

Healthy Idea

Innovative Move by Adam Singer, Founder of IPC The Hospitalist Co., Pays Off During Tough Times

By NADRA KAREEM
Staff Reporter

To say that IPC The Hospitalist Company has had a stellar year-and-a-half would be an understatement. In September 2007, the company -- which coordinates the care of hospitalized patients with doctors and specialists -- announced that it was going public. IPC followed that announcement up by making 10 acquisitions in 2008. For his efforts, company founder, chairman and CEO Adam Singer, M.D., received *Modern Physician* magazine's "Physician Entrepreneur of the Year" award in October.

"Singer exemplifies the entrepreneurial spirit we're trying to capture with this award," *Modern Physician* Editor David Burda stated then. "As a practicing physician, he saw a better way of delivering healthcare services to patients and spun that idea into a business that's projected to generate more than \$200 million in revenue this year."

Dr. Singer's innovative idea dates back to the early 1990s, when he became frustrated with the care that patients received in hospitals.

"There was nobody in charge," he remembered. "The truth about hospital care is that the system is in charge of you. No one's watching what you're doing, so mistakes happen, and the outcome is poor."

So, Singer took it upon himself to be the physician that would see patients through the hospital red tape.

"Patients were moving through the hospital faster," he said. "They were happier."

Because making the move also cut down on hospital costs, Singer channeled it into a business. In 1995, he founded IPC, which today has more than 1,200 employees, 600 physicians and provides hospital medicine services to more than 300 medical facilities in 18 states.

After Singer saw the company through a successful IPO in January 2008, the company became the first of its kind to go public.

What makes that development all the more significant is that Singer never sought to become a physician-entrepreneur.

"I thought I was going to be a private practice pulmonologist," he said. "I didn't realize I was going to be something else. I found myself as a founder and a pioneer. How often in a physician's career do you get to build a new specialty of medicine? You only get a handful of opportunities in life."



PHOTO BY JAMES KAUFMAN

Award winner: Singer was named 'Physician Entrepreneur of the Year.'

Q: How does it feel to be named Physician Entrepreneur of the Year?

A: I'm humbled and proud at the same time to be recognized by *Modern Physician*, the pre-eminent news magazine for healthcare.

The economy has been horrible, but within that horrible economy, there are a few shining lights. We rose above the fray to take the company public and did an (initial public offering) in '08, and only 20 other companies did an IPO in '08. We were able to attract investor interest based on the strength of what we're doing outside.

Q: What strengths in particular drew investors to IPC?

A: We demonstrated a good idea. We have a long track record, a seasoned management team. We've demonstrated that there's a tremendous need for the services we're providing. Healthcare is in tremendous need of reinvention, and we developed a new specialty of

medicine. Core competence is the reinvention of the healthcare delivery system. That invention is to create physicians that produce higher quality care and much less cost.

Q: When did the hospitalist movement begin?

A: I had a practice in 1991 here in the San Fernando Valley. The birthplace of the hospitalist medicine was at Saint Joe's in Burbank. In 1996, the word "hospitalist" was coined in the *New England Journal of Medicine*. I really saw it take off around 2000. Today there are 25,000 practicing hospitalists. It's one of the fastest growing specialties in healthcare.

This is a very fulfilling career. It's a different relationship. You have short term but high impact relationships with your patients. Physicians (typically) deal with patients for the long term but have a low impact on them. You take somebody for a year but not much has happened. (With hospitalist medicine), you really get to practice, which is to diagnose acutely ill

patients and fix them.

Q: What effect has going public had on IPC?

A: Your company should not change from the day before to the day after being a public company. We built our business to be a solid business that produces reliable returns and is a growing, thriving entity. We've continued our growth strategy that we've had for the past decade. We focus on hiring physicians and training them in our existing practices. A lot of physician practices are

struggling. They are hurting for capital, waving the white flag and joining us instead of continuing on. We bought 10 practices last year and made our first acquisition of '09.

We continue to be very focused on the cities we're in. We're in 18 states and 22 markets, and we have over 14 practices and over 350 facilities around the country. Our core focus is to continue to grow over those 350, and we're looking for acquisitions that complement that.

Q: What do you anticipate happening at IPC in 2009?

A: I think we're going to see more of the same -- further growth, also more acquisitions and buying competitors in existing markets. The good news for us is the downturn in the economy is really not impacting us at all.

Q: What if the recession results in fewer people seeking healthcare because they can't afford it?

A: I really don't believe our business will be impacted significantly. Patients with pneumonia and broken bones can't choose to go to the doctor. They can't say, 'I think I'll ride this out,' even in an economic downturn. They're not choosing to be there, they have to be.

Q: What lessons have you learned over the years about running a business?

A: I think as an entrepreneur, one of the things that helps motivate you, is you have no idea what you're about to face growing your company. You have four billion decisions you had to make you probably wouldn't have wanted to in retrospect. Sometimes ignorance is bliss. I think most entrepreneurs would say if they had to do it over, you can't even contemplate how many issues you had to overcome. It always seems easy when you're done, but there's also a lot of struggle along the line.

Snapshot

Dr. Adam Singer

Title: Chairman, CEO, Chief Medical Officer

Age: 48

Education: Bachelor of Science in biology from the University of California, Los Angeles. Medical degree from Chicago Medical School. Residency program in internal medicine and pulmonary medicine fellowship at Los Angeles County/University of Southern California Medical Center.

Most Admired: My dad, Dr. Herbert Singer. He provided an exceptional example of the combination of compassionate care to patients coupled with the financial acumen that allowed him to provide that high quality care to this city's most needy.

Career Turning Point: November 1997. This was the day that I took the first venture capital dollars and funded a "think tank" that would define the hospitalist industry for the next decade. IPC was born from the results of that think tank.

Personal: Single.