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SPEAKERS

Trisha Talbot, Mike McCaslin

M Mike McCaslin 00:00

Let's decide on our business principles in advance. Let's try to walk through every scenario. Okay? And let's make sure we agree on what we're going to do for everybody in this. We're going to guarantee minimum years of ownership for senior docs who may not have a long time to practice and recognize value. So we'll guarantee them 7-10 years of ownership, even if they retire in three.

M Mike McCaslin 00:21

Okay, let's make sure we agree on the valuation approach. Let's make sure we agree on how we're going to fund a buyout. Are we going to pay cash? Are we going to issue a five year note or 10 year note? Are we going to put caps on cashflow that limit buyouts so that we don't hurt the existing docs? So all those things you try to define in advance. Do we have two different valuation methods? Do we have a standard valuation for an appropriate departure from the practice? And we usually tie things to the practice and that's really... we're in separate legal entities for liability. And so we have kind of our good buy out for a good departure. Do we have a an adverse buy out for an adverse departure?

T Trisha Talbot 01:02

This is the Providers, Properties, and Performance podcast. The podcast that brings together leaders in healthcare and investment real estate to consider the possibilities and future at the intersection of practicing medicine and healthcare real estate investment returns.

T Trisha Talbot 01:17

Welcome to the Providers Properties and Performance podcast. I am your host Trisha Talbot. As a healthcare real estate adviser to providers and investors, the best solutions occur when the two collaborate together as partners in delivering better patient care. Providers can deliver care to their patients when and where they need it, and investors realize the returns to build and manage facilities. We explore changes in medicine and wellness, the future of healthcare, and using real estate as a strategic and financial tool.

Trisha Talbot 01:43

Today's podcast interview is with Mike McCaslin, CPA and partner at Somerset CPAs and Advisors. He advises healthcare practices on how to handle real estate assets in succession planning and recruitment, creating financial models using healthcare and real estate economics to determine values and exit strategies. It was a fascinating conversation, and I hope you enjoy it.

Trisha Talbot 02:10

So Michael, welcome to the Providers Properties and Performance podcast.

Mike McCaslin 02:14

Thank you, I'm glad to be here with you.

Trisha Talbot 02:16

So you are a CPA that helps practices structure real estate investments, and take into account succession planning, recruitment and investment structures and models?

Mike McCaslin 02:25

That is correct. I am a CPA, been at it 41 years and work in a broad range of advisory services for the physician side of healthcare and real estate advisory is one element of our advisory services.

Trisha Talbot 02:39

So discuss your career path on how you got into healthcare practices with all of the list that we just discussed.

Mike McCaslin 02:46

Yeah, so I actually started with the firm in 1981. So I'm coming up on 41 years, and started working with our healthcare clients or physician practices on traditional accounting and tax matters, and found that a bit dry, and was finding myself answering questions in an advisory capacity about things beyond, you know, accounting and tax. And so I found that very exciting and interesting. And so we essentially then decided to focus on building and growing that side of our practice within the firm. And when I started here, there were 15 people, and now we have 280 people in the firm, we have 30 of us that focus on the physician side.

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Mike McCaslin 03:28

So it started with just, you know, local representation of physicians. And then as they would tell their friends and other markets, it expanded to other locations. And now we probably have 46-47 states covered with physician practices on a broad array of advisory services. And we also tax and accounting but that's handled by people that focus on that in our firm. And so our advisory services are on the real estate side for sure - succession planning, strategic planning, comp formula, work with practices, strategic alliances, practice mergers, practice joint ventures with hospitals and other parties. So really a broad array. And the real estate took focus in the last probably 10-15 years, as

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Mike McCaslin 04:17

we ran across practices that were struggling with, how do we add new doctors, as the competition for recruiting physicians grew, then the buy in structures for all the assets of a practice started to become challenged, because well I can join a hospital or, you know, go some other place and not have a buy in.

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Mike McCaslin 04:38

And so we had to work with practices on how do we create affordable entries without diminishing the value that physicians thought they had on real estate and their other entities and so we worked really hard to try to say this is medical practices are great vertical investments, right? I mean, I'm going to own my ancillary businesses, I likely own an interest in a surgery center. I may own an interest in a specialty hospital, and I'm gonna pay all this rent. And it's so clear, why wouldn't I pay it to myself, instead of paying it to somebody else, and I always joke with a doctor when they balk at wanting to own their real estate to go, what then do you mind if I own it, you can pay me.

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Mike McCaslin 05:17

And, you know, it kind of gets their attention. And so all those assets, you're looking at trying to make sure, okay, the environments changed or recruitment, we need to create affordable environments without impairing the value you think you have. And we had to do some reality checks on that existing value in real estate was a place that I find or believe there's some bad expectations on an exit value for minority owner versus the value that comes back from an appraisal on the sell the whole building, that's a whole mess in and of itself, on the way some of these deals are structured.

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Mike McCaslin 05:53

Mike McCaslin 05:53

So that's my long winded way of getting into really trying to solve whatever problems they have related to any matter, but really focused on the succession planning piece. And really, even though I've been at it a long time, I'm kind of looking at these young guys going, we need to create the opportunity for these vertical investments that you all had, meaning, gosh, should we sell our and sometimes we have to sell our real estate, there's, that's maybe the only solution. But gosh, we're gonna all have this benefit of paying ourselves rent, we should try to create the opportunity for all the people coming in behind us to have their opportunity to own the real estate and pay themselves rent.

M Mike McCaslin 06:30

And so kind of looking at that, in totality, instead of saying, I'm only going to worry about the doctor leaving. And so that's kind of consumed a thought process on how we create succession plans that benefit everybody. And that sounds like an oxymoron. But it really can work that way.

T Trisha Talbot 06:48

Well, because you gotta imagine if a practice is large enough, so we're talking a practice, let's say it has, like 20 providers, they have multiple sites, maybe even, you know, they're across multiple states. So maybe even more than that. So 20+ providers, I mean, in all of that they're all in different ages and stages, and there's some that probably want to exit too and be like, you know, I want to take my money out of real estate and put it in something safer.

T Trisha Talbot 07:13

And probably part of the operating agreement is that you you know, in order to participate, you have to be practicing, you know, something along those effects for some, some others not but so if they want to stop practicing, and or they want to put their money in something "safer" or different, there's also got to be a way, you know, I think this offers them a way out other than just selling and liquidating the real estate or, like you said, go into these discussions and in negotiations of what is the value of my stake.

M Mike McCaslin 07:46

You know what Trisha, that's really probably one of the hardest things because as we have seen, I would say the thought process on real estate succession planning has not been the greatest from a historical perspective, because if you walk into every operating agreement governing the real estate entity, it says, well, we'll get an appraisal for everyone when they leave. And in the business world of the appraiser side of business has a value. And then there are discounts applied if the interest being sold as a minority interest, which lacks marketability, and lacks control.

M Mike McCaslin 08:24

So on a real estate appraisal that comes in valuing the whole real estate entity, most practices have failed to take into account that that has to be discounted for those items, because we're really talking about the value of a single physicians interest, not the value of the whole property.

Mike McCaslin 08:41

And unfortunately, a lot of groups have bought somebody out at that appraised value, which would really be only on sale. And now we're locked into a death spiral because everyone who funded that wants their own buy out at that level. And what we've done with most of these is gotten into the true value of a minority interest. So we're looking at and we try to lock that value. And so we have some formulas we use to try to create a predictable methodology that is applied to everybody so that we don't have differences that Dr. Smith got something greater than and so we have fixed a lot of that in some of these deals, which has created a more sustainable real estate model.

Mike McCaslin 09:22

And then we'll look at and say, Okay, we know this isn't what you thought was coming, but maybe we'll leave all retired physicians in for three more years in the ownership beyond retirement as a little bit of that value that you have given up on a fair market value total 100% sell the building, and you get to watch your value grow for three years and the formula developed. You get some real estate distributions and then you'll sell at the agreed upon amount. And so there's ways to compromise there that don't still have everybody paying that five and a half percent cap rate or six cap rate on non operating income. So those are some things that have been really helpful in trying to moderate and move planning forward.

Mike McCaslin 10:07

And then obviously, we have a different model for how we get new doctors to buy in. Because what we've been able to do is, the group understands the real need for the new doctors is to perpetuate the practice. And if I can perpetuate the practice who's paying the rent, then I can probably guarantee my buyout. Because if I don't have the practice that's perpetuated, and then I don't have a practice renting the space, my valuation on my real estate is going to be, you know, it might not even be the original cost, because I don't have a tenant. So really, we don't need their money up front, what we really need from them is in the business for the long haul, continuing to pay the rent guaranteeing that I get bought out, and then they gain value with all that activity over time versus having to put it in in cash up front.

Mike McCaslin 10:56

So that's been a real lifesaver for a lot of practices, recruiting new doctors, and we really say, here's your option, you can buy in at this minimum value, or all the way up to our discounted value calculation of the highest member. And it's your choice on how you want to invest your money. But at a minimum, you can be this type of owner with equal voting rights, and typically an equal allocation of the change in value, but just deferring distribution, since you have less value in the practice. And it's, I don't want to get too complicated on that. But

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Mike McCaslin 11:30

in the physician world, we usually are dealing with ego and economics. And we think we've solved both of those.

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Trisha Talbot 11:36

You've solved the ego with a math equation.

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Mike McCaslin 11:38

Yes. So I know.

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Trisha Talbot 11:42

I'd love to see that.

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Mike McCaslin 11:43

It is, it really is fascinating how that works, because some of the ego side is I want an equal vote. And one of the same percent, you know, I think I should get since I'm paying the rent identically on the practice side, I think I should get the same change in value on the real estate side. And the blend of ego and economics is why I have X dollars invested, I have this much value, they have this much. So we're going to get the same percent return and distributions, I'm going to get fewer lesson dollars, because I have less dollars in it, but the same percent. So it feels equitable and almost equal if that's a good way to if I'm explaining that correctly. So that's kind of a little bit of what we're dealing with what I think are solutions for our very intelligent physicians.

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Trisha Talbot 12:34

Right? And so do you have varying? Like, do you have a couple of different equations for different investment goals? Like have different practices want different things? Or do you just do you have a few models that you feel? You know, that's like you come in, there's probably about one of three models that you have maybe with a little tweaks here that are generally accepted?

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Mike McCaslin 12:54

Um, that's a really good question. And I guess the first thing we tried to do is listen, and okay, what's worked? What's your challenge? What's your problem, we have what we think are quite a few solutions. You know, we've referenced a and b unit models, we've referenced the use of equity notes, where instead of borrowing from the bank, we'll treat the physicians equity, convert it to a note payable, really have all the cash going towards a note with the doctors now, instead of what the bank, you know. We can have blended approaches. And, you know, in a few instances, if we can't solve it, and a lot of times, it may be with where multiple groups come together, and we have, and we can't get equitable ownership across all real estate, we may sell some buildings, and cash out to eliminate the conflict that exists with who's paying rent and who's benefiting. And in a rare instance, and I can't say I'm a fan, but I've done it I've is we've done debt financed distributions to bring the value down to get cash to people to some don't maybe want the equity note, they want the real cash.

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Mike McCaslin 14:04

And we've done that to lower the value to make it affordable for the next generation of docs coming in. So it's really risk tolerance. Some like debt finance distributions, others don't want the debt. So they like the equity notes or some other model. So we try to listen and lay out what all the options are. And we kind of take them through the pros and cons of various options and then say, okay, if they want advice will, you know, I think sometimes you get paid for an opinion, not just for options, and so we'll tell them, based on what we've heard and seen in the group, what we think is best for them.

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Trisha Talbot 14:27

And I'm sure you have examples without naming names of different groups that have come in with different situations and how you've been able to help them.

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Mike McCaslin 14:49

Yeah, quite a few. And really, what's been what's been fun is to fix an existing portfolio of practices on real estate With new methodologies to get them through the hump, or to help them from the beginning before they build their first building of ownership, or they're finally getting out of the lease and they want to own, and so helping them on the front end, and really creating the business principles that legal will memorialize in an operating group.

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Mike McCaslin 15:18

But making sure we're solving all the problems we've seen in the last 15 or 20 years and so avoiding those on the front end with a really well crafted legal document prepared by counsel, but based on principles we discussed with the group, let's decide on our business principles in advance. Let's try to walk through every scenario. Okay. And let's make sure we agree on what we're going to do for everybody in this. We're going to guarantee a minimum years of ownership for senior docs who may not have a long time to practice and recognize value. So we'll guarantee them 7-10 years of ownership, even if they retire in three.

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Mike McCaslin 15:55

Okay, let's make sure we agree on the valuation approach. Let's make sure we agree on how we're going to fund the buyout. Are we going to pay cash? Are we going to issue a five year note, a 10 year note? Are we going to put caps on cashflow that limit buyout so that we don't hurt the existing docs?

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Mike McCaslin 16:13

So all those things you try to define in advance. Do we have two different valuation methods? Do we have a standard valuation for an appropriate departure from the practice, and we usually tie things to the practice. And that's really, we're in separate legal entities for liability. And so we have kind of our good buy out for a good departure, do we have a an adverse buy out for an adverse departure? And so we were going to craft those items in the document. And we typically bake this in a 30 year financial model, where every doc sees their name, every doc sees their annual distributions. They see their value each year, because we lock it in in a formula.

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Mike McCaslin 16:53

And they see their buyout value. And what they really get to see is we include the buyout of every doctor in the model so they can see can we cashflow this. And that's always amazed me when a group comes to us, and doesn't know whether they can finance or afford to buy apps that are forthcoming. And so we kind of build it into a model that's easily updated and say, Okay, over the 30 years, and sadly, it's probably going to, I won't be here to see the end of that 30 years more than likely. But at that point, we can tell the doctor see in year 2029 are in year 2032, we have a cluster of five bi apps coming and so we have a number of options. It looks like we can cashflow it, we could stretch the five year by up to 10.

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Mike McCaslin 17:36

Or we could wrap the buyout, we have too many doctors, with the mortgage and do a refinance, and spread that over a 20 or 25 year amortization with a 10 year balloon. So all in advance, no surprise, we can, you know, fairly well predict what the future is going to look like for a group. So those are kind of some of the things that we helped. Sometimes we have to take a current real estate entity and do that. It's easier, obviously, when it's a startup entity, and they haven't put dirt in the ground and doing all those projections. But those kinds of things come together for the advice we're trying to give them. So they can see that this is a true asset. And it answers all their questions typically.

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Trisha Talbot 18:16

Right? So say, a practices, they're in their mid 30s. They're, you know, they've got some experience behind them. And, you know, they're, it's a group, they come to you and they say, you know, we want to we want to build our first building. And we need to put this together, they're all, you know, relatively same age and stage. So where would you start with a group like that, that you're starting like completely fresh? And there's not a lot of mixing? It's very homogeneous.

M Mike McCaslin 18:44

Yeah. So the starting point would be Okay, let me understand your current economics. Okay, because the tendency on a real estate deal was to go in and look at the real estate return. Well, let me understand what rent you're paying today.

T Trisha Talbot 18:54

Right.

M Mike McCaslin 18:55

Okay. So how much square foot? So we want to build a financial model, but we need some information. So what's your current square footage? Where are your growth plans? What other services or providers? So let's get a feel for what you think you need in a new building that accommodates growth, okay?

M Mike McCaslin 19:12

So we'll know in most markets, or we'll have contacts to get the approximate medical building cost per square foot at a high enough level, we'll build a model, we'll build all the doctors in. We'll build their retirements and we'll assume age 65. And we'll build the rent structure in and we'll take existing finance terms that we know in the market, and we'll build a 30 year financial model using that rent escalation annually. And we'll build in what we would call our standard valuation model. And all built into it, let them see what the finances look like.

M Mike McCaslin 19:44

And we'll calculate the return on that. But the one thing we do and this gets missed, I believe, is if I'm going to go from $25 a square foot of rent to $30, the return needs to be impacted by the reduction in compensation that's going to hit the doctors because they're going to pay more in rent.

M Mike McCaslin 19:44

So we want to give them a true net return after the reduced compensation, so that they understand that we're factoring that in because the worst thing that happens is this return looks great. Their paycheck goes down when they get in the new building, and they didn't count on, they weren't thinking about, I'm paying more in rent. So we start with a financial feasibility to say, Okay, guys, and ladies, I'm sorry, does this look like an investment you're comfortable with? And we'll probably end up being asked to play with some rent numbers. Well, can we lower? What's the minimum rent, we can pay? What's the maximum rent you think we can pay? And so we'll build that out completely to make sure they understand the entire financial aspects of what they're doing?

T Trisha Talbot 20:03

Well, and also the reduction of tax liability too in some cases.

M Mike McCaslin 20:13

Right. I mean, people will laugh at me. And I'm, and I say, I'm not sure there's a safer real estate investment in the world than an owner occupied building. Right? I trust that our practice will be successful, but I can recruit doctors, right? This is not a high risk proposition. Right? This is, okay, we have a great practice, we have great reputation, we've always been able to add doctors, we have people calling us all the time, we're going to pick a good location, that's not going to change on us, right, that's a risk. And we're going to and I look at that and say, you know, let me let me own everything I can of your building if you don't want to own it all, because I can't think of a safer real estate investment.

M Mike McCaslin 21:33

It's not the same as a REIT or a speculative investment with this little office building on the corner that somebody that you know, talks you into. Its owner occupied space. And, you know, I may be able to put my surgery center in it, I can put, you know, I can take some risk if I want to create space for other complementary companies that may feel there's a benefit to having a small amount of space in our buildings so I can do some other things where I'm not paying all the rent, but getting 100% of the rent paid to my real estate entity.

M Mike McCaslin 22:03

From the financial model, we'll take them through a fairly substantive list and options up. Okay. Let's start with who's investing. And we've got some senior docs that don't have a long time. So how are we going to handle them? Do we want or need their money? Do we want to give them a chance since they were founders? And if so here's some options for how we can incorporate them.

M Mike McCaslin 22:24

Okay, let's deal with the valuation, let's deal with the entry and exit model. And let's deal with the, you know, methodologies for a standard or adverse event on exit. And we'll go through priority cash flow and document how we're going to handle that. If we sell the building, let's, let's make sure we document how we're gonna allocate so proceeds today, let's not wait until we sell and have an argument. So we cover that.

M Mike McCaslin 22:51

And so we put all these business principles down in kind of just a simple word document outline. And when they agree with that, and I'm not excluding anybody, I'm just saying we need if we don't agree on these things, then there's no sense engaging legal until we agree. And certainly good real estate, legal counsel will have some other things but we try to cover all that and say, Okay, guys, we're ready now to memorialize this, or do we realize, do we have enough time? You know, one thing we always do is ask for how long is your lease run?

T Trisha Talbot 23:21

Right, and hopefully, it's not expiring next month.

M Mike McCaslin 23:24

Exactly. So we want to make it so then we know whether we're in the middle of a fire drill or not, right? Oh my gosh, you guys have 12-18 months and we need 24 months at a minimum. We don't own any land. And you know, all of that. So we'll kind of take them through that process. If they come and say that's what they want to do. I think, you know, we pick up new ideas during every one of these where somebody asks a question or legal asks question and so we deal with all that, but we feel like it's pretty comprehensive to get them to the start line. Right? If I can describe that as a start line, because really, we've kind of handled the stuff where you haven't had to invest in the land yet. But we think we know exactly how it's going to work.

T Trisha Talbot 24:08

Right? Yeah, I usually recommend that they start if they're going to make a decision to go from leasing, to owning, or even leasing to leasing that they and they're a large practice, that they start three years before their lease expiration.

M Mike McCaslin 24:25

I agree with you completely. That's ideal if we can do that, because I'm gonna have probably six months of the stuff I'm talking about revisions, and then I'm going to just going to take time to buy land and at a minimum probably 24 months to build it. So I agree with you completely.

T Trisha Talbot 24:39

And that's if everything goes according to plan, there's no supply chain issues with materials or labor. And the city cooperates fully. You know, all those things.

M Mike McCaslin 24:51

Mike McCaslin 24:51

Yeah. You know, I don't have a political issue. That was someone that controls zoning and doesn't want me in a new building or anything. Yeah, you're right, there's a lot of things. So your three years is a really, really good timeframe.

T Trisha Talbot 25:05

Exactly. So do you have an attorney in your practice as well, a real estate attorney that helps or even know who puts together because agreements?

M Mike McCaslin 25:13

You know, what we do is we try to work with all of our client's attorneys, and we only bring somebody in from the outside, if they really say they want one, they don't have one, because we still think a lot of things are local. So if they've got a local attorney they like, and he or she is with a firm that has some real estate expertise, then we're happy to work with them.

M Mike McCaslin 25:37

You know, they may ask for clippets of a legal document that we've been provided on another project, which, you know, is always a little nervous, but we'll cut out, you know, clip of a document if they're curious about how someone else wrote the language. But we like local first.

T Trisha Talbot 25:54

Yeah, absolutely. So for the practices that are looking for this. This is a wealth of information, and I hope that if a practice is considering, you know, owning their own property that they listened to this, and probably listened to it a couple of times, because you just gave like golden nugget of details that some probably have not thought of.

M Mike McCaslin 26:21

Well, thank you. I mean, I know I talk a little fast too, so they'll have to listen fast. But it's great. You know, what is great is learning from your clients and learning from the past, right? And we always need to figure out, you know, and even today, we don't have every answer, I don't think but we like to think we can get an answer.

M Mike McCaslin 26:40

If a problem comes up that we have not been made aware of. And you know, you get into a health issue that was unexpected. And then you're, you know, trying to say, Okay, guys, we really, I don't know, how you memorialize for health. So let's talk about what's rational for this position, this physicians, family, etc, right. And so you kind of have to have the ability to step back and say, okay, sometimes we got to figure out what's right, even though it may not be memorialized anywhere for unique circumstances. So some of those things come up. But it's good to learn and learn from all the people in the industry that we either work with or run across.

M Mike McCaslin 27:14

Because there's a lot of good ideas, and you know, I'm not against REITs, or whatever, because there's opportunity, there are times when we need those people to help us. Sometimes we have too much real estate maybe, and the doctors feel a little bit like there's too much risk. So let's engage a REIT and sell 51% and put ourselves in a pool. So there are different opportunities out there that, you know, this may sound funny come from me, we can't be so stuck on one solution, we have to be flexible to say, you know, maybe we do need to de leverage ourselves a little bit with all of the real estate that we have.

T Trisha Talbot 27:49

Absolutely. And there's there's REITs out there or even just large real estate investment companies that specialize in healthcare real estate that will do that with doctors. They have a pre tax advantage scenarios for them. I mean, there's a lot of, I just feel that there's so many opportunities, if you own your real estate for you to exit, you just have to decide when you want to exit.

M Mike McCaslin 28:13

I agree completely. And there's lots of different ways. I mean, what I guess I've probably been impressed mostly with the partial exit, and retain even if it's a minority interest, because, again, I'm probably going to end up in a larger pool, which again, has better benefits than just my own pool. And I still have a 49% interest in what I'm doing. But I have maybe that an interest in all these other properties. So I think there are some really creative entities out there that have figured out really good solutions, and some or all or nothing, but a lot of them are not all or nothing. And I think those are really, really interesting options for groups that are struggling with maybe too much real estate in their portfolio, right?

T Trisha Talbot 28:54

Or they want some cash for their medical operation. Like they're gonna invest in there. And they they need to do let you know, get out of some, some get the equity out of their real estate.

M Mike McCaslin 29:07

Well, you know, and you've seen that in the hospital side of the healthcare industry where they used to own a lot of the medical buildings on their campus. And it was kind of like, shouldn't we shouldn't we be investing in operations and not bricks and mortar? And they kind of exited all their real estate, which was, I think, a wise decision. And practices sometimes have that same consideration.

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Trisha Talbot 29:28

Right? Yeah. Well, this was a great conversation. We're going to move into the q&a, but they're very painless questions. So what was your first job?

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Mike McCaslin 29:37

Ever?

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Trisha Talbot 29:38

You can do ever word your first memorable job. It's pretty open ended.

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Mike McCaslin 29:43

Oh my gosh. Well, my first job I was in high school and I just was a janitorial service person in an office building. So just needed to start, you know, pulling some money together.

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Mike McCaslin 29:57

Most memorable job? I had a summer where I was in college working three jobs during the summer, which was interesting because I worked in a grocery store, I worked in a clothing store and I was with this college service that painted street numbers on the curb and then went around and tried to collect donations. I was doing that for three months with those. So that was kind of interesting. But then from there, it was, you know, here at Somerset.

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Mike McCaslin 30:25

So, and I've done, you know, I didn't start in healthcare. My first two years were in the general audit and tax arena. And I quickly learned, those did not excite me. So, as I noted, kind of, that's how I got into healthcare. Yeah, and really focused on the advisory side versus accounting and tax.

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Trisha Talbot 30:45

Well, it sounds very, I mean, it's obviously very, it's math at the back end, which is firm. But there's a lot of creativity going into how to develop that financial model in the back.

Mike McCaslin 30:57

Yeah, you know, it was really interesting, because how do you know what evolved when a doctor couldn't tell me? Well, tell me about your real estate economics on the real estate piece, it's kind of like, really, you don't know what your interest is worth, you don't know what you'll be paid. You don't know if you can afford these buyouts. And that's when we kind of sit down. And really what we figured out too, we get attention on the model, when the doctor sees their name. Right, they see their name on the balance sheet for their valuation of their interest, each year, they see the name on the distribution sheet.

Mike McCaslin 31:32

So we really got they focused on and they came to then want to understand the model, because now they can say, Oh, this is what it means to me. And by putting each doctor as a line item in the models, we realized, that was really the key for them to see the value of their real estate ownership, because they can see it by year. And they can see that they could afford the buyouts for the members based on the valuation setup. So you just you learn those things along the way. And just think, Gosh, I gotta, how do I make them see the value here and understand?

Trisha Talbot 32:07

Right exactly. What or who are you reading or listening to right now for news, information or inspiration?

Mike McCaslin 32:13

Oh, my gosh, my news is probably CNN, just maybe the least politically biased. So I probably listen to them all the time. Not reading, not reading a lot right now. Mostly, it's on healthcare, the future of healthcare payment models. So Marty Macquarie, has a book from John Hopkins a pretty interesting book on all of the wasted costs in health care, which is pretty enlightening.

Mike McCaslin 32:50

And pretty frustrating when you think about there are so many solutions. But when you look at where all the costs are incurred, politics drives the inability to solve healthcare cost problems. So that's probably you know, the two areas if I'm, if I'm listening, it's CNN. And reading would be a book like for Marty on health care.

Trisha Talbot 33:16

What is one thing you do every day for healthy self care?

Mike McCaslin 33:20

Well, I'm a little bit older now, I used to run four days a week and work out four days a week. My wife and I brought two great children home from Guatemala, adopted them when they were each at 10 months of age. And so that killed the gym, I kept running. And as I've gotten older now, I try to walk four days a week, you know, three, four miles at a clip, and then get out and do some baseball stuff with my son. So that's my effort towards health.

T Trisha Talbot 33:51

And how old are your children?

M Mike McCaslin 33:54

They're now my daughter, Audrey is 16. And my son Carson is going to be 15 here in the month of September. So it's been it's been just a great, great thing to have them. My son was the last boy that we got out of Guatemala with the agency we were using. So that was a very, very emotional experience under the fear that we were not going to be able to bring him home. So but yeah, it's been great. I can't say enough good things about it.

T Trisha Talbot 34:29

That's awesome.

T Trisha Talbot 34:30

Do you think leaders are born or trained?

M Mike McCaslin 34:33

Oh, boy, that is a great question. I think there's a lot of natural born leaders, because there's just there's something inate most leaders that is not necessarily book read, right? And so there's a personality, there's a magnetism that exists and I don't think you can get that from a book. Now I think you can learn to become a better leader. By, you know, reading and observing and listening and listening some more. I don't know if I'm giving you a clear answer, but I probably

T Trisha Talbot 35:15

I don't know that it has a clear answer.

M Mike McCaslin 35:17

Yeah, I probably lean more towards I think there's a lot of elements that are born to people versus made.

T

Trisha Talbot 35:25

Very nice. Well, this has just been a wonderful conversation, and I really appreciate your time. And all the information you provided, it was awesome.

M

Mike McCaslin 35:34

Well, I appreciate the opportunity to talk with you and your company, and I'm reading your stuff, every podcast so enjoy that. And so thank you for having me.

T

Trisha Talbot 35:43

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