

# Podiatrists

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NAICS CODES: 621391

SIC CODES: 8043

## Industry Overview

Practitioners in this industry diagnose and treat diseases and deformities of the foot. No major companies dominate the industry.

Podiatrists have an organized presence in more than 40 countries, including nations in the Americas, Europe, and the Asia/Pacific region, according to the International Federation of Podiatrists (IFP).

The US industry includes about 8,000 podiatry clinics that generate about \$4.4 billion in annual revenue.

## Competitive Landscape

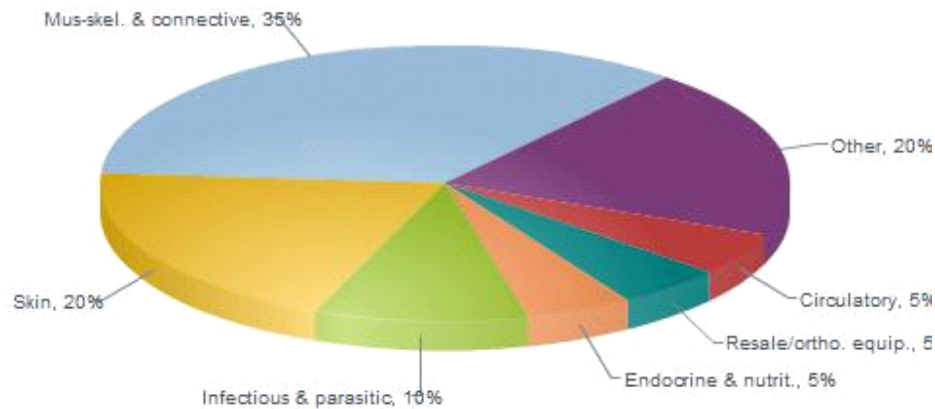
Demand for podiatry services is driven by population growth and demographics. Profitability depends on patient volume, insurance reimbursement, reputation, and operational efficiency. Large practices enjoy economies of scale related to administrative costs and purchasing diagnostic equipment. Small practices can compete effectively by providing good customer service and by operating from convenient locations.

The industry is **highly fragmented**: the top 50 firms account for less than 10% of industry revenue. Historically, solo practice has been the norm for podiatrists. However, more group practices are emerging, often with other specialists as part of the practice group. Podiatrists are also employed by hospitals, health departments, and nursing homes.

## Products, Operations & Technology

Major areas of treatment include musculoskeletal and connective tissue problems (about 35% of industry revenue), skin issues (20%), and infectious and parasitic diseases (10%). Other areas include endocrine and nutritional issues, resale of orthopedic equipment, and circulatory problems (each of which accounts for about 5% of industry revenue).

Revenue by Service - US Census Bureau (2012)



Among the **common disorders** podiatrists treat are ingrown toenails, corns, bunions, bone spurs, arch support, and heel problems. Podiatrists also help diagnose and treat discomfort and pain from systemic disorders such as diabetes, arthritis, and heart disease, as foot pain and discomfort are frequently symptoms of those ailments. Podiatrists consult and confer with other specialists in such cases. Physicians can specialize in areas including foot and ankle reconstruction, pediatrics, or sports medicine.

Most podiatrists work in single-practitioner or multiple-practitioner podiatry offices, or in group practices with other physicians and specialists. Podiatrists visit nursing homes and perform surgery at hospitals, though they treat fewer emergencies than other doctors. Podiatrists who own their own practices must handle hiring, inventory, and other business-related activities. Administrative personnel help with patient scheduling, billing, claims processing, records management, purchasing, and other general office management duties.

### Technology

Specialized software for podiatry practices is often used to help manage the business. Many doctors use **electronic health records (EHRs)** to maintain patient data and improve efficiencies through information sharing and care coordination among physicians at multiple facilities. Podiatrists may use tablets and other wireless devices to photograph foot conditions and attach them to records, which can assist in accurate billing and reimbursement processes.

Offices may be outfitted with **diagnostic equipment**, such as X-ray and MRI machines. Offices that offer custom orthotics (either as inserts or specially-made shoes), which reduce the pain and discomfort created by irregular walking patterns, use specialized computer scanning equipment. Advances in medical technologies have led to new implants for toe and ankle repair, new laser surgery devices for plantar fasciitis, and new gait-repair and stabilization devices such as ankle-foot orthotic (AFO) braces, among other developments.

### Sales & Marketing

Typical patients are those suffering from injuries or disorders affecting the foot or lower leg. Podiatrists often build their patient rosters through referrals from **general physicians** and other specialists, as well as through word of mouth and directory listings. Patients can often find podiatrists through online doctor-locators offered by their health insurance plans.

Podiatrists may use brochures, websites, videos, and commercials to promote services. Marketing budgets are typically larger for multidisciplinary group practices.

### Finance & Regulation

Podiatrists generate revenue primarily through out-of-pocket fees charged to patients and through reimbursement from **health insurance companies**. Disputes with insurers are common, and insurers often deny or reduce reimbursement requests. The industry is **labor-intensive**: average annual revenue per worker in the US is about \$125,000.

The US industry's average working capital turnover ratio is about 20%. Capital investments for new equipment, including computer systems, are necessary every few years because of rapid technological advances.

## Working Capital Turnover by Company Size

The working capital turnover ratio, also known as working capital to sales, is a measure of how efficiently a company uses its capital to generate sales. Companies should be compared to others in their industry.



Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available at [www.microbilt.com](http://www.microbilt.com).

## Regulation

Licensing of podiatrists is handled by states, with reciprocity granted among several states. Applicants must pass written and oral examinations and, in most states, attend **continuing education**. Podiatrists receive training similar to other doctors; they graduate from colleges of podiatric medicine as a **doctor of podiatric medicine (DPM)**. Nine US colleges have been fully accredited by the Council on Podiatric Medical Education.

The general podiatric program requires four years of study after undergraduate education. Subsequent **residency programs** last three years and can be specialized: podiatrists may concentrate in specialties such as **sports medicine**, surgery, geriatrics, or diabetic foot care. Podiatrists may also choose to be certified by the American Board of Podiatric Medicine, the American Board of Foot and Ankle Surgery, or the American Board of Multiple Specialties in Podiatry.

## International Insights

Podiatrists have an organized presence in more than 40 countries, including nations in the Americas, Europe, and the Asia/Pacific, according to the International Federation of Podiatrists (IFP). There is a **shortage** of trained medical professionals, including podiatrists, in many countries.

Increased rates of chronic conditions including **diabetes** play a key role in the spread of foot conditions. About 422 million people worldwide have diabetes, according to the World Health Organization (WHO). More than 80% of diabetes deaths occur in low- to middle-income countries. Lack of education and insufficient access to care can lead to complications including amputation. Care by a podiatrist can lower risk of hospitalization for diabetics by 24% and the possibility of amputation by 85%, according to the IFP.

Organizations including the WHO, the IFP, and the European Council of Podiatrists work to create standard policies and teaching protocols across developed nations, as well as to improve access to podiatric care in developing countries.

## Regional Highlights

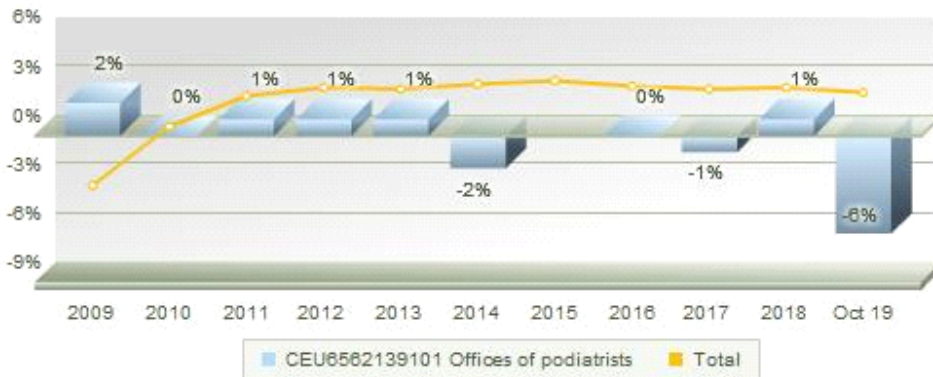
In the US, [New York](#), [California](#), [Florida](#), [Pennsylvania](#), and [Illinois](#) are home to the most podiatric practices. More

than half of podiatrists are located in large cities or metropolitan areas (populations of 100,000 or more), according to Podiatric Economics.

## Human Resources

The median salary for podiatrists in the US is about \$130,000, below that of the average specialist physician. Podiatrists in partnerships typically earn more, since they have to absorb fewer overhead costs than solo practitioners do. Wages for US workers in the subsector of health practitioners that includes podiatrists are about the same as the national average. The injury rate for the industry in the US is significantly lower than the national average.

### Industry Employment Growth Bureau of Labor Statistics



### Average Hourly Earnings & Annual Wage Increase Bureau of Labor Statistics



## Industry Growth Rating



Demand: Driven by population growth and demographics  
 Requires effective management of the practice  
 Risk: Competition from other types of physicians

## Industry Indicators

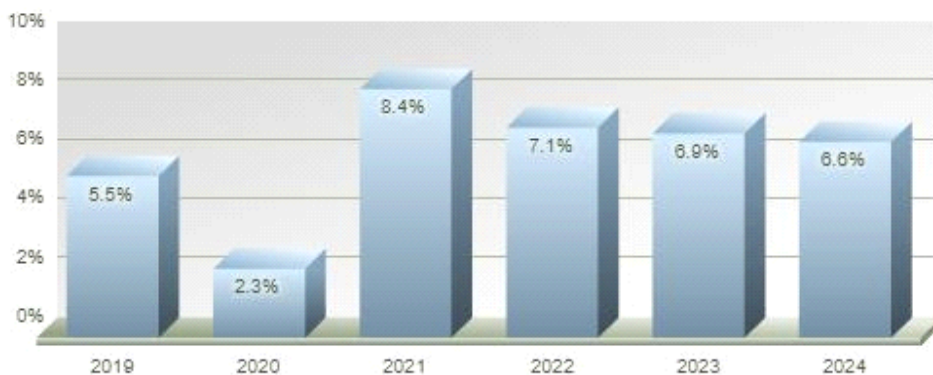
US consumer prices for medical care commodities, which may impact podiatrist offices' operational costs for equipment and supplies, rose 0.8 percent in August 2020 compared to the same period in 2019.

US consumer prices for medical care services, an indicator of profitability for podiatrist offices, rose 5.3 percent in August 2020 compared to the same month in 2019.

Total US revenue for offices of other health practitioners, which includes podiatrists, rose 7.9 percent in the second quarter of 2020 compared to the same period in 2019.

## Industry Forecast

Revenue (in current dollars) for US podiatrist offices is forecast to grow at an annual compounded rate of 7% between 2020 and 2024. Data Published: July 2020



First Research forecasts are based on INFORUM forecasts that are licensed from the Interindustry Economic Research Fund, Inc. (IERF) in College Park, MD. INFORUM's "interindustry-macro" approach to modeling the economy captures the links between industries and the aggregate economy. [Forecast FAQs](#)

## Industry Drivers

Changes in the economic environment that may positively or negatively affect industry growth.

Data provided by First Research analysts and reviewed annually



**Consumer Spending** Change in overall level of consumer spending on goods and services



**Government Regulations** Changes in federal, state, or local government regulations or business-related policies

## Critical Issues

**Billing and Coding** - Podiatrists lose between 15% and 20% of their income as a result of billing and coding issues,

according to practice management experts. Solo practitioners are particularly at risk for income loss due to complex medical coding issues and underpayment by insurers. The growing use of high-deductible health plans, which shift the costs of care onto the patient in the form of higher copays and deductibles, also has led to more bills being sent to collections as patients are unable to pay. Podiatric practices turn to medical billing and coding companies to handle their specific practice requirements.

**Competition from Other Practitioners** - Podiatrists face competitive pressures from other health care providers such as physicians, chiropractors, and physical therapists. These and other specialists offer similar treatments often at a lower cost than podiatrists. The greater availability of general medical foot care is a further incentive for insurers to drive patient traffic away from podiatric services.

## Business Challenges

**Establishing Solo Practices** - Podiatrists are finding it increasingly difficult to establish and maintain solo practices due to the requirements of running a small business. Hiring and retaining employees, ordering supplies, and keeping records up-to-date are among the many tasks podiatrists must handle in addition to treating patients. More podiatrists are forming or joining partnerships or broader health networks to take advantage of administrative efficiencies.

**Surgery for High-Risk Patients** - Podiatric surgery for high-risk patients can sometimes result in postoperative problems and potential malpractice suits. Many patients seek podiatric services due to foot and lower leg problems that stem from other health issues, particularly diabetes. Such patients may experience delayed wound-healing although pre-operative tests indicate no potential risk. Podiatrists are urged to utilize functional tests that help assess a patient's ability to heal from surgery.

**Podiatric Care Discretionary** - Podiatric care relies to a large extent on patients' disposable income. People suffering from foot and lower leg problems may delay seeking medical treatment if budgets are tight. Podiatrists are challenged by sustaining patient traffic during a down economy, as many patients view their services as a discretionary expense.

## Business Trends

**Increase in Foot-Related Injuries** - As the health care industry promotes physical fitness programs, more foot-related injuries and disorders occur. Walking, jogging, and running put tremendous pressure on the foot and ankle areas, and often lead to ankle sprains, stress fractures of the foot's 26 bones, and tendon injuries. Obesity, which causes poor circulation and contributes to the promotion of physical fitness programs, also means more foot-related injuries.

**Aging US Population** - The US population 65 and older is expected to increase by about 49% between 2016 and 2030, compared to a 10% increase in the population as a whole. Foot problems typically increase as people age, particularly disorders stemming from systemic issues, such as diabetes, arthritis, and circulatory problems. A growing number of podiatric school graduates specialize in geriatric care.

**Group Efficiencies** - More podiatrists, and new graduates in particular, are finding better job opportunities with group podiatry practices or broader health networks. Podiatrists in group practices gain efficiencies in administrative tasks, supply and equipment purchasing, shared office space and staff, and other areas. Group environments additionally enable podiatrists to focus on a specific specialty, such as surgery, orthopedics, primary care, and public health.

## Industry Opportunities

**Botox Injections** - Podiatrists are seeing a growing market for Botox injections as a foot filler to counter the pain from stiletto heels. Botox is used to plump up the ball of the foot, protecting the nerves and soft tissue and also treating a condition called stilletotarsal that is a result of wear and tear from high heels. Botox is also used to treat excessive foot sweating. For podiatrists, one benefit of this treatment is that it must be repeated on a regular basis. Podiatrists who keep abreast of medical technology and trends with training and literature can increase their patient base.

**Role of Medicare** - A common misconception is that podiatric services aren't covered by Medicare because most podiatrist office visits are considered elective. While Medicare doesn't cover routine foot care, custom orthotics, and



shoes to correct conditions such as flat feet, it generally does cover treatments for systemic disorders that can be shown to be medically necessary. As the population ages, Medicare reimbursements are expected to play a larger role in podiatric practice revenue.

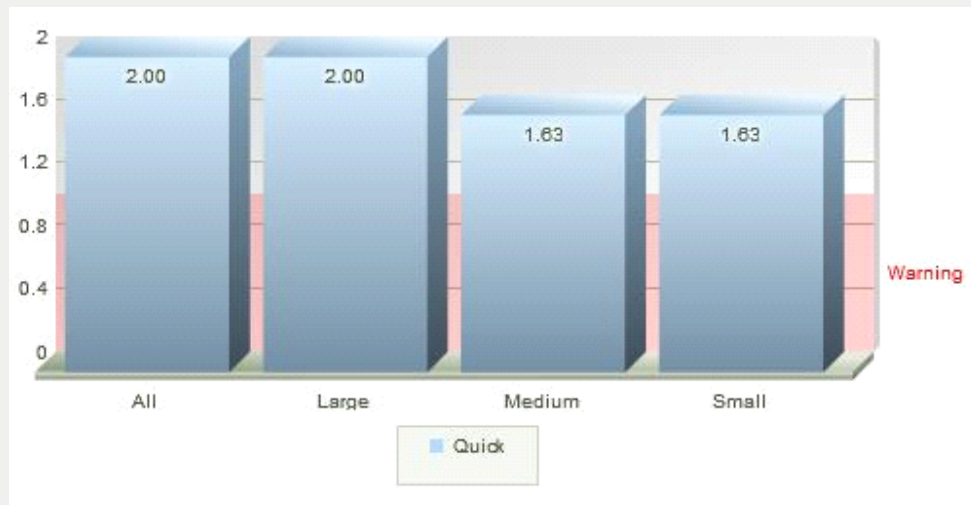
**Board Certification** - Board-certified podiatrists are expected to encounter better practice opportunities since many managed-care groups require board certification. The certification process goes beyond licensure, including advanced training, written and oral exams, and previous experience. A number of boards provide certification to podiatrists.

## Financial Information

### COMPANY BENCHMARK TRENDS

#### Quick Ratio by Company Size

The quick ratio, also known as the acid test ratio, measures a company's ability to meet short-term obligations with liquid assets. The higher the ratio, the better; a number below 1 signals financial distress. Use the quick ratio to determine if companies in an industry are typically able to pay off their current liabilities.



Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available at [www.microbilt.com](http://www.microbilt.com).

#### Current Liabilities to Net Worth by Company Size

The ratio of current liabilities to net worth, also called current liabilities to equity, indicates the amount due creditors within a year as a percentage of stockholders' equity in a company. A high ratio (above 80 percent) can indicate trouble.



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## COMPANY BENCHMARK INFORMATION

NAICS: 621391

Data Period: 2016

Last Update December 2017

Table Data Format

Mean

Company Size	All	Large	Medium	Small
Size by Revenue		Over \$50M	\$5M - \$50M	Under \$5M
Company Count	5847	-	6	5841

### Income Statement

	All	Large	Medium	Small
Net Sales	100%	-	100%	100%
Gross Margin	100.0%	-	100.0%	100.0%
Officer Compensation	6.3%	-	2.7%	6.4%
Advertising & Sales	0.8%	-	0.9%	0.8%
Other Operating Expenses	91.5%	-	95.1%	91.3%
Operating Expenses	98.6%	-	98.6%	98.5%
Operating Income	1.4%	-	1.4%	1.5%
Net Income	0.6%	-	0.5%	0.6%

### Balance Sheet

	All	Large	Medium	Small
Cash	22.0%	-	20.0%	22.1%
Accounts Receivable	17.4%	-	14.6%	17.5%
Inventory	3.3%	-	2.6%	3.4%



<b>Total Current Assets</b>	56.4%	-	53.0%	56.5%
<b>Property, Plant &amp; Equipment</b>	13.6%	-	12.2%	13.7%
<b>Other Non-Current Assets</b>	30.0%	-	34.8%	29.9%
<b>Total Assets</b>	100.0%	-	100.0%	100.0%
<b>Accounts Payable</b>	5.8%	-	6.0%	5.8%
<b>Total Current Liabilities</b>	22.2%	-	23.4%	22.1%
<b>Total Long Term Liabilities</b>	40.4%	-	38.2%	40.5%
<b>Net Worth</b>	37.5%	-	38.4%	37.4%

### Financial Ratios

(Click on any ratio for comprehensive definitions)

<b>Quick Ratio</b>	2.00	-	1.63	2.01
<b>Current Ratio</b>	2.54	-	2.27	2.55
<b>Current Liabilities to Net Worth</b>	59.1%	-	60.9%	59.1%
<b>Current Liabilities to Inventory</b>	x6.65	-	x9.13	x6.60
<b>Total Debt to Net Worth</b>	x1.67	-	x1.60	x1.67
<b>Fixed Assets to Net Worth</b>	x0.36	-	x0.32	x0.36
<b>Days Accounts Receivable</b>	38	-	36	38
<b>Inventory Turnover</b>	x0.00	-	x0.00	x0.00
<b>Total Assets to Sales</b>	60.3%	-	68.6%	60.1%
<b>Working Capital to Sales</b>	20.6%	-	20.3%	20.7%
<b>Accounts Payable to Sales</b>	3.4%	-	4.1%	3.4%
<b>Pre-Tax Return on Sales</b>	1.0%	-	0.8%	1.0%
<b>Pre-Tax Return on Assets</b>	1.7%	-	1.2%	1.7%
<b>Pre-Tax Return on Net Worth</b>	4.5%	-	3.1%	4.6%
<b>Interest Coverage</b>	x1.58	-	x1.25	x1.60
<b>EBITDA to Sales</b>	1.8%	-	1.6%	1.8%
<b>Capital Expenditures to Sales</b>	0.5%	-	0.3%	0.5%

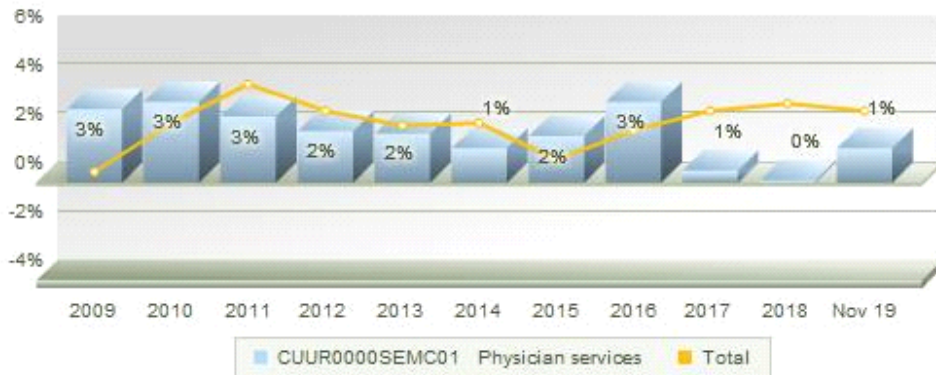
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## ECONOMIC STATISTICS AND INFORMATION

Annual Construction put into place - Census Bureau



**Change in Consumer Prices - Bureau of Labor Statistics**



**VALUATION MULTIPLES**

**Podiatrists**

Valuation Multiple	MVIC/Net Sales	MVIC/Gross Profit	MVIC/EBIT	MVIC/EBITDA
Median Value	N/A	N/A	N/A	N/A

**MVIC (Market Value of Invested Capital)** = Also known as the selling price, the MVIC is the total consideration paid to the seller and includes any cash, notes and/or securities that were used as a form of payment plus any interest-bearing liabilities assumed by the buyer.

**Net Sales** = Annual Gross Sales, net of returns and discounts allowed, if any.

**Gross Profit** = Net Sales - Cost of Goods Sold

**EBIT** = Operating Profit

**EBITDA** = Operating Profit + Noncash Charges



SOURCE: DealStats (formerly Pratt's Stats), 2019 (Portland, OR: Business Valuation Resources, LLC). Used with permission. DealStats is available at <https://www.bvresources.com/learn/dealstats>

**American Association of Colleges of Podiatric Medicine**  
College links, career resources, statistics.

**American College of Foot and Ankle Surgeons**  
News, member resources, event information.

**American Podiatric Medical Association**  
News, consumer resources.

**Podiatry Management Online**  
Industry news, resources, and issues.

**Podiatry Today**  
News, industry resources.

**Glossary of Acronyms**