terms) (b) Do you also receive any “deferred” or “retirement” compensation when you leave? If so, what agreement is this document in? (be sure and review the agreement and ask specific questions about it) (c) What is this deferred or retirement compensation a payment for? Who has departed the firm and been paid out in recent years on this basis?
 34. What was the ownership at date of separation? What is it presently? What changes are expected in the next few years?
 35. What functions do you other physicians perform in the overall management of the practice? How did this differ at separation and presently?
 36. Do you, the other physicians and the other staff members have good working relationships?
 37. What are the practice’s future space needs? Does it intend to expand?
 38. How many offices and examining rooms does the office have? Could the facility support additional physicians with a physical expansion or modification? If so, how many?
 39. What is done at the office? Who is located there?
 40. What (at separation and currently) are the office’s hours to patients, and how many hours is it open in total per week? It is closed any days of the week, or open part of the day? When are you and other MDs there? When are you and other MDs at the hospital?
 41. How do you and other MDs handle call (at separation and presently)? How often is each of you on call, e.g., every other week, etc.
 42. How much vacation does each of you receive (at separation and presently) and how much have you taken?
 43. Describe how you and the other MDs divide up pay. If formula based, please explain.
 44. What new physicians have been added to the practice since inception and when? What is their background, specialty, training, etc.? Are they full or part-time, and how do their hours differ from yours?

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45. What new physicians are planned to be added, when, for how much each per year, what will they do, etc?
46. If you added a new MD (at separation, and currently), how long do you estimate it would take for them to achieve a normal level of revenue production similar to yours or other MDs, without cutting into the production of you or the other existing MDs?
47. Is the practice presently interviewing physicians to be added? Details.
48. Go over the list of employees and their salaries.
49. At separation was the practice planning to reduce or increase its non-physician employee staff? If so, how, when, and at what cost?
50. What benefits (at separation and presently) are provided employees?
51. What do the physicians do differently now (in terms of the way they practice, their hours, the types of procedures, etc.) than in earlier years and why?
52. Do you or your colleagues (at separation and currently) have the ability to add patients in their workload without working more hours? At what point will or did each reach his personal capacity?
53. Who do you consider to be your competition and why?
54. What would lead a patient to come to you versus another MD? Referrals? Reputation of practice? Personal reputation? Advertising? Website? How do your prices differ? How much does insurance or managed care come into play in deciding whether a patient goes to you or someone else?
55. Who is the most significant competitor? Who has the largest market share in your specialty in your practice market area and why?
56. What are the practice's strengths and weaknesses relative to what you consider to be competition?
57. How difficult is it to enter a training program in your specialty? How many training programs are there nationally for it?
58. How do you and other practice physicians obtain your patients?
59. Which physicians refer the most patients to you (top five or so, at separation and currently) and him and why? How long have you had these referral relationships? Have you or other practice MDs lost any referral relationships? Is there any one referral source that accounts for 5% or more of total revenues? Are referrals made to a specific physician or the practice in general?
60. What percentage (at separation and currently) of patients is referred from other physicians versus other patients?
61. Are there any contract arrangements that result in the referral of patients? For example, are there any PPOs, HMOs, or other payors that require that their primary care physicians refer patient needs to the practice or one of its physicians? Are any of these arrangements

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- threatened (and why) at separation and currently? Were there any new relationships in the works at separation or currently that would expand the access to more potential patients?
62. Does the practice maintain a list or record of its referrals and from whom they are made?
 63. What efforts are made by you and other practice physicians to maintain present referral relationships and expand into new ones?
 64. Are patients recurring or non-recurring in nature?
 65. From what geographic areas do your patients predominately come?
 66. Are you aware of any compensation surveys or data relating to your specialty?
 67. Do you, other practice physicians, or the practice (or have you ever) submit any of the practice financial results, or your compensation for use in surveys, such as that prepared by the Medical Group Management Association or other groups or surveys of any kind?
 68. Have you had any conversations ever concerning the possible purchase, sale or merger of the practice? Have you ever been contacted by hospitals, health care networks, other practices or others concerning this subject, even if nothing came of it? Give details of discussions, valuations performed, etc?
 69. Are you paid by any hospitals, insurers, PPOs, etc. for any services? Explain.
 70. When you formed the current practice was there anything that would prevent your (or other practice MDs) production in charges and collections to change? Explain? Would you expect your collection ratio (collections as a percentage of charges) to stay the same as with the prior practice or change, and why?
 71. How much (at separation and currently) do you and each MD pay for malpractice insurance? With whom? How much is the total coverage? When do the policies expire? Are premiums anticipated to change materially? If so, by how much? Do you anticipate continued access to coverage?
 72. Have there ever been any malpractice claims (or are there any pending or threatened) against the practice, the physicians or its employees? If so, provide details.
 73. Were there any pending or threatened claims, lawsuits, EEOC, IRS or any other material factors concerning the practice or its physicians at separation? Presently? Obtain details.
 74. How risky (from a malpractice standpoint) is what you do and why?
 75. Does the practice or its physicians provide services under any type of contract of any kind? Do the physicians have any exclusive contracts to provide services of any kind at hospitals, etc.?
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77. What loans are outstanding to the practice? What are their terms, interest rate, security, are guarantees required, repayment arrangement, etc.? Are banking relationships good and sufficient to support practice needs?
78. You indicate that there are no buy-sell agreements of any kind. Is this correct? Are there any verbal agreements of any kind?
79. If you bring in new MDs, how long before they become a shareholder? What would be the typical pay for an experienced practitioner in your specialty in the first few years with the practice before they were offered share ownership? On what terms would you offer them share ownership?
80. How would you say your practice differed from other practices in your specialty in things that impact its value and why? What would increase and what would decrease its value?
81. What fringe benefits do the physicians receive?
82. Are there any covenants not to compete in effect?
83. When are bonuses paid to the physicians?
84. Accounts receivable—following questions:
 - a. Do you write off accounts receivable? If not, do they stay on the aging indefinitely? If removed, how are they tracked for collection purposes? What collection processes does the practice follow?
 - b. Who handles the billing and management of receivables?
 - c. How often are bills generated?
 - d. Is there any unbilled work in process at the valuation date that represents work that has been done, but for which bills have not been generated and are therefore not reflected in accounts receivables?
 - e. What is the procedure for following up on past due receivables?
 - f. Does the practice file any claims electronically? If so, to whom? When did you start doing this? How fast does the practice collect on electronic filings?
 - g. How are Medicaid receivables billed? How fast are they collected, on average, in days?
 - h. What is your estimate of the average typical turnover time (in days) of your practices overall receivables at separation and presently?
 - i. Go over the aging of current, 30, 60, 90 days, etc. and have the MD estimate what percentage of each he thinks the practice will actually collect.
85. Does the practice receive any capitated payments from HMOs? Please explain.
86. How has managed care impacted your practice over time and why?

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87. Travel and meetings—what was this for? How much is for travel to conferences? Where were they? How much?
88. Are any of the expenses shown personal or non-business in nature?
89. Ask the following about certain expenses on the schedule of other deductions on the tax return:
 - a. Equipment and assets:
 - i. Are any of the assets shown not at the practice or used personally? For example, are any of the computers listed at the MD's homes?
 - ii. What capital expenditures for equipment or other assets will be needed over the next few years and in what amounts (standing at separation, and currently)?
 - iii. What is general condition of the practice's equipment and assets? Are there any obsolete items that will need to be replaced?
 - iv. Does the practice have its own in-house lab, X ray or imaging capabilities? If not, are they sent out? If so, to where?
90. Is there any seasonality in charges and collections?
91. When do you take vacation and for how long, and how does that impact practice results that month? Same for others.
92. How do you and other MDs divide up the patient load? Do you each have your own patients that only you will see, or do you share them? How are new patients assigned to a doctor?
93. Go over the breakdown of charges and collections by type of payor, i.e., patients, third party insurance, PPOs, HMOs, Medicare, Medicaid, etc. If not provided, ask to estimate the approximate percentage mix by each at separation and currently.
94. Estimate the percentage of gross fees you collect (at separation and presently) from Medicaid, and other major payors.
95. What is the approximate time it takes to collect on reimbursements from major payors such as Medicaid, HMOs, PPOs, etc.?
96. Is there a payor that accounts for no more than 10%?
97. Does the practice participate in any capitation arrangements with HMOs? Explain.
98. Does the practice bear any insurance risk in any capitation arrangements?
99. Discuss risks involved in any of your managed care contracts. Go over each one of the contracts provided and explain what the practice does for each.
100. Describe the general nature of the contractual arrangements the practice has with various PPOs, HMOs, etc., at separation and currently. Is the practice at risk (separation and

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- currently) of losing or having any of these relationships terminated and why? What would be the impact to the practice?
101. The practice's financial statements are on a cash basis. What accrued expenses or payables are not shown on the balance sheet, but which should be on them at both separation and currently? Estimate the amounts by item?
 102. Are there any assets not on the balance sheets? Explain.
 103. Does the practice have any life insurance which has cash value which is not included on the balance sheet?
 104. Does the practice have any seat licenses or similar arrangements for sports teams? Get details about which seats and where, how many? How much is expensed annually in the form of ticket expense in the practice and where can it be found in the financial statements?
 105. Has the practice had any unusual or non-recurring revenue or expenses of any kind since its inception? Explain.
 106. Has the practice prepared any budgets or forecasts of any kind for banks or others or has its accountants or consultants done so?
 107. Standing at separation, what would you forecast your practice's total collections would be for the next few years? Your compensation? Why?
 108. What would you estimate, standing at separation, the total annual (or average monthly) practice operating expenses to be for the coming year, excluding physician compensation?
 109. How fast do you think the practice will grow in the future and why? What are the practice's expansion plans?
 110. Has there been any consulting done for the practice? If so, for what purpose? Findings? Were reports or recommendations issued?
 111. How often does the practice raise its fees? When has it done so since inception? Can the individual fees realized generally be raised with inflation over time in terms of what the practice will be reimbursed by payors?
 112. What are the payor reimbursement trends impacting your practice (separation and currently)?
 113. Are there any material factors that we have not talked about which you feel positively or negatively impact the practice, its outlook, or its value?
 114. **Prepare specific list of questions to go over practice financial statements and results for each year. This must be tailored to the specific practice being valued. This will typically be a lengthy list prepared after a thorough initial analysis.**