

# Doctors on Demand

Specialists On Call CEO draws from his business and medical experience to drive growth at the telemedicine company.

By **JESSICA VERNABE** Staff Reporter

Physician-turned-businessman **Joe Peterson** has a thing for start-ups.

Peterson, who heads Westlake Village-based emergency telemedicine company **Specialists On Call**, started his career as a practicing emergency physician and associate clinical professor at **The George Washington University** in Washington, D.C. However, he made a career change 10 years into the gig to pursue another passion — business.

Over the past two decades, Peterson has been the CEO of five service-related companies. Before joining **Specialists on Call** in 2007, Peterson was the CEO of public professional staffing firm **On Assignment** in Calabasas. His first CEO stints were in the 1990s when he and a friend started two call center services companies, which they later sold. He also was CEO of a distressed insurance-related administration company that he and his business partner bought. At each company, Peterson said his focus was to build up the business and move onto the next venture.

Now Peterson's focus is on **Specialists on Call**, which contracts with hospitals to provide consultations with emergency on-call neurologists and other specialists using video conferencing equipment. Since Peterson joined the company, it has grown from having six hospital clients to 152 clients in 17 states. Peterson said the company is continuing to grow and is adding about 20 new clients a quarter. About 55 physicians are independently contracted with **Specialists On Call**, he said.

Peterson and his team have expanded the company's scope of services, its billing methods and its physician structure.

**Question: What are some of the changes you made after joining Specialists On Call?**

**Answer:** The first thing I did was go and talk to customers. Many scientists or doctors don't do that. The problem is nobody ever sat down with the intended customer and said, "What do you need?" I went to 10 customers who had heard about what the company was offering at the time and asked them, "Why didn't you buy it? Why didn't you contract with the company?" When the company began, it was providing neurolo-



PHOTO BY DAVID SPRAGUE

**Telemedicine: Specialists On Call CEO Joe Peterson (left) uses technology to connect with Dr. Leonard Dimitri DaSilva (right), a neurologist working in Tallahassee, Fla.**

gists on-call only for stroke. (The hospitals) need neurologists on call for all of neurology — 70 percent of which is stroke, but 30 percent of which is not. So we just turned around and built the capacity to deliver that.

**Q: Were there any other significant changes?**

**A:** We changed the pricing model so that we weren't dependent on insurance, on third-party reimbursement, in any way. And then we changed the way the doctors are organized to reduce that cost. Those were fairly substantial investments. But once that was done, we got more attractive on the client side, and a lot more efficient on the doctor side.

**Q: How did you reorganize your physician**

**structure?**

**A:** Now we license doctors in multiple states. They can very efficiently cover a large number of hospitals ... so two things happened. I take the doctor cost and I spread it over a much larger number of hospitals. At the same time, it allows me to pay the doctors a competitive wage.

**Q: You were a CEO of four other companies. How has your past experience contributed to your work with Specialists on Call?**

**A:** From the call center side, we learned a lot about managing people at a distance. In the insurance side, we took away a lot of experience in working with customers who bear risk, and

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that's very important to us now. I think from the staffing side, it really helps one understand that in businesses like this, there are two customers. You have doctors you've got to recruit on one side and patients you have to service on the other side.

**Q: What about your experience as an emergency physician? How does that tie in?**

**A:** I probably saw about 8,000 patients while I was practicing, and that's in an inner-city ER. So I understand exactly the circumstance in which we're trying to help. There are (also) a lot of doctor traits and particularly emergency medicine traits though that are not good for business, and you have to work fairly hard to shed (those traits).

**Q: What kinds of traits are those?**

**A:** Doctors tend to be command and control people, and service companies in particular don't operate like that. My goal is to have the smartest possible senior team I can, any one of whom knows more about their individual area than I do. In the emergency department ... when I was on duty, I ran the show — period. Now it's much more team play.

**Q: Why did you transition from medicine to business?**

**A:** I like the university-based practice of medicine, but it has lots of rules and lots of structure and a tremendous lack of creativity. I found business as the dedicated profession to be much more unrestrained, a lot more freedom to kind of try and do things however you wanted to do it. It was a big change. I had every intention of filling

## Joe Peterson

**AGE:** 51

**EDUCATION:** BA and MD from University of Michigan

**MOST ADMIRER:** Richard Feynman, a deceased professor from California Institute of Technology known for solving previously unsolved problems across multiple disciplines

**CAREER TURNING POINT:** Launching my first startup in 1990 while I was still a practicing emergency physician and a faculty member at The George Washington University

**PERSONAL:** Married with five children



PHOTO BY DAVID SPRAGUE

**Doctors videoconference with patients.**

out my years teaching medical students and interns and residents, and I really enjoyed that. I actually didn't stop practicing (medicine) because I didn't enjoy it. My businesses just got too big to do both. I practiced for 10 years and ran companies for five of those 10.

**Q: I understand Specialists On Call is adding new specialties beyond neurology. What are those specialties?**

**A:** We added psychiatry. Hospitals have a hugely problematical time getting psychiatrists to come into the hospital. And we're probably soon to do orthopedics and intensive care consultations.

**Q: What are the challenges of running this type of company?**

**A:** The challenge is that you're continuously dealing with cynicism. You have to raise money for a business that no one's ever done before. You have to sell something to hospitals that no one's ever sold them before, and you have to get doctors involved in an activity that no one's ever done like this before.

**Q: Are there any common misconceptions about emergency telemedicine?**

**A:** There are several. The first one is that patients are going to have an issue with it, and in fact (it's) just the opposite. We measure patient satisfaction levels with our service and they're higher than most hospitals score.

I think the second misconception, which is very much out there, is that you're going to create a quality telemedical organization by (just) giving some equipment to a handful of doctors. That's like saying I'm going to build a hospital for \$100,000. It's just silly and it's highly distracting. Like anything else, efficiency comes with scale and quality comes with management.

**Q: What are the specialist shortage issues that emergency rooms face today?**

**A:** One is that there is a numerical shortage of specialists versus the number of patients that need them. But that's compounded by the fact that the pay to do emergency consultations is ridiculously low. Now you have too few specialists and then only a fraction of them willing to take call, so it's an enormous problem.

**Q: I understand you did some medical work in Ireland and Africa. Tell me about that.**

**A:** That was when I was in training. I wanted to see how a different society runs its ER and I wanted a busy ER. At that time, the 1980s, the ERs in Belfast (in Ireland) were pretty busy. I have a lifelong wanderlust. I probably spend the majority of my disposable income on traveling. Then I worked for what's called the East African Flying Doctor Service. I was their emergency specialist. I was there for five months.

**Q: How is emergency medicine different in those countries?**

**A:** No supplies, no equipment. It's much more of the Wild West. That's part of the reason that I switched from medicine to business. I was never a private practice kind of a person. I'm an inner-city, big (and) busy ER kind of a person where we don't ask questions about what kind of insurance you have, (where) we treat lots of homeless people, lots of people that are HIV positive and lots of people that are medically indigent working poor. That's what I enjoyed doing, and so Africa and to some extent Belfast, were other experiences in kind of giving service to people who really need it. I don't have almost any desire to practice in the wealthy suburbs of the USA.

**Q: What are your goals going forward?**

**A:** We want to remain independent, not for sale and to keep growing as the preeminent provider of specialist physicians in this medium. We'd just like to continue to grow our geographic and specialty lines of coverage so that we encompass the majority of the lower 48 (states).

**Q: You have focused on building start-ups and raising capital. What's your advice for others trying to do this?**

**A:** Be absolutely certain that what you're proposing is what your customers actually want. Talk to people who are potential customers. If you haven't done it before, you need to buddy up with someone who has. The third thing is you have to be very persistent. For SOC, I had to talk to probably 25 capital sources before we got the appropriate funding.