Clinical Careers Beyond the Academic Medical Center

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Overview

• The Changing Landscape of Medicine
  ▫ Changing Culture
• Employment Opportunities
  ▫ With who?
  ▫ How much? –Income
  ▫ Agreements
  ▫ Restricted Covenants
  ▫ Productivity and Incentives
• Terms and definitions
  ▫ Billing Process (Complexity, Charges, Collections & A/R)
  ▫ RVUs
  ▫ PPAC (Patient Protection and Affordability Care Act): ACO
• Things to consider
Changing Landscape

• 42 percent of the physician workforce is 55 or older.
• 81 percent – physicians feel they are full capacity or overextended.
• 53 percent are hospital or physician group employed.
• Only 17 percent of physicians are in solo practice.
• Over 38 percent of physicians have closed their practices to Medicaid patients.
• 26 percent of physicians participate in an ACO.
• 85% practice employ an EHR.
• 90 percent of new physician employment is hospital, medical group or academic center. (55% in 2004).
Employment Opportunities: With who?

• The distribution of physicians by type of practice in 2014, according to the survey was:
  ▫ Single specialty group: 45.5 percent
  ▫ Multispecialty group: 22.1 percent
  ▫ Solo practice: 18.4 percent
  ▫ Other: 5.7 percent
  ▫ Hospital employee: 5.6 percent
  ▫ Faculty practice plan: 2.7 percent

• 50% physicians practice in state other than where they trained.
### Employment Opportunities: How much?


<table>
<thead>
<tr>
<th>Specialty</th>
<th>National 6 yrs Practicing Average</th>
<th>Median Starting Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiology</td>
<td>$402,000.00</td>
<td>$272,000.00</td>
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<tr>
<td>Critical Care Medicine</td>
<td>$258,750.00</td>
<td>$198,000.00</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>$214,550.00</td>
<td>$165,000.00</td>
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<tr>
<td>Family Medicine</td>
<td>$199,850.00</td>
<td>$138,000.00</td>
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<tr>
<td>Gastroenterology</td>
<td>$398,800.00</td>
<td>$272,000.00</td>
</tr>
<tr>
<td>Hematology &amp; Medical Oncology</td>
<td>$314,800.00</td>
<td>$222,000.00</td>
</tr>
<tr>
<td>Hospitalist</td>
<td>$210,950.00</td>
<td>$165,000.00</td>
</tr>
<tr>
<td>Nephrology</td>
<td>$252,000.00</td>
<td>$180,000.00</td>
</tr>
<tr>
<td>Infectious Disease</td>
<td>$225,000.00</td>
<td>$158,000.00</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>$208,790.00</td>
<td>$145,000.00</td>
</tr>
<tr>
<td>Pulmonary Disease</td>
<td>$298,000.00</td>
<td>$191,500.00</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>$220,500.00</td>
<td>$163,500.00</td>
</tr>
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Employment Agreements

- **Employment Contract (see last reference)**
  - Usually over a specified period of time.
  - State how much clinical time.
  - Geography.
  - Call coverage.
  - Compensation (Base/Incentive/Fringe). RVU
  - Malpractice (Claims made/Occurrence/Tail).
  - Vacation.
  - Terms of Termination.
  - CME.
  - Non Compete Clause (Restricted Covenant).

- **Hospital Guaranty and Relocation Agreements (STARK)**
  - Usually separate from employment, extra incentive to practice in a community. Incentive is for one year, but linked to staying for longer.
Employment Agreements

- **Independent Contractor**
  - Locum tenens (you are the corporation and pay your own taxes, no fringe but higher salary.

- **Partnership**
  - Usually start with employment agreement with a specified term to partnership (2-4yrs average).
  - Buy-in, buy out.
  - Compensation model as partner (equal profit vs percentages).
  - Assess amount of debt/liabilities the group carries including outstanding business litigation.
  - Need to assess the financial operations/viability.
  - Need to be clear on organizational structure.
Employment Agreements: Restricted Covenants

• Restricted Covenant or Non-compete Clause
  ▫ Typically for a duration of 1-2 years,
  ▫ Usually limited to 5 to 10 mile radius around any office or hospital in which the group practices. Have seen as much as 20 miles, important to know how many offices this covers.
  ▫ Should be limited to specialty, not medicine in general.
  ▫ Enforceable, expected but possibly (unlikely) negotiable.
Employment Agreements: Productivity and Incentives

• Some agreements can offer a base salary, all or some of the salary based on productivity and some incentive for exceeding expectations as well.
• Usually tied to productivity index:
  ▫ RVU,
  ▫ Charges,
  ▫ Collections (gross or net).
• Quality metrics:
  ▫ Utilization rates,
  ▫ Disease specific metrics,
  ▫ Patient satisfaction (Press-Ganey).
Terms and definitions: Billing Process

- Physician legal responsibility to understand charge entry and diagnosis coding (ICD-10)
- Charges are determined by a master charge register:
  - Example: Level 4 Consult is $400
- Collections are how much is actually paid
  - Example: Medicare pays $170 for Level 4 Consult
- A/R (Accounts Receivable) refers to how much of your charges have yet to be collected and needs to be diligently worked (typically collect 35-40% of the outstanding amount)
Terms and definitions: RVUs

- Relative value unit (RVU), a comparable service measure used by hospitals to permit comparison of the amounts of resources required to perform various services within a single department or between departments. It is determined by assigning weight to such factors as personnel time, level of skill, and sophistication of equipment required to render patient services. RVUs are a common method of physician bonus plans based partially on productivity.

- Determined by CMS (Congressional Medical Service) and take into consideration cost of service, time and expertise
Terms and definitions: RVUs

- The work RVUs for evaluation and management of an established patient in the office (follow-up visit) are:
  - Level 1 visit 0.17
  - Level 2 visit 0.45
  - Level 3 visit 0.67
  - Level 4 visit 1.10
  - Level 5 visit 1.70
- By comparison a nuclear stress test is 14.11 RVU and typical R/L HC is 13.03 RVU
- The median RVU for some specialties
  - Internal Medicine: 4700 RVU
  - Cardiology: 7150 RVU
  - Gastroenterology: 7947 RVU
  - Heme-Onc: 4630 RVU
Terms and definitions: PPACA/ACO

• Changed Healthcare by:
  ▫ Accelerating the merger of healthcare systems
  ▫ Laid the groundwork to change from Fee for Service to Value Based Purchasing
  ▫ Created HospitalCompare.com and PhysicianCompare.com
  ▫ Created the groundwork for the ACO based on the results of the Pinnacle Incentive Program
  ▫ ACO: Accountable Care Organization
    • Share incentive between large organizations and CMS to coordinate care, ensure quality care and reduce cost
Things to consider:

• No matter where you work or who you work for, a successful physician is defined by the 3A’s:
  ▫ Ability (Expertise)
  ▫ Affability (Compassion and Empathy)
  ▫ Availability (Accessibility)

• Never forget you are a professional and more than an employee.
Resources

- **A SURVEY OF AMERICA’S PHYSICIANS: PRACTICE PATTERNS AND PERSPECTIVES-2014**

- **2012 Review of Physician Recruiting Incentives An Overview of the Salaries, Bonuses, and Other Incentives Customarily Used to Recruit Physicians-Merritt Hawkins 2012**

- **Physician Employment Contracts American College of Physicians 2009**

- **2012 Physician Specialty Data Book Center for Workforce Studies AAMC**
  - [https://www.aamc.org/download/313228/data/2012physicianspecialtydatabook.pdf](https://www.aamc.org/download/313228/data/2012physicianspecialtydatabook.pdf)

- **Advance Data of Physician practices 2007 CDC**

- **The Physician’s First Employment Contract A Guide to Understanding and Negotiating a Physician Employment Contract ... From the Employee Physician’s Perspective**

- **FPMP-Physician-Employment-Agreement.**
  - [ahc.buffalo.edu/docs/FPMP-Physician-Employment-Agreement.pdf](ahc.buffalo.edu/docs/FPMP-Physician-Employment-Agreement.pdf)