



## Modern Physician

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Article published October 6, 2008

### IPC's Singer honored as Physician Entrepreneur of the Year



**Adam Singer, M.D.**

By: Barbara Kirchheimer

At age 6, Adam Singer spent hours walking the halls of a Los Angeles hospital owned by his father, a physician. He probably did not realize it at the time, but his adult career would ultimately capitalize on the nexus between those two worlds—that of doctor and hospital—and would contribute to the formation of a new medical specialty.

Today, at 48, Singer, M.D., is the chairman, chief executive officer and chief medical officer of IPC-The Hospitalist Co., North Hollywood, Calif., which he founded in 1995 and took public this past January. He can also be counted among a handful of individuals who helped launch and shape the specialty of hospital medicine, which has been growing by leaps and bounds since the mid-1990s when the term “hospitalist” was first coined.

Singer, a physician and self-taught businessman who began his career as a pulmonologist in Los Angeles in 1991, quickly built upon his medical background to launch what has since become the nation's largest and only publicly traded private-practice hospitalist group. IPC has some 1,200 employees, including more than 800 affiliated physicians providing care in more than 300 facilities in 18 states. In recognition of his ability to transform a vision of more efficient patient care into a successful business venture that has rewarded its investors and physicians, *Modern Physician* has named Singer its first Physician Entrepreneur of the Year. Singer was chosen from of a field of 28 nominees.

(To read more about the Physician Entrepreneur of the Year program and selection process, read this issue's [editorial](#).)

“It's not every day that a physician gets to wake up and realize he's crafting a new specialty in healthcare,” Singer says. “I pinch myself sometimes. For me personally, it's very important that I take very seriously the responsibility that the things I'm doing at IPC

are defining a new industry.”

(To listen to an exclusive podcast interview with Singer, [click here](#).)

Singer’s aims were not always so lofty. His early involvement in what would later become hospital medicine—a specialty devoted to the care of hospitalized patients—was prompted by financial distress. Fresh from a fellowship at the LAC-University of Southern California Medical Center, Los Angeles, and struggling to attract patients to his fledgling pulmonology practice in 1991, Singer responded to an ad for an internist to do the inpatient work for a large independent practice association.

“The idea being that if I got all those patients, I could get all of the pulmonary practice too,” he says.

After signing the contract, he went overnight from managing no patients to managing some 30,000 and was soon seeing 20 to 30 patients a day. He started to think that his practice, with physicians dedicated solely to the care of hospitalized patients, was more efficient than the old-style primary-care model under which doctors traveled between their office and the hospital to see patients.

“We realized we were onto something that was going to be a lot better for everyone,” Singer says. He soon began pondering how to leverage his personal experience into a larger-scale operation.

Francesco Federico, M.D., is the president and CEO of Lakeside Systems, Glendale, Calif., parent of Lakeside Medical Group, the IPA Singer worked for back then. He refers to Singer as a pioneer in the field of hospital medicine.

(To view a photo gallery of Singer and hospitalists at work, [click here](#).)

“Nobody had really done this in an IPA setting before,” Federico says. “He was very creative in his thought process, a great salesman and a great communicator.” As Singer began to focus on building his own national company and Lakeside continued to develop its own hospitalist program, the two colleagues parted ways, recently reuniting when Federico agreed to join IPC’s board of directors in August.

### **From vision to reality**

Looking back, Singer says if he had worried about the risks involved in starting his own business, he probably wouldn’t have done it. “Part of the thing about being an entrepreneur is you don’t worry about risk,” he says. “Reckless abandon is a better characteristic than worrying about risk.”

His motivation was not to make lots of money, he adds. “I think most entrepreneurs will tell you that the drivers are mostly very personal. I knew I was doing very good things; I got up every day excited.”

Devra Shapiro, IPC’s chief financial officer, says she was sold on Singer’s concept in 1998 when she first met him. “When I sat down in that first meeting and he started

talking about this new specialty and where he saw it going, he had an ability to excite people around him and communicate the vision he had," she says. The company still operates on the same business plan Singer outlined 10 years ago, she adds.

While Singer has picked up business skills along the way, he has not been afraid to surround himself with talented individuals who can fill in the gaps in his expertise, Shapiro says. "He wants to hear everyone's opinions."

For example, every Friday IPC's senior staff and regional executives get together, some via videoconference, to discuss a relevant topic such as leadership, budget processes or hospital medicine's portrayal in the media. "It's just free-form thinking out of the box," Shapiro says. "It's a pretty exciting exercise to go through, and you have to be on your toes."

### **Steady growth**

As it turned out, Singer wasn't the only one who thought he was onto something promising back in the mid-1990s. He was soon able to convince investors as well. In 1997, Singer began raising venture capital, attracting \$40 million from various healthcare investors. By 1998, when he was named one of *Modern Healthcare's* Up & Comers, IPC managed or employed 40 physicians in California and Arizona and had annual revenue of \$7 million. IPC steadily built new practices and acquired others, and by the end of 2000, the company had 30 hospitalist practices and was generating \$24.5 million in annual revenue.

Felix Aguirre, M.D., IPC's vice president of medical affairs, remembers when his San Antonio medical group joined IPC in 2002. A hospitalist since 1995, Aguirre says his medical group had about nine hospitalists at the time but had a need for as many as 40 to 50. His group needed capital to add more physicians, a better IT system and a more effective organizational structure.

"The only one that matched our needs, that did all health plans and all hospitals, was IPC," he says. The company's physician orientation was appealing. "The single most important client of our company is the hospitalist, period," he says. Hospitals who deal with IPC's doctors also seem happy with this model. They get the benefit of hospitalist services without the financial risk involved in subsidizing their practices, says Steve Lowenthal, M.D., the senior vice president of medical affairs and chief medical officer of 157-bed Rush-Copley Medical Center, Aurora, Ill. IPC has three hospitalists practicing at Rush-Copley, taking care of an average of 20 to 30 inpatients at any given time, Lowenthal says.

"They're a private business that comes in and builds up their practice here and markets their practice to our medical staff in such a way that the hospital benefits from length-of-stay reduction and more efficient care," he says. "It's an administrator's dream." Initially, some of the physicians resisted the influx of hospitalists, but primary-care doctors facing financial pressures have since come around to see the benefit of having more time to see patients in their offices. "Dr. Singer and IPC were definitely ahead of their time," Lowenthal says. "They approached this entire marketplace at a very early juncture when

the hospitalist model wasn't in vogue. I think they've become a market leader because of service." Singer's physician-centric model also allowed IPC to grow large enough to go public, greatly increasing the company's access to capital, say investors and analysts. Mark Brooks, an IPC board member and managing director at Scale Venture Partners, a venture capital fund in Foster City, Calif., met Singer in 1999, when his fund decided to help underwrite the company's expansion from Arizona and California to the rest of the country. At the time of IPC's IPO, Scale Venture Partners owned more than 30% of the company, Brooks says.

"Sometimes you look at physicians that have great entrepreneurial ideas, but they don't know how to manifest it in a way that makes you have a really good income statement," Brooks says. "Adam had a really good nose for how you take a breakthrough in how healthcare should be delivered and try to make a business out of it in a way that would make money for investors, and he executed on it." Bill Bonello, a senior healthcare analyst and managing director at Wachovia Securities, says that in addition to recognizing the potential of hospital medicine, Singer has been able to convince physicians who affiliate with IPC that he represents their best interests. "To the extent that somebody can form a company where the practicing physicians feel like they're part of an entity that cares about the delivery of clinical care ... they're going to be more excited about staying, and retention is going to be much better," Bonello says.

Less than six months after completing its IPO, and at a time when the equity markets were unpredictable at best, IPC completed a successful secondary public offering in July. Along the way it continued to snap up smaller hospitalist practices and expand in its existing markets. During the quarter ended June 30, IPC made two acquisitions in existing markets and entered two new states—Pennsylvania and Ohio—through hospital contracts. In August, IPC completed the purchase of Hospitalists of America, Coral Gables, Fla. Singer says that last year, 70% of the company's growth came from existing practices, while 30% came from acquisitions. IPC's net revenue rose 34% to \$119.7 million for the six months ended June 30, and its net income rose 61% to \$5.8 million from \$3.6 million in the prior-year period.

### **Tech savvy**

Singer has also received plaudits from investors for recognizing early on how to use technology to gain a competitive advantage and improve patient care. Enlisting the help of a cousin who is an accomplished software developer, Singer in 1995 created IPC-Link, an evolving proprietary electronic management system that provides clinical, administrative, billing and communication support for IPC's hospitalists. The tool allows the company to provide a virtual office for its hospitalists. Rather than outsourcing the technology development, IPC maintains a staff of in-house programmers, and the company's physicians help design and refine it.

"IPC-Link is the only comprehensive hospitalist management tool in the industry," Singer says. "It's been incredibly important to our success. We have truly wired a company together." Through instant access to real-time patient data, the system allows the company to keep abreast of its physicians' productivity and the quality of care provided, and it also allows its physicians to disseminate patient information quickly back to

referring physicians.

Executives at companies that compete with IPC speak respectfully of Singer's role in shaping the field of hospital medicine, even when they disagree about the approach he's chosen.

"Adam is very outspoken, he's got very strong opinions, he's been very committed and focused on his model, and he's made a landmark event and milestone in the industry," says Rusty Holman, M.D., the chief operating officer of Cogent Healthcare, in Brentwood, Tenn. Cogent has about 350 hospitalists in 30 hospitals in 17 states, but it operates under a different model than IPC's. Cogent's physicians work in hospitals that have contracts with the company. According to its executives, this model allows the company to focus more on the individual needs of its hospitals, helping them fulfill goals such as improving patient satisfaction and quality.

Lynn Massingale, M.D., the founder, former CEO and current executive chairman of TeamHealth, Knoxville, Tenn., says that "nobody knows more about the history of hospital medicine than Adam," and calls Singer "a very competitive guy."

Like Cogent and unlike IPC, TeamHealth primarily contracts with hospitals, or sometimes directly with insurers, to provide hospitalist services. The bulk of its business is providing emergency physician staffing, although it has 600 hospitalists in contracts with 60 hospitals, and the hospitalist portion of its business is growing fast, Massingale says.

The challenge to all of the hospitalist companies, he suggests, will be finding enough hospitalists to fill the growing need. Just 12 years ago, there were fewer than 1,000 hospitalists in this country. Today there are some 20,000. Patrick Cawley, M.D., the president of the Society of Hospital Medicine, says over the next five to 10 years that number could grow to 35,000 or even 45,000, depending on how many physicians opt to enter the specialty.

That may be good news to entrepreneurs like Singer, whose company's growth depends on attracting more hospitalists. But the possibility of a hospitalist shortage may also limit IPC's growth opportunities in the future, analysts say. Still, Singer remains extremely bullish on the future of hospital medicine and of his company's ability to attract more of the specialty's top doctors. His advice to budding entrepreneurs is to shut out the negativity that might crush their ideas before they even get off the ground.

"Always say yes and never listen to no," he says.

As for where he sees himself in 10 years, all he will say is that he hopes to be leading the biggest and best hospitalist group in the country. "You can't shut the entrepreneur's mind down," he says, "but there's nothing I'm ready to report."

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