PHYSICIAN PAIN SCALE 2015*

ON A SCALE FROM DERMATOLOGY TO INTERNAL MEDICINE, HOW DO YOU RATE YOUR PAIN?

*DATA COMPiled FROM THE MEDSCAPE PHYSICIAN COMPENSATION REPORT 2015, "OVERALL CAREER SATISFACTION."
OVERVIEW

**Employment:**
- Stats, Characteristics
- Salaries

**Agreements**
- Components
- Restricted Covenant

**Billing Process**
- Complexity, Charges, Collections & A/R
- RVU
EMPLOYMENT STATS

42% of the physician workforce is 55 or older.

82% of physicians feel they are full capacity or overextended.

58% are hospital or physician group employed. (44% - 2012).

33% of physicians are owners or partners. (49% - 2012).

17% of physicians above are in solo practice. (25% - 2012)

31% of physicians are in a group of 30+ physicians.

87% practice employ an EHR.

90% of new physician employment is hospital, medical group or academic center. (55% in 2004).
<table>
<thead>
<tr>
<th>Specialty</th>
<th>Practicing Average 6 years</th>
<th>Median Starting Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiology</td>
<td>$402,000.00</td>
<td>$272,000.00</td>
</tr>
<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>
</tr>
<tr>
<td>Family Medicine</td>
<td>$199,850.00</td>
<td>$138,000.00</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>$398,800.00</td>
<td>$272,000.00</td>
</tr>
<tr>
<td>Hematology &amp; 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>
</tbody>
</table>
EMPLOYMENT AGREEMENTS

Typical Employment Contract

- Usually over a specified period of time.
- State how much clinical time. (Percent clinical/nonclinical).
- Geography. (how many offices/hospitals).
- Call coverage.
- Compensation (Base Salary/Incentive Pay/Fringe).
- Malpractice (Claims made (Usual)/Occurrence (Best)/Tail).
- Vacation.
- Terms of Termination (With and Without Cause, Cure).
- CME.
- Non Compete Clause (Restricted Covenant).

Hospital Guaranty and Relocation Agreements

- Usually separate from employment, extra incentive to practice in a community. Incentive is for one year, but linked to staying for longer.
EMPLOYMENT AGREEMENTS

Fringe:
- 95% had relocation allowance (average $10,000).
- 77% contracts offered a signing bonus (average $27,000).
- 97% contracts offer CME (average $3600).
- 99% cover malpractice, health insurance and retirement.

Compensation
- 58% of physicians have compensation tied to RVU.
- 22% of physicians have compensation tied to Net Collections.
- 8% of physicians have compensation tied to Gross billings.
- Percent of physicians who have compensation tied to value/quality: (usually 10% or less): (30% or more):
  - 50% for owner
  - 53% for employed
  - 16% for owner
  - 12% for employee
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: PRODUCTIVITY AND INCENTIVES

Base salary

Productivity index: (a percentage or all of base salary)
- RVU productivity
- Charges submitted
- Collections received (gross or net)

Quality metrics: (a percentage of base salary)
- Utilization rates (procedure rates)
- Disease specific metrics (eye and foot exams, vaccination rates)
- Patient satisfaction (Press-Ganey)

Incentive:
- Bonus based on clearly defined goals of revenue, productivity or quality.
EMPLOYMENT AGREEMENTS:

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.
BILLING PROCESS

Physician legal responsibility to understand charge entry and diagnosis coding (ICD-10).

• Great degree of specificity required including temporal and spatial.
• Attention to disease complexity in using HCC designation.
• Need to become familiar with the various levels of coding and their requirements.

Charges versus Revenue and the RVU

• Charges are determined by a master charge register for group/institution:
• Example: Level 4 Consult is charged as $400 but Medicare pays $170 for Level 4 Consult and $75 for level 4 follow up.
• Charges are not Revenue.
BILLING PROCESS

Collections

• Monies actually collected.
• Depends on accuracy of billing, compliance with appropriate use and diagnostic codes.
• Depending on payer mix can be as high as 45% charges or low as 30%.

A/R (Accounts Receivable)

• Refers to how much of your charges have yet to be collected (typically collect 35-40% of the outstanding amount).
• Highly dependent on strength of EHR/ Practice management Software and STAFF.
Relative value unit (RVU) is 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 as determined by CMS.

It is determined by assigning weight to such factors as:

- personnel time
- level of skill
- sophistication of equipment required to render patient services.
- Regional costs.
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

Procedural RVU:

- Nuclear stress is 14.11
- R/L H Cath is 13.03
- Endoscopy is 10.27
- Colonoscopy is 13.13
- Bronchoscopy is 9.45

The median RVU for some specialties:

- Internal Medicine: 4700 RVU
- Cardiology: 7150 RVU
- Gastroenterology: 7947 RVU
- Heme-Onc: 4630 RVU
WOW!!
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PPACA/ACO

PPACA

- 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.
MACRA/BUNDLING

MACRA (Medicare and CHIP Reauthorization Act)

- Replaced the defunct SGR with 2 Quality Payment Programs: MIPS and APM.
- Consolidates PQRS (Physician Quality Reporting System), Value Based Payment Modifier, and Meaningful Use.
- Starts reporting in 2017, with penalty (-4%) to incentive (+4%) in 2019.
- If you fail to comply with existing plans subject to 9% reduction in Medicare money.

Bundled Payment Program (APM)

- Government bundles payment for entire spectrum of care for a disease episode (completed for hip and knee replacement) was to begin for CHF, AMI.
THINGS TO CONSIDER:

A successful physician is defined by:

- Ability (Expertise)
- Affability (Compassion and Empathy)
- Availability (Accessibility)
**THINGS TO CONSIDER:**

<table>
<thead>
<tr>
<th>Know thyself</th>
<th>Priorities regarding Geography, Salary, Quality of life.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture, Culture, Culture.</td>
<td>Talk to other doctors, staff and management.</td>
</tr>
<tr>
<td>See yourself in 2 years</td>
<td>Are you growing, learning, being challenged?</td>
</tr>
<tr>
<td>See yourself in 5 years</td>
<td>Are you still learning, having fun?</td>
</tr>
<tr>
<td>See yourself in 10 years</td>
<td>Are you pursuing leadership opportunities?</td>
</tr>
<tr>
<td>Have an open mind regarding what is offered.</td>
<td>Imagine unrealized opportunities, are they within reach?</td>
</tr>
<tr>
<td>Seek expert counsel if you feel you need it.</td>
<td>Expensive but worth a sense of security.</td>
</tr>
</tbody>
</table>
RESOURCES

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


- Physician Employment Contracts American College of Physicians 2017

- 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
RESOURCES

- MH_Recruiting_Incentives_2016.pdf
- Biennial_Physician_Survey_2016.pdf
- FPMP-Physician-Employment-Agreement.
  - [ahc.buffalo.edu/docs/FPMP-Physician-Employment-Agreement.pdf](ahc.buffalo.edu/docs/FPMP-Physician-Employment-Agreement.pdf)