

KEYS IN HOSPITAL EMPLOYMENT NEGOTIATION

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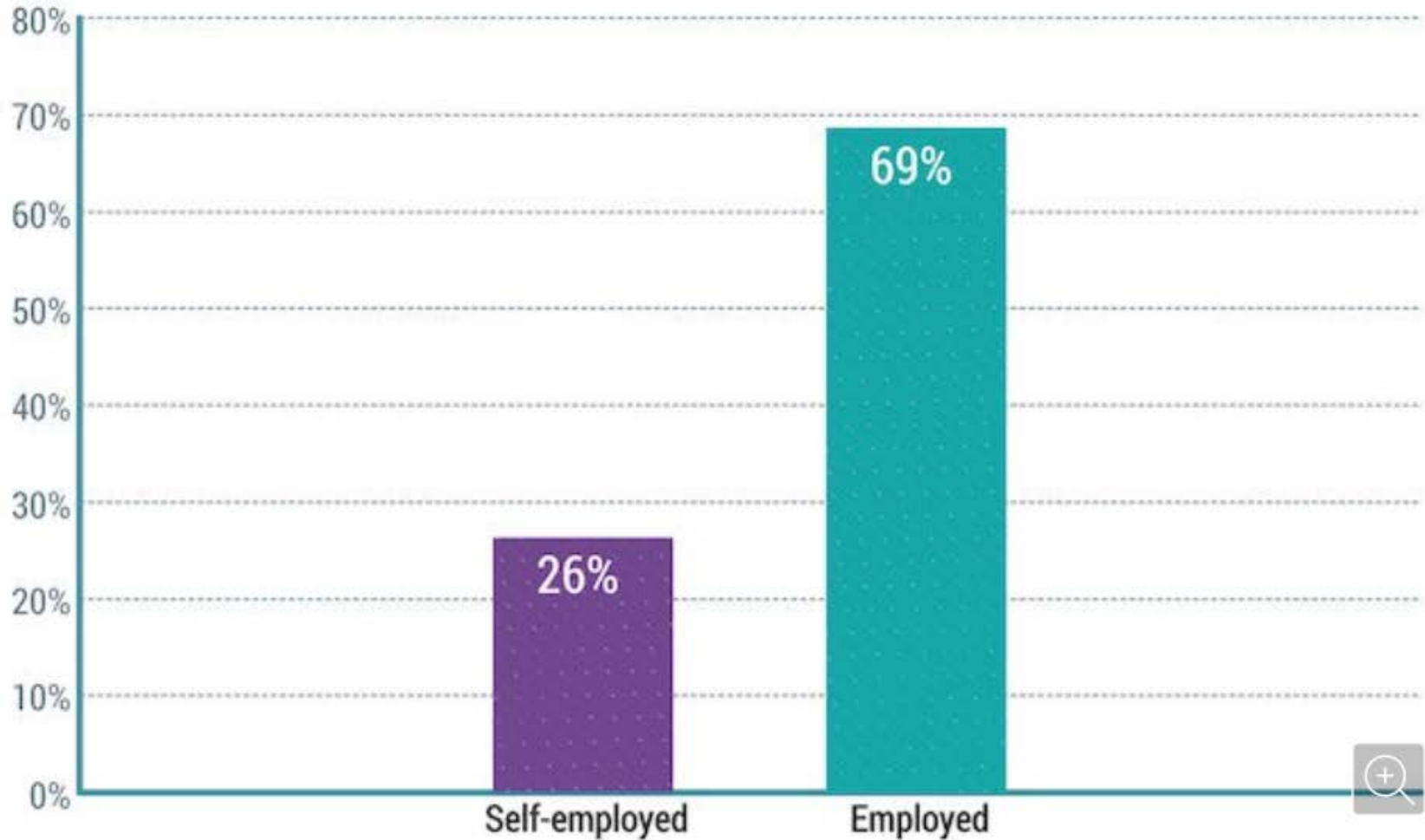
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DISCLOSURE

- **Consultant : Depuy / Corin**
- **Royalties:**
 - **Depuy / Wolters Kluwer**
- **Laboratory Research Support**
 - **Depuy**
 - **Porter Adventist Hospital**
- **Ownership Interest: Joint Vue**

2018 MEDSCAPE DATA

Employed vs Self-employed Physicians



EMPLOYMENT: REPORTED ADVANTAGES

- **Less Hassles With Running A Practice**
 - Insurance Contracts / Collections
- **More Predictable Income Security**
- **More Predictable Working Hours**
- **Less Exposure To Increasing
Governmental Regulations**
- **Gain Efficiencies Of A Large System**
 - Better IT, Billing Systems, Etc

EMPLOYMENT: SUMMARY

➔ MANY POTENTIAL ADVANTAGES

*DEPENDS WHO YOU GET
IN BED WITH !!

*NEGOTIATE EVERYTHING
UP FRONT !!

EMPLOYMENT MODELS

➤ Various Employment Models

- **RVU Based**
 - Flat Rate
 - Floating With Incentives Based On RVU Production
- **Salary Based**
- **Combination Of Salary + RVU Productivity**

MEDSCAPE 2016

- **73%: > 50% Of Compensation Based On Productivity + Some Type Of Incentive Formula**
- **16.42%: All Compensation Based On Physician Productivity**
- **8.18%: Predetermined Salary**

EMPLOYMENT: THE GOOD

- Multiple Additional Vehicles To Enhance Bottom Line Income:
 - Hospital Assumes Overhead Obligations
 - Billing & Collection
 - Human Resource Management
 - Facility Maintenance & Expense
 - **If The Xray Tube Blows . . .**
 - Hospital Can Provide Marketing Funds To Promote Individual EMPLOYED Physicians
 - Marketing → ↑ Patient Volume → ↑ Physician \$\$\$

EMPLOYMENT: THE GOOD

- Private Practice Income Is Typically Based On Collections Whereas Employment Model Income Is Usually Based On Productivity
 - Collections: Poor Payor Mix → ↓ \$\$\$
 - Productivity: Unaffected By Payor Mix
 - “ALL INSURANCES ARE CREATED EQUAL”
- Some Predict Physician Owned Ancillaries Are Legislative Targets

EMPLOYMENT: THE GOOD

- Other Potential Income Producers
 - Outpatient Surgical Center Ownership
 - Joint Venture With Hospital
 - Management Services Agreement
 - Co-Management Agreement
 - Signing Bonus
 - Retention Bonus If Contact Extended

EMPLOYMENT: THE GOOD

- Other Potential Income Producers
 - Stipends For:
 - Continuing Medical Education
 - Travel Expenses For CME / Lectures
 - Scholarly Journal Articles Produced
 - Research Support
 - Journal Subscriptions
 - Moving Expenses / License Fees
 - Association Dues

EMPLOYMENT: THE GOOD

- Other Potential Income Producers
 - Noncompete Clause Bonus
 - New Partner Income Protection
 - New Partner Can Result In ↓ Income For Existing Physicians
 - ✓ Smaller Piece Of New Patient Volume
 - ✓ Income Guarantee Until New Partner Economically Productive
 - Income For Supervision Of Mid-Levels

EMPLOYMENT: THE GOOD

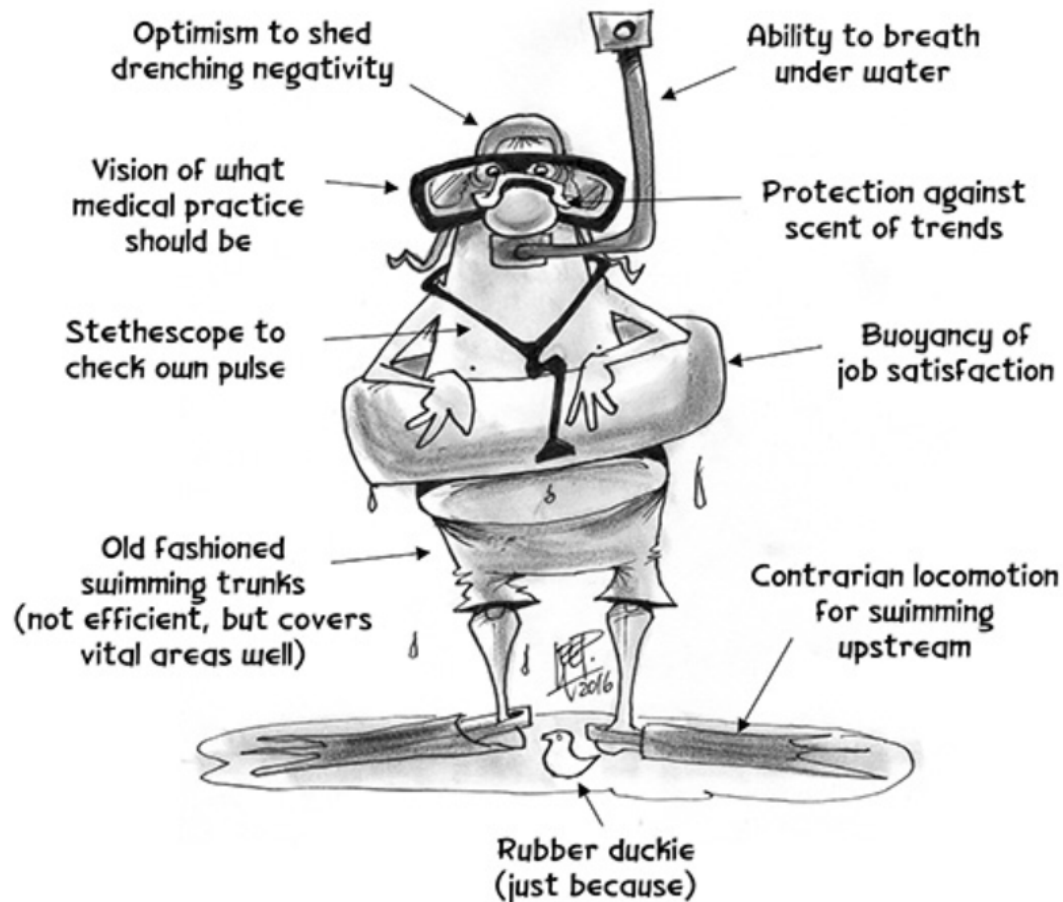
- **Most Predict ↓ Reimbursements To Private Practice MDs Will Continue**
- **Being Employed May Provide Some Protection From Lowered Income**
 - **Hospital Can Weather Reductions Better Due To Ancillary Income Produced By Employed Physicians**

WHAT MAY BE POSSIBLE

- Highly Dependent On Negotiating Leverage Of The Physicians
 - High Surgical Volume
 - Particularly If Group Dominates Hospital's Surgical Volume
 - Bringing Practice To A New Hospital
 - Demonstrated High Skill Levels With ↓ Complication Rates & Subsequent Cost
- They Like Us. We Still Admit Patients !!

SURVIVING HOSPITAL EMPLOYMENT

Tsunami Survivor



EMPLOYMENT: THE BAD & UGLY

➤ Loss Of Control Of Personnel

- Potential Inability To Hire & Fire

➤ Loss Of Autonomy In Patient Care

- Economic Pressures

➤ “Lots” Of Rules

- 2016 Medscape Survey:

- 42% Of Employed MDs Disagreed With Hospital Regarding Patient Care Issues

- 57% Disagreed About Workplace Policies

➤ **REMEMBER:** It's Who You Get In Bed With

EMPLOYMENT: THE BAD & UGLY

- **Dealing With A Large Bureaucracy**
 - Multiple Levels Of Management To Deal With
 - Difficult To Affect Policy Change
 - Some Hospital Systems Have Multiple Groups Employed & A Single Set Of Rules For All Practices
 - Needs Of Individual Practices Often Differ
- **REMEMBER:** It's Who You Get In Bed With

EMPLOYMENT: THE BAD & UGLY

- **Earning Less Than In Private Practice**
- **2017 Medscape MD Compensation Survey**
 - **Employed PCPs Earn 9% Less**
 - **Employed Specialist Earn 22% Less**
- **Work Requirements That Restrict Freedom**
 - **Hours Per Week / Weeks Per Year**
- **Potential Loss Of Leverage After You Sign**

“BEWARES” OF CONTRACT NEGOTIATIONS

➤ Fair Market Analyses

- Is It Really Fair ??**
- Typically Paid For By The Hospital**
- Numerous Companies Available**
- Considering Hiring Your Own If Values Provided Are In Question**

➤ Freedom Of Pension Plan Management

“BEWARES” OF CONTRACT NEGOTIATIONS

- **Unrealistic Incentive Bonus Levels**
 - **Medscape 2016**
 - **44% Unsatisfied With Productivity Targets**
 - **Targets Can Be Based In Measures Other Than Just Physician Economic Productivity**
 - **Patient Satisfaction Levels**
 - **Complication & Readmission Rates**
- **Are Bonuses Based On Individual, Group Or System-Wide Performance ??**

“BEWARES” OF CONTRACT NEGOTIATIONS

- ➔ Clearly Determine Amount Of Administrative / Committee Meeting Time Requirements**
 - If Excessive, It Can Lead To Reduced Direct Patient Care Time
→ ↓ RVU Production → Less Physician Income**

“BEWARES” OF CONTRACT NEGOTIATIONS

- Consider Penalty Clauses If Hospital Is Not Providing Negotiated Services**
 - Office Personnel Management**
 - Lack Of Adequate #s Of Personnel**
 - Safe Functional Facility**
 - Sterilization Issues → Shutdown**
 - Delays In Building Promised Facilities**

“BEWARES” OF CONTRACT NEGOTIATIONS

- Need To Take Care Of Any Employees You Are Bringing From Private Practice To The New Employment Model**
 - Salaries**
 - Benefit Package**
 - Health Insurance**
 - Life Insurance**
 - Vacation Days**

“BEWARES” OF CONTRACT NEGOTIATIONS

- ➔ Carefully Analyze / Negotiate The Exit Clauses If Things Go Poorly**
- ➔ Non-Compete Clause If You Leave**
 - How Long ??**
 - How Far ??**
 - 10 Miles**
 - 19 Counties**

“BEWARES” OF CONTRACT NEGOTIATIONS

- Beware Of **Non-Solicitation** Clauses
 - Can Prevent Access To Your Patient Medical Records If You Leave
- Research Database Goes With You
 - Group Name Goes With You
 - **Colorado Joint Replacement**

“BEWARES” OF CONTRACT NEGOTIATIONS

- New Partner Income Guarantees**
 - Need A Good Economic Package To Attract Future Partners**
- Really Get To Know The CEO**
 - Poor Leader Limits Practice Success**
- Must Create A Contract That Is Win – Win For Hospital & Physicians**

“BEWARES” OF CONTRACT NEGOTIATIONS

- Ability To Add Ancillary Health Personnel**
 - Nurses**
 - Nurse Practitioners**
 - Physician Assistants**
- Can Increase Patient Volume & Subsequent Physician Income**

“BEWARES” OF CONTRACT NEGOTIATIONS

- **Ability To Keep Your Current Staff & Facility ??**
 - **Very Painful To See Long Term, Loyal Employees Let Go**
 - **New Facility In New Location**
 - **Will Your Patients Follow You To New Practice ?**
- **Will Retained Employee Benefits Be As Good ??**
- **Do You Get To Retain Income Generated From Your Intellectual Property**
 - **Pre-Existing / Future**

“BEWARES” OF CONTRACT NEGOTIATIONS

➤ Must Carefully Evaluate The Benefits Package

- Health / Disability / Life Insurance**
- Malpractice Insurance**
 - Tail Coverage If You Leave**
- Retirement Plan Benefits**
- Consumer Discounts (Phone, Etc)**
- Vacation Limits**

“BEWARES” OF CONTRACT NEGOTIATIONS

- ➔ Reports Of Hospitals Losing Money On Employed Physicians**
 - Partly True If One Only Compares Physician Collections Vs Paid Physician Income**
 - Doesn't Consider Physician Generated Ancillary Revenue For The Hospital**
 - Lab Tests / Radiology**
 - Referrals To Other Physicians In The Hospital System**

SUMMARY

- Percentage Of Employed Physicians In The US Is Increasing
- Satisfaction With Employment Is Variable
- Many Factors To Consider
- High Patient Volume & Subsequent Income Generation Enhances Physician Negotiating Leverage
- **DEPENDS WHO YOU GET IN BED WITH !!**

**THANK
YOU**

