

# Physician Employment

## Current Compensation Trends and Considerations for Establishing FMV

*Presented By*

**Jim Carr, ASA, MBA | Partner**

**Becker's Hospital Review 6<sup>th</sup> Annual Meeting**

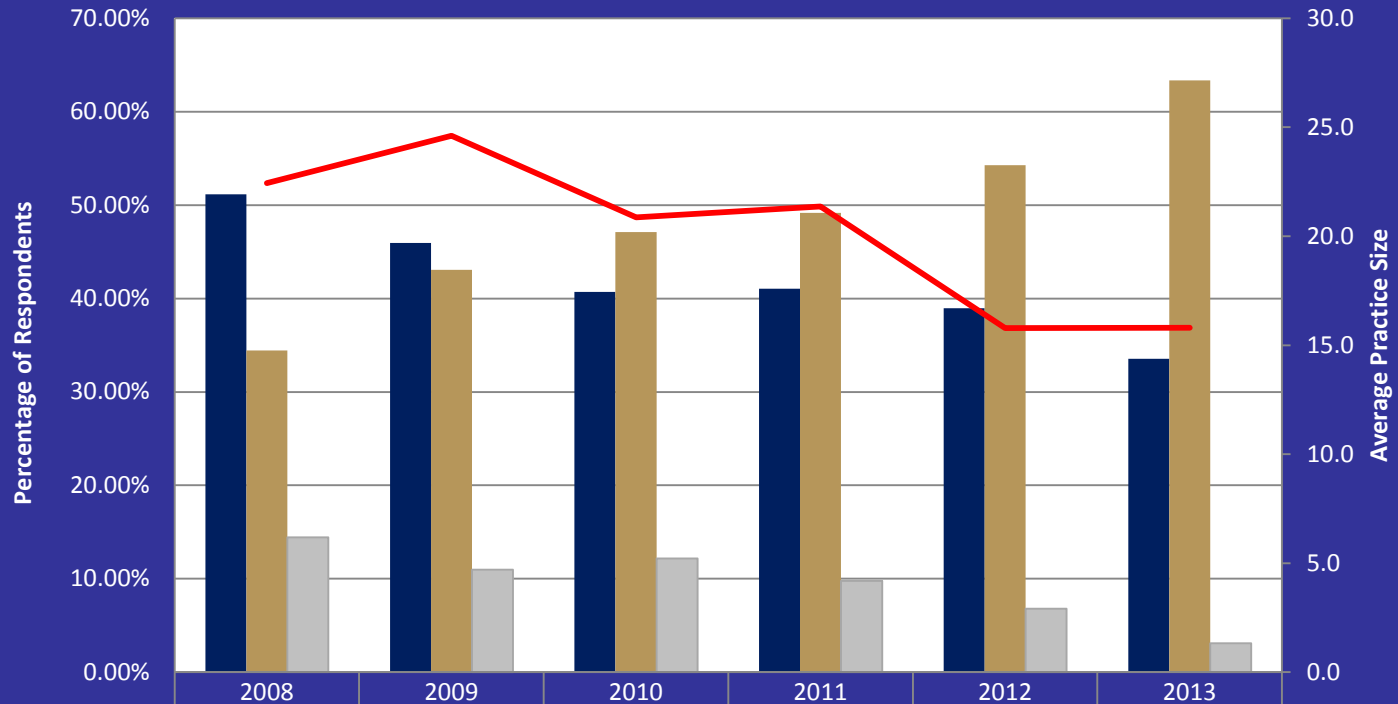
**May 8, 2015**

# Physician Employment Landscape

- Massive wave of private practice physicians moving into hospital-affiliated practices over the past five to six years
- Some of the reported drivers of this trend include:
  - Reimbursement cuts
  - Lifestyle/focus on medicine
  - Hospital-physician alignment and formation of ACOs
  - Fear
- Trend has resulted in significant changes in physician comp models
- Appraisers continue to refine methods to establish FMV in light of these changes

# Private Practice Exodus

## MGMA Respondent Base

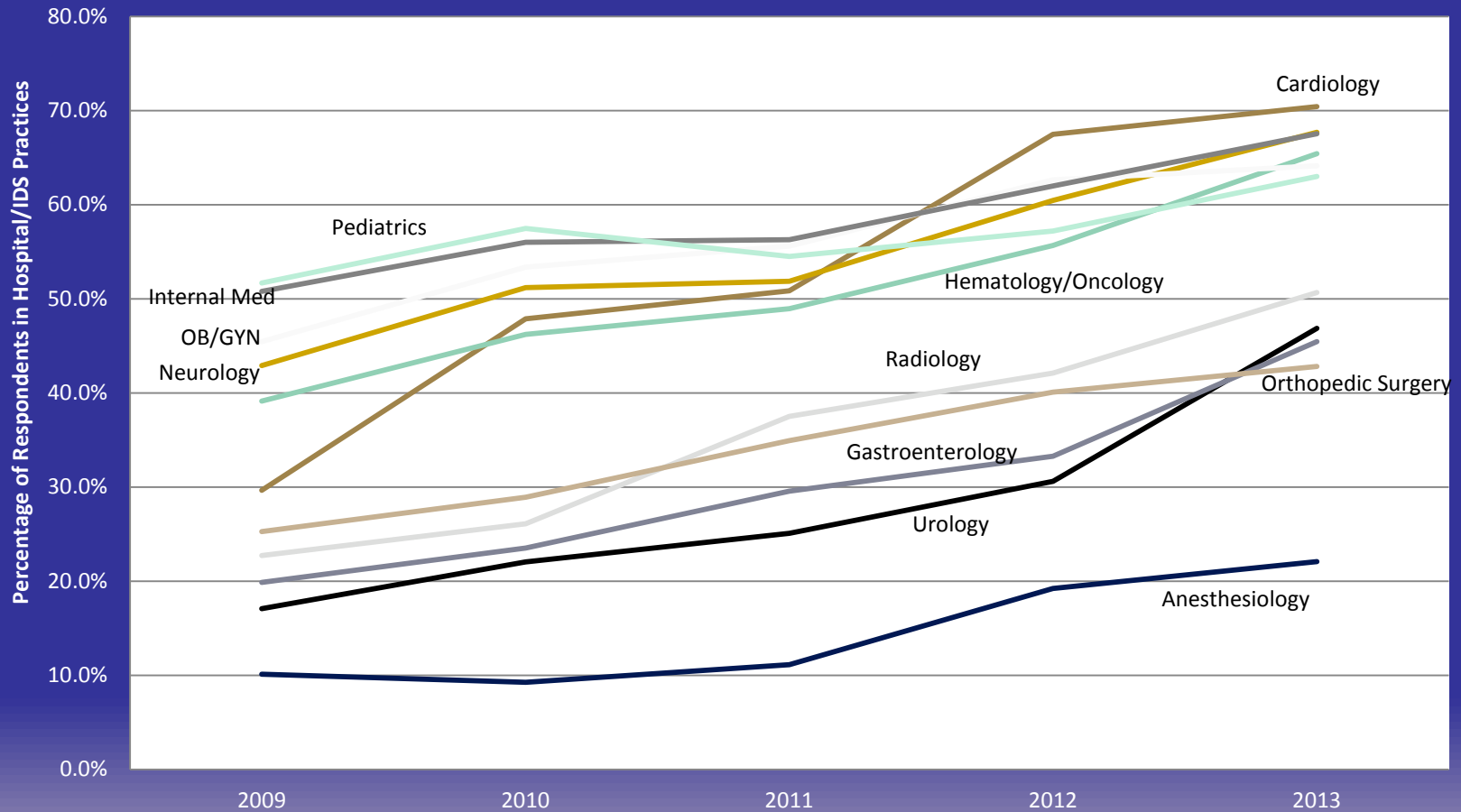


All data presented extracted from MGMA's *Physician Compensation and Production Survey*

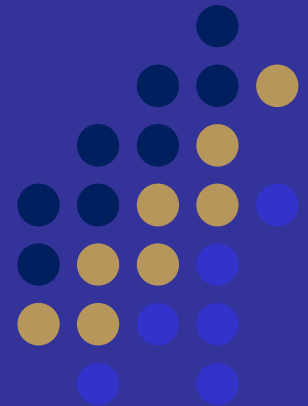
Physicians	51.14%	45.96%	40.70%	41.05%	38.96%	33.54%
Hospital/IDS	34.42%	43.06%	47.11%	49.17%	54.26%	63.36%
Other	14.44%	10.98%	12.19%	9.78%	6.78%	3.10%
Average MDs/Practice	22.4	24.6	20.9	21.4	15.8	15.8

# Private Practice Exodus

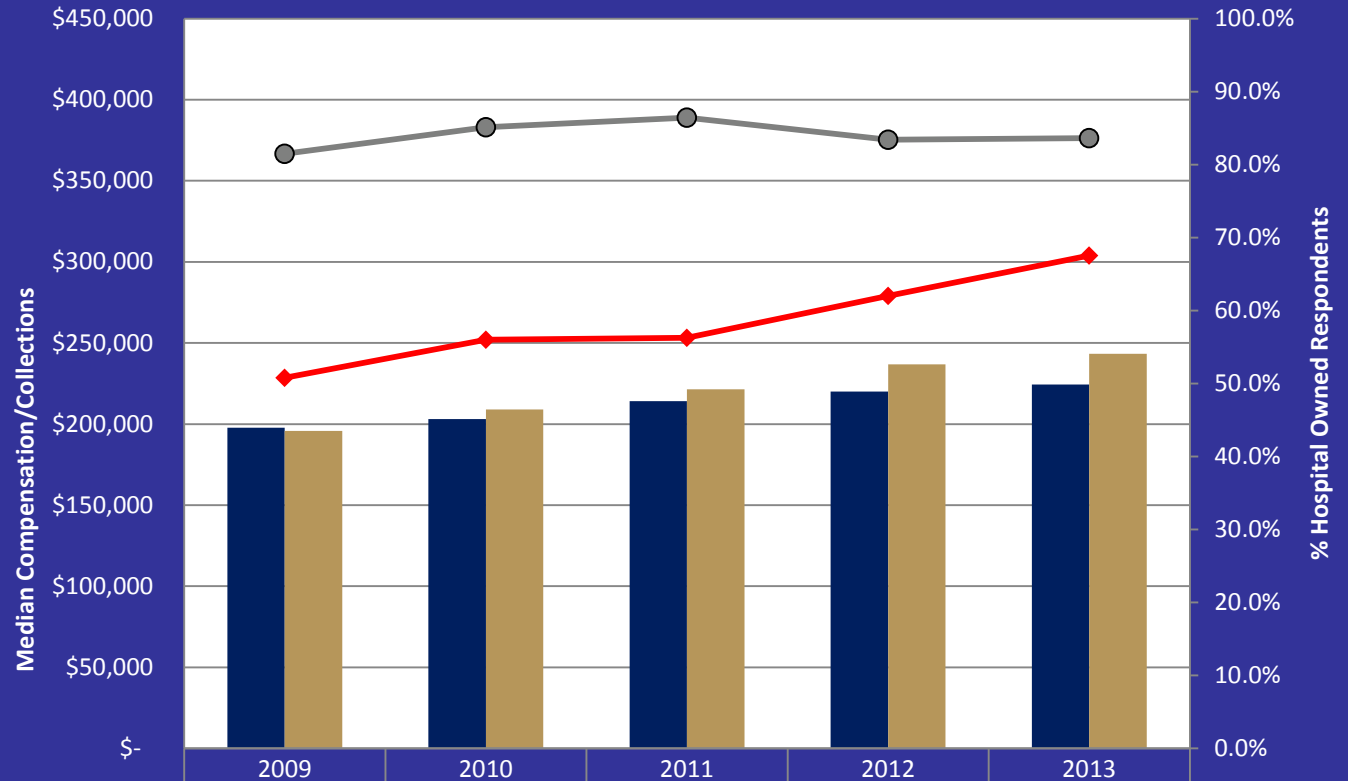
## Shifts in Major Specialties



# What's Hot?

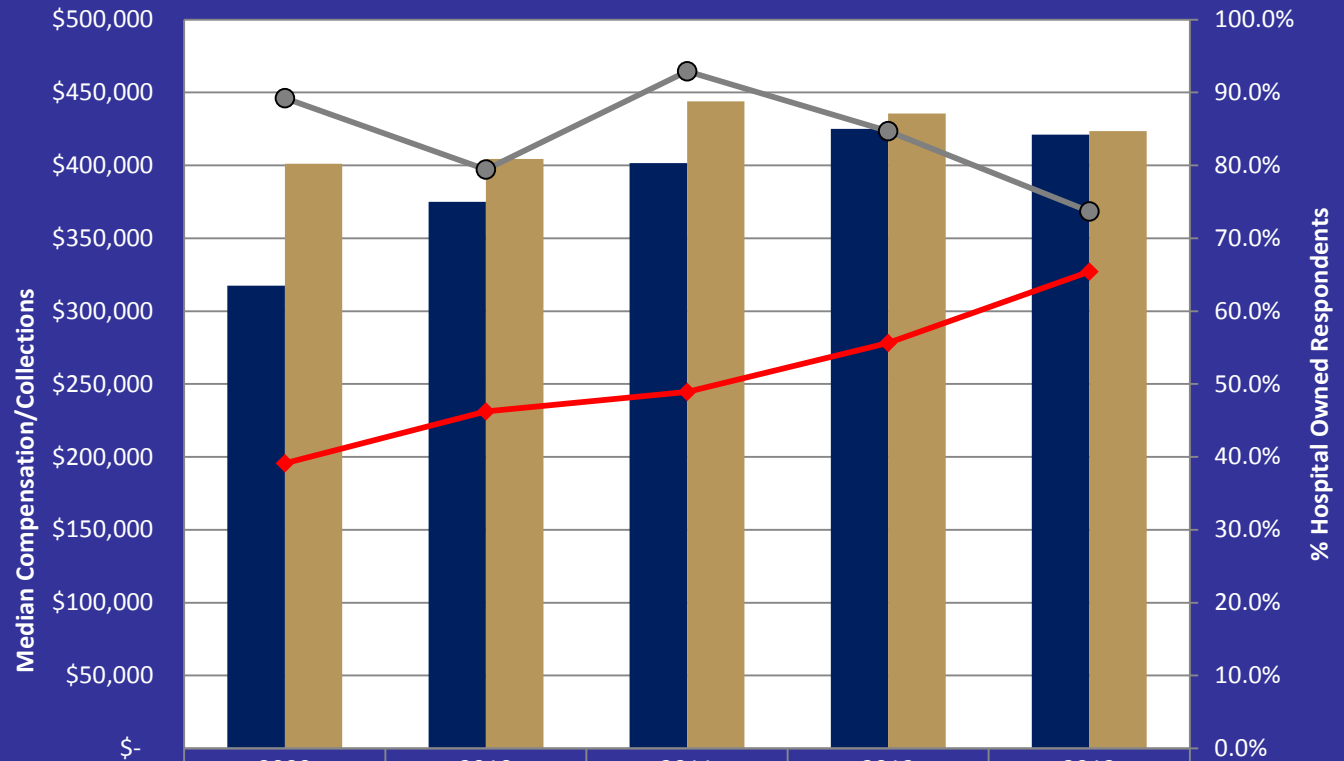


# Internal Medicine



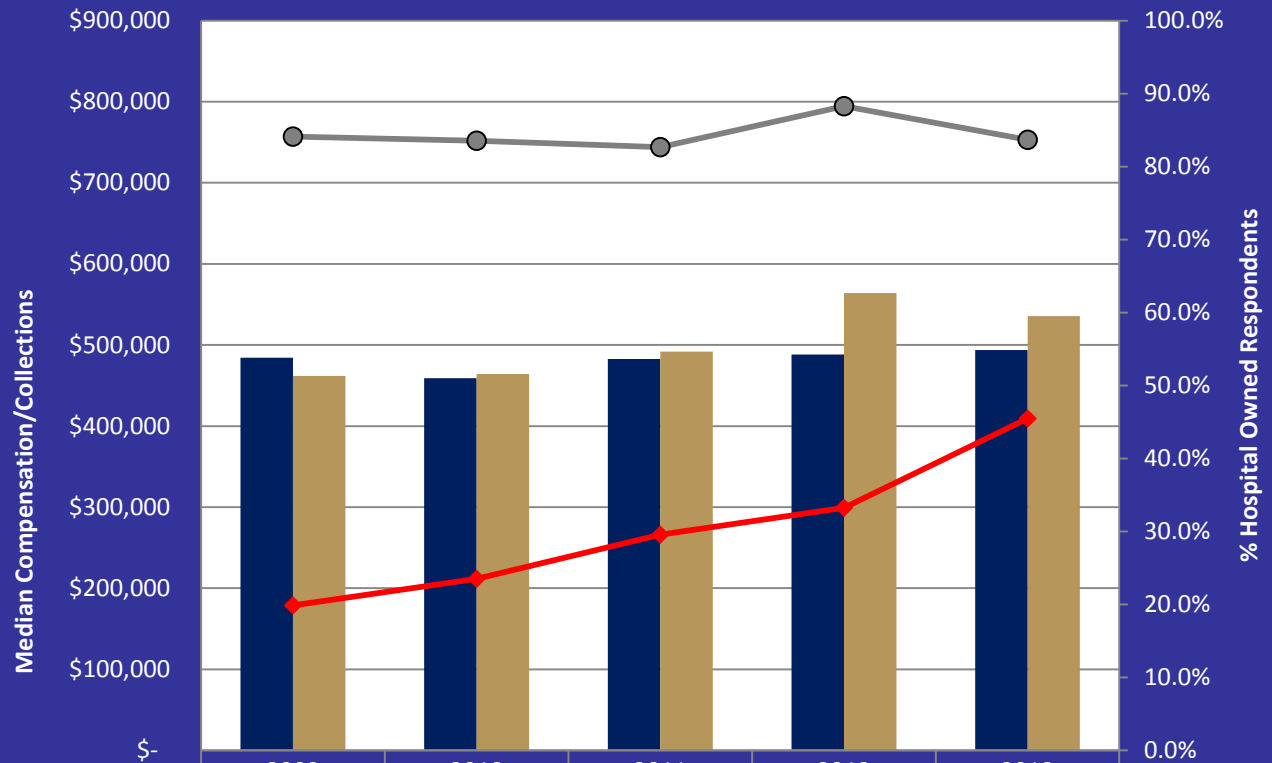
■ Median Comp - Hospital Practices	\$197,756	\$203,044	\$214,185	\$220,000	\$224,317
■ Median Comp - Non-hospital Practices	\$195,883	\$209,039	\$221,512	\$236,828	\$243,365
○ Median Prof Collections/FTE	\$366,622	\$383,082	\$389,019	\$375,355	\$376,266
◆ Hospital Owned Respondent %	50.8%	56.0%	56.3%	62.0%	67.5%

# Medical Oncology



■ Median Comp - Hospital Practices	\$317,543	\$375,000	\$401,508	\$425,006	\$421,093
■ Median Comp - Non-hospital Practices	\$401,125	\$404,412	\$443,996	\$435,495	\$423,515
○ Median Prof Collections/FTE	\$446,050	\$397,196	\$464,481	\$423,448	\$368,395
◆ Hospital Owned Respondent %	39.1%	46.2%	48.9%	55.7%	65.4%

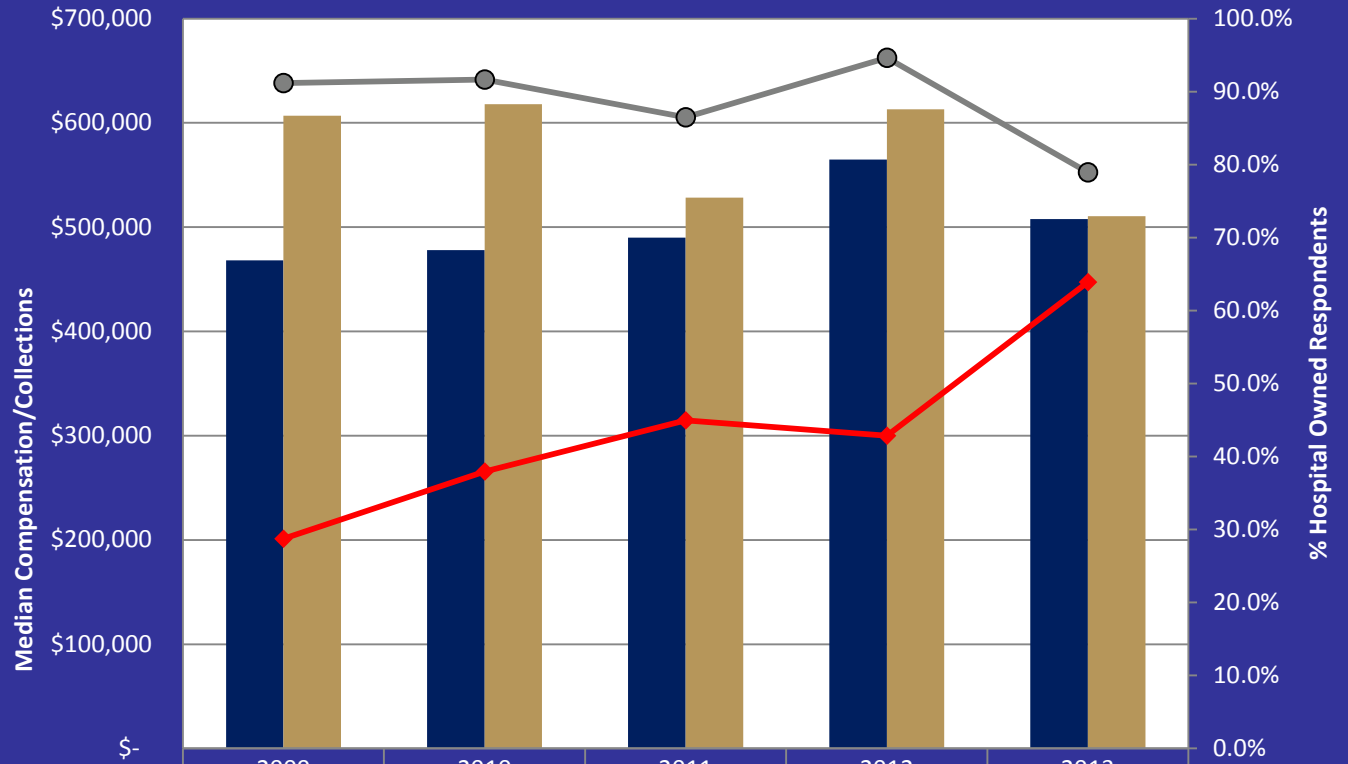
# Gastroenterology



	2009	2010	2011	2012	2013
Median Comp - Hospital Practices	\$484,275	\$459,150	\$482,589	\$488,200	\$493,729
Median Comp - Non-hospital Practices	\$461,640	\$464,221	\$491,974	\$564,169	\$535,498
Median Prof Collections/FTE	\$756,996	\$751,911	\$743,763	\$794,313	\$752,979
Hospital Owned Respondent %	19.9%	23.5%	29.6%	33.3%	45.5%

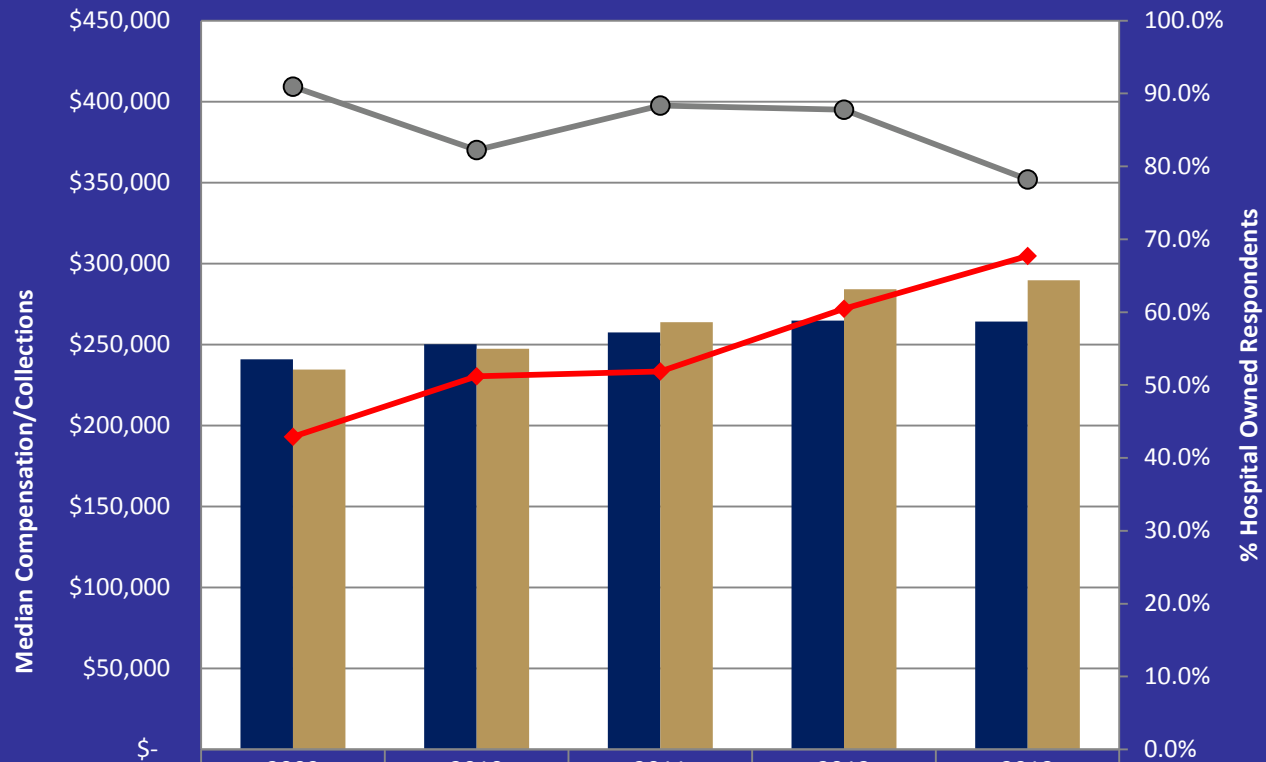


# Radiation Oncology



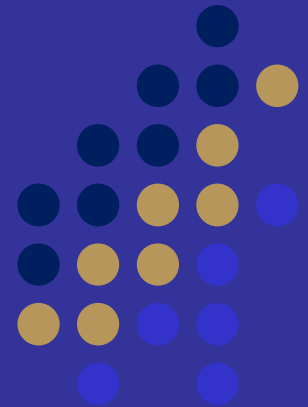
■ Median Comp - Hospital Practices	\$468,008	\$477,807	\$489,831	\$564,939	\$507,600
■ Median Comp - Non-hospital Practices	\$607,000	\$618,000	\$528,143	\$612,972	\$510,373
○ Median Prof Collections/FTE	\$638,286	\$641,559	\$605,359	\$662,304	\$552,439
◆ Hospital Owned Respondent %	28.7%	37.9%	44.9%	42.9%	63.9%

# Neurology

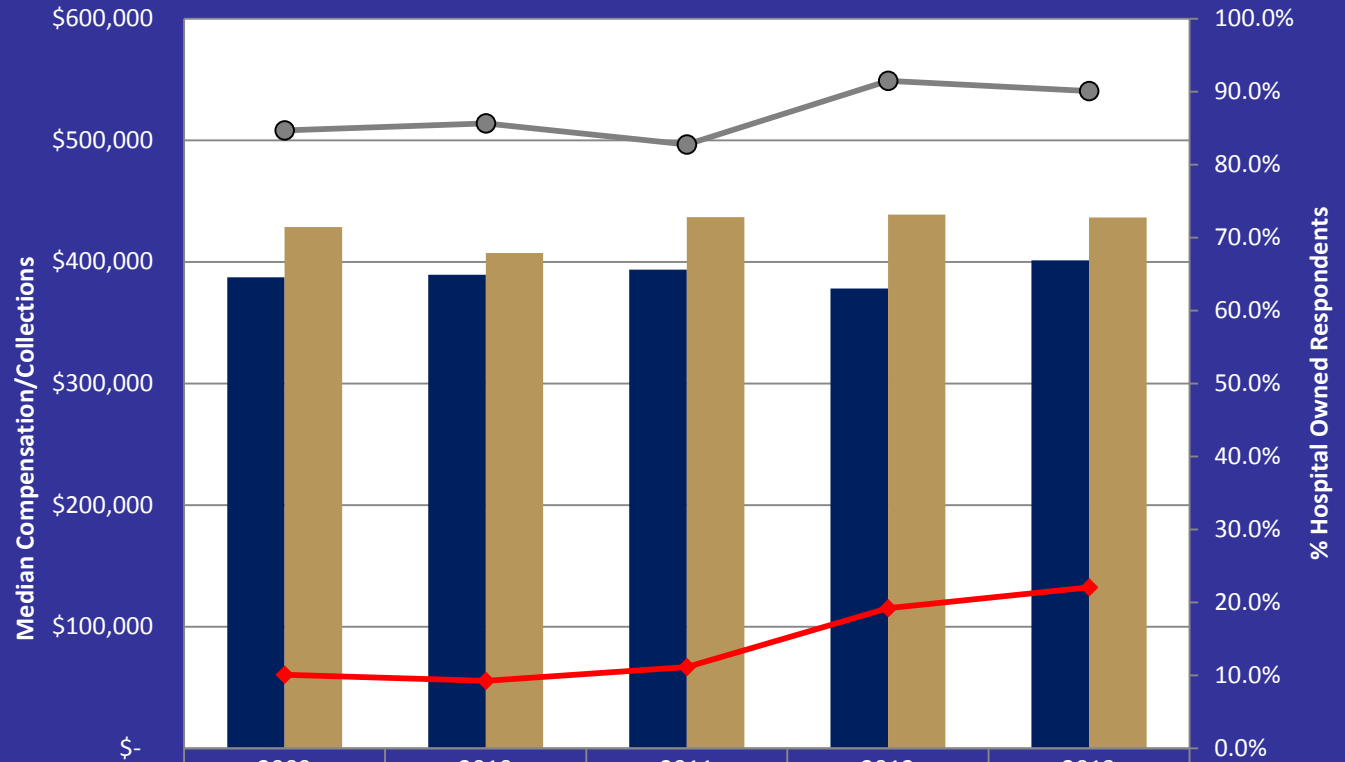


	2009	2010	2011	2012	2013
Median Comp - Hospital Practices	\$240,899	\$250,075	\$257,486	\$264,863	\$264,140
Median Comp - Non-hospital Practices	\$234,653	\$247,384	\$263,805	\$284,170	\$289,613
Median Prof Collections/FTE	\$409,206	\$370,085	\$397,594	\$394,960	\$352,002
Hospital Owned Respondent %	42.9%	51.2%	51.8%	60.5%	67.7%

# What's Not? (at least for the moment)

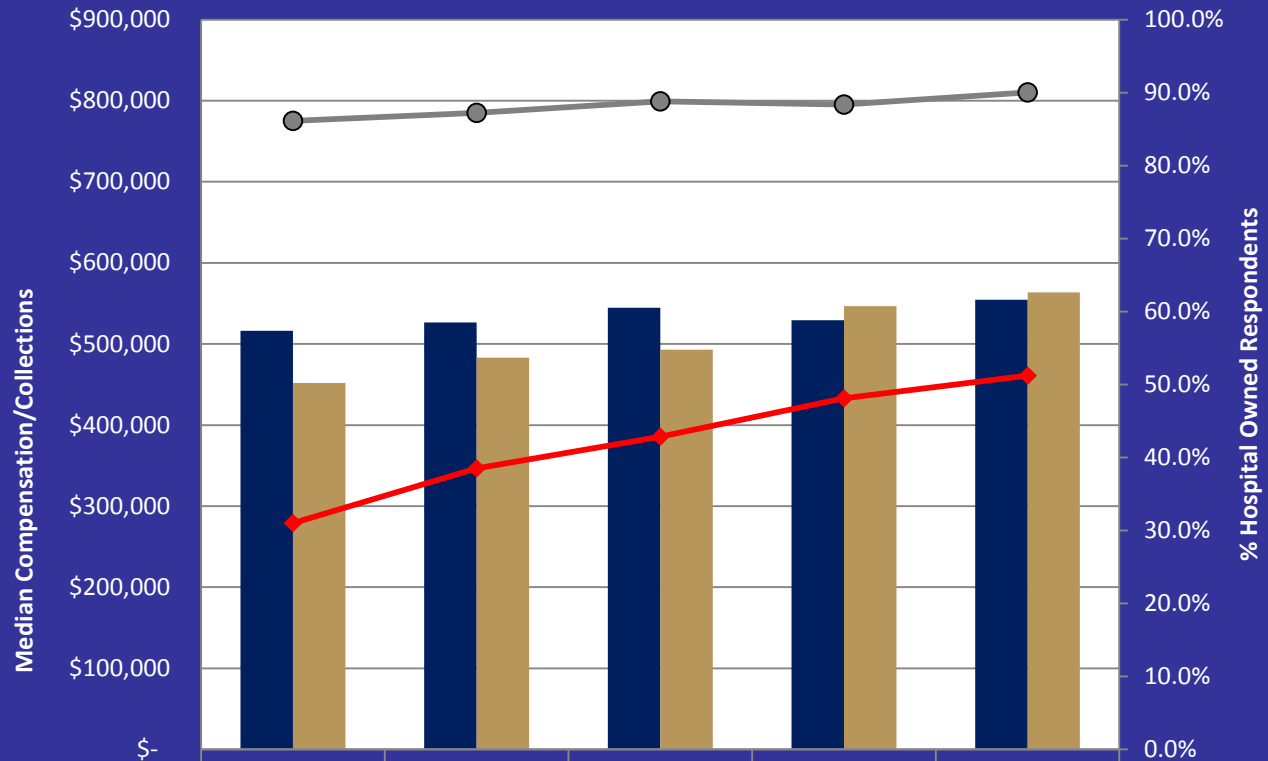


# Anesthesiology



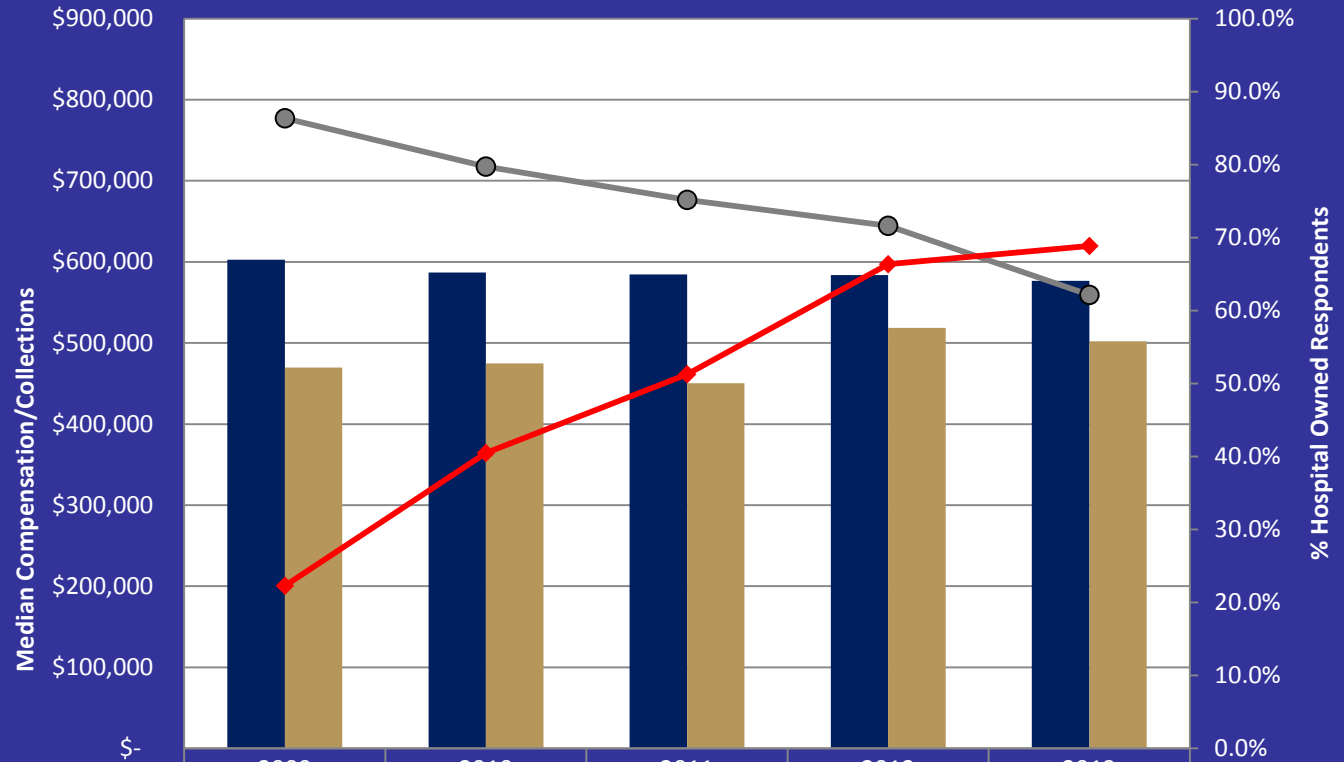
■ Median Comp - Hospital Practices	\$387,343	\$389,351	\$393,722	\$378,009	\$401,318
■ Median Comp - Non-hospital Practices	\$428,580	\$407,292	\$436,903	\$439,000	\$436,577
● Median Prof Collections/FTE	\$508,089	\$513,725	\$496,393	\$548,964	\$540,314
◆ Hospital Owned Respondent %	10.1%	9.3%	11.1%	19.2%	22.1%

# Orthopedic Surgery: General



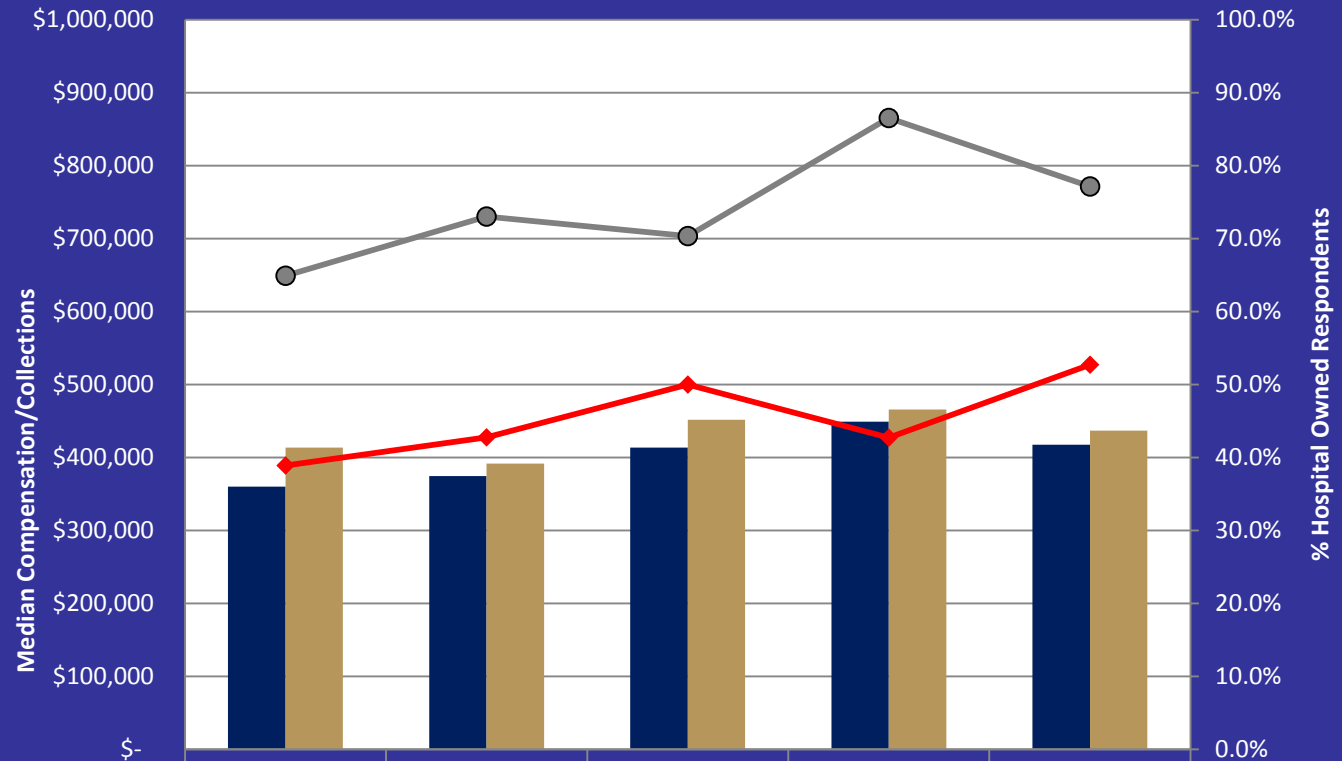
	2009	2010	2011	2012	2013
■ Median Comp - Hospital Practices	\$516,413	\$526,398	\$544,579	\$529,360	\$554,600
■ Median Comp - Non-hospital Practices	\$452,128	\$482,928	\$493,095	\$546,671	\$563,568
○ Median Prof Collections/FTE	\$775,017	\$784,985	\$799,302	\$795,395	\$810,328
◆ Hospital Owned Respondent %	31.0%	38.5%	42.9%	48.1%	51.2%

# Interventional Cardiology



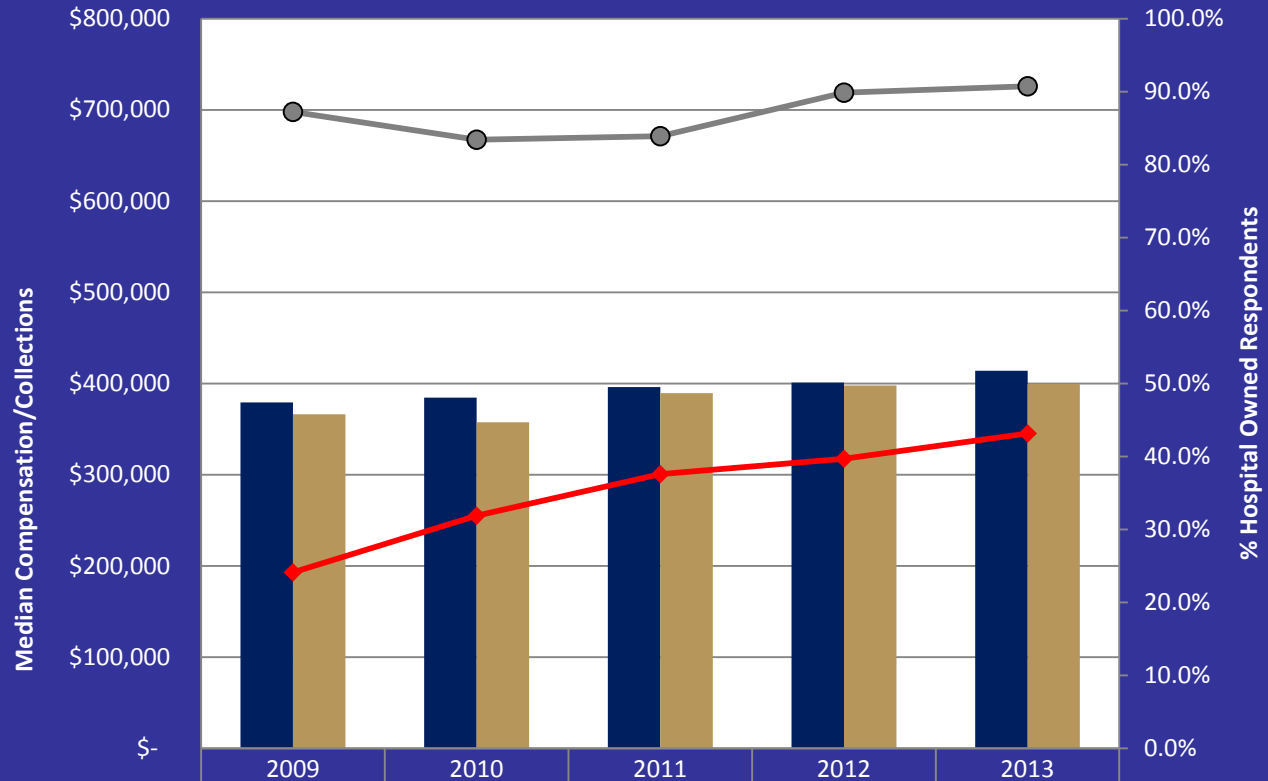
■ Median Comp - Hospital Practices	\$602,772	\$586,765	\$584,360	\$583,837	\$576,495
■ Median Comp - Non-hospital Practices	\$469,820	\$474,809	\$450,380	\$518,813	\$502,155
○ Median Prof Collections/FTE	\$777,117	\$717,690	\$676,542	\$644,328	\$559,201
◆ Hospital Owned Respondent %	22.3%	40.5%	51.3%	66.4%	68.8%

# Plastic & Reconstructive Surgery



■ Median Comp - Hospital Practices	\$360,033	\$374,512	\$413,470	\$449,106	\$417,473
■ Median Comp - Non-hospital Practices	\$413,548	\$391,733	\$451,779	\$465,626	\$437,048
● Median Prof Collections/FTE	\$648,938	\$730,114	\$703,194	\$865,168	\$771,486
◆ Hospital Owned Respondent %	38.9%	42.8%	50.0%	42.7%	52.7%

# ENT



■ Median Comp - Hospital Practices	\$379,149	\$384,370	\$396,093	\$401,098	\$414,174
■ Median Comp - Non-hospital Practices	\$366,472	\$357,686	\$389,334	\$397,763	\$399,502
○ Median Prof Collections/FTE	\$697,679	\$667,303	\$671,235	\$718,909	\$725,813
◆ Hospital Owned Respondent %	24.1%	31.9%	37.6%	39.7%	43.2%



# Recent Compensation Trends

- I'm fed up with wRVUs
  - Higher guaranteed bases or longer guarantee periods
  - Larger portion of total compensation being shifted to "quality bonus"
  - Compensation requested for previously uncompensated activities
    - Midlevel supervision
    - "Windshield" time
    - Resident oversight

# Recent Compensation Trends

- Quality Compensation
  - Typically represents 5%-20% of total income potential
  - “Quality” generally represents only a fraction
    - Patient Satisfaction
    - Citizenship
    - Outcomes
  - Many employers still appear to be struggling how to define and measure “quality”

# Recurring Themes Regarding FMV

- “Stacking” issues
- Productivity v. production compensation
  - Shouldn't my 90<sup>th</sup> P producer should earn 90<sup>th</sup> P comp per wRVU?
- Can't quality pay be added on top of FMV comp?
- Doesn't MGMA really set the market?
- Opportunity cost
- Annual inflators
- Our market is “different”

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