Physician Employment: Top Five Issues to Consider

SAMPLE SLIDE DECK FOR WEBINAR/PRESENTATION
PAI Hospital and Health System Advocacy

The Physicians Advocacy Institute (PAI) will pursue hospital and health system advocacy as a primary strategic objective through efforts to:

- Develop and support models that enable independent physician judgment, fair payment and physician leadership
- Identify best practices in contracting and other employment-related policies
- Develop educational products for physicians
Physician Employment: Top Five Issues to Consider

By developing and widely disseminating this resource and supporting materials, the PAI seeks to:

- Educate physicians on key employment considerations in clear, practical language
- Support state association outreach with physicians and employers to promote physician-friendly policies
- Likely targets: young physicians, medical students/residents and currently employed physicians
“Top Five Issues” State Medical Association Toolkit

- Top Five” Resource Document (co-branding available)
- Sample slide deck for webinar/presentations
- Sample communications to promote resource
  - Newsletter article
  - Press release
  - Letter to health systems to promote discussions about best contracting practices to avoid problems
"Top Five" Employment Considerations

- DUE PROCESS
- AUTONOMY
- COMPENSATION
- OPTIMAL GOVERNANCE STRUCTURE
- INFLUENCE
Over-arching Considerations

Key Question: Is the prospective employer positioned to succeed in the health care marketplace?

A physician must do diligence to understand the prospective employer’s:

- Management philosophy
- Market power and plans for growth
- Ability to excel under evolving payment methodologies, including those that involve rating and/or profiling approaches that measure quality, efficiency and patient satisfaction
#1: Does the arrangement afford an appropriate level of autonomy?

Employer’s focus:
- Reduce costs across system
- Adopt evidence-based clinical protocols to reduce variation

Physician’s focus:
- Ethical responsibility to patients to provide highest quality medical care
- Maximize income attributable to outcomes and other performance-based assessment
#2 Does the compensation offered reflect the full value of your practice?

- Do your diligence to understand the prospective employer’s business strategy.

What dominant payment methodologies are in play?
- Fee-for-service strategy favors practices that generate a high number of procedures, services
- Risk or incentive-based strategies favor practices (e.g., primary care) that can minimize expensive services and manage chronic conditions effectively

- How will your practice contribute to the employer’s profitability goals?
# Common Elements of Physician Compensation

<table>
<thead>
<tr>
<th>Base Salary</th>
<th>Incentive Based Pay</th>
<th>Ancillary Billings</th>
<th>Referral value</th>
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| Often calculated as % of collections from billed services | % of billed services above a multiple of salary  
Incentive payments for meeting quality and/or efficiency benchmarks | % of collections for ancillary billings for supervising non-physician practitioners | Subject to self-referral restrictions, some bonus for a practice’s ability to generate patients or keep them within the system |
#3 Will you have enough influence over key office and staffing decisions?

- Medical/Surgical Supplies
- Ancillary Provider/ Administrative Staffing
- Office Supplies
- Technology
Main Targets for Savings

Limit ancillary medical staff
Reduce administrative expenses
Centralize purchasing for surgical, office and medical supplies
Limit Capital Expenditures
#4 Does the entity’s governance structure provide an optimal practice environment?

- Is the hospital medical staff self-governed and autonomous?
- Do the HMS bylaws and operating policies provide due process for physician membership decisions?
- Does the HMS have appropriate responsibility for clinical policies?
- If the hospital is part of a large system, is there a mechanism to ensure “local” representation?
- Do the terms of the employment agreement align with the terms of the medical staff bylaws?
#5 Does the employment agreement ensure **due process**?

Understand your rights should an adverse situation arise.
Contractual “Due Process” Provisions

Review and understand contract provisions governing:

- Opportunity to present each side’s position and cure “breaches”
- Impact of termination on hospital medical staff privileges
- Any dispute resolution procedures for termination and/or points of significant disagreement
- Impact of merger or change of ownership
- Non-compete clauses
PAI and State Medical Association Partnership Opportunities

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