

# Preparing for Practice

Transitioning from Training to Employment

Session 2: Contracts and Compensation

Brought to you by SEMCME

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Trinity Health

Livonia, MI



# Recap of material covered in Session 1:

- Started to understand the recruitment timeline and process
- Got ideas on how to present yourself on paper
- Found out what to expect during interviews and site visits
- Learned about what questions you should ask during the recruitment process, how to ask them and what to do with the information you gather

# Agenda for today:

- Recognize which contract provisions are standard vs those that create risk
- Find out what to watch for in risky provisions and how to minimize your risk
- Realize the value of benefit plans
- Get a grasp on compensation – starting salaries as well as models based on productivity and non productivity
- Learn how to navigate the contract process and negotiations

# Employment Contracts

- Letter of Intent – Offer Letters – Term Sheets
- “Uniform language” - what does it mean?
- Is anything negotiable?
- Review and ask all questions at once
- Do not email to ask questions...talk with someone.
- Ultimately need to make sure what they told you is in writing, what they are offering you is “fair” and that you understand the risks and find that it is acceptable to you.

# Employment Contracts

- Standard provisions:
  - Parties (note about PSLF)
  - Duties/Obligations
  - Representations and Warranties
  - Applicable law and jurisdiction
  - Confidentiality
  - Severability – Entire Agreement
  - Assignment – Non transferability
  - Amendments
  - Notices

# Employment Contracts

- Risky provisions
  - Termination
  - Non compete restrictions
  - Malpractice
  - Variable Income
  - Repayment

# Employment Contracts - Benefits

- Usually refers to standard plan, attached exhibit
- Recognize value/differences
- Need to consider: when are they available, cost, coverage
  - Health, dental, vision
    - Family/single, plan coverage, what if you don't need
  - Short term and long term disability
    - Maternity leave (don't confuse with FMLA)
    - Do you need supplemental?
    - How does being on short term disability impact future earnings?
  - Life insurance
    - Do you need supplemental?

# Employment Contracts

- Paid Time Off

- How much? Prorated based on FTE? How do you use it/lose it?
- What about once you are off guarantee?

- CME

- What does it cover? Conferences, licenses, dues, boards, cell phone....will they pay for some expenses you have already incurred?

- Retirement

- Defined pension plan
- 403(b) – 401(k) - 457
  - Is there a match?
  - When are you vested?



# Employment Contracts

- Term

- When does it start? End? Renew?
- Watch for how “Initial Term” is defined

- Termination

- Mutual
- With Cause
- Due to Breach
- Without Cause

# Non Compete Restrictions

- Are they enforceable?
- When does it apply?
  - During - moonlighting (Outside Activities)
  - After Termination - under what circumstances
- What is prohibited?
  - Same or similar service
- Time and Distance
  - From Where?
- Liquidated damages (Buy Out)

# Employment Contracts

- Malpractice (Professional Liability Insurance)
  - Occurrence based
  - Claims made (tail)
  - Modified claims made

# Recruitment Incentives

- Signing bonus – Retention bonus
- Relocation
- Loan Repayment
- Educational stipend

Things to consider: How are these structured? When will you get the money? When will it be taxed? What are the strings attached (time commitment)? What are the repayment terms?

# Compensation

A time of transition with a foot in two camps

- Fee For Service
  - The more we do, the more we get paid
  - Rewarded for high-tech diagnostic and treatment
  - Low accountability for outcomes
- Pay for Performance – Value Based Reimbursement
  - At risk for managing cost, managing chronic conditions and health outcomes
  - Coordinated model of care
  - Information driven

# Compensation

- **Guaranteed Base Salary**
  - How much – how long?
- **Are there incentives while on guarantee?**
  - Productivity
  - Non-productivity
- **What happens after guarantee?**
  - It gets complicated!
  - What is the model? What is at risk?
  - Is it likely that you can maintain guarantee?
  - What is your earning potential?

# MGMA – 2020 Report based on 2019 Data

Specialty	TC 25th	TC Median	wRVU 25th	wRVU Median	2021 Report
Allergy/Immunology	266,618	317,078	3204	4354	Down
Anesthesia	406,885	475,000	n/a	n/a	Down
Cardiology-NI	441,753	534,127	6283	8146	Down
Critical Care	373,750	433,823	3222	4631	Up
Dermatology	386,568	474,319	5654	7061	Down
EM	310,273	361,136	4812	6456	Down
Endo	222,264	260,176	3744	4685	Down
ENT	378,358	482,423	5469	7094	Down
FM - ambulatory	211,354	246,854	3868	4780	Up/Down
Genetics	172,867	206,742	997	1365	Up
GI	435,961	534,588	6395	8052	Down
Hem/Onc	420,137	484,750	3783	4937	Down

# MGMA – 2020 Report based on 2019 Data

Specialty	TC 25th	TC Median	wRVU 25th	wRVU Median	
IM - amb	216,402	259,224	3661	4703	Up/Down
IM – Hosp.	267,499	306,267	3372	4386	Down
Infectious Disease	247,287	284,085	3505	5136	Down
Nephrology	318,224	386,755	5755	7145	Down
Neurology	269,685	328,368	3623	4845	Down
Neurosurgery	726,375	909,349	6428	9682	Down
Ob/Gyn	290,845	361,692	5260	6835	Up/Down
Oncology	386,681	433,001	3812	5096	Down
Ophthalmology	300,446	390,575	5706	7536	Down
Orthopedic Surg	525,449	649,981	6438	8466	Down
Pathology – A/C	311,980	368,843	4177	5538	Down
Pediatrics	203,680	244,251	3915	4932	Down



# MGMA – 2020 Report based on 2019 Data

Specialty	TC 25th	TC Median	wRVU 25th	wRVU Median	2021 Report
Perinatology	400,484	497,306	4587	6676	Up/Down
PM&R	254,768	290,161	3605	4677	Up/Down
Plastic Surgery	465,312	557,398	5858	7708	Down
Podiatry	194,310	249,253	3862	5189	Up/Down
Psychiatry	210,095	231,570	2765	4552	Up/Down
Radiology	469,043	571,153	8105	9965	Down
Sports Med (FM)	232,438	296,798	4059	5120	Up/Up
General Surgery	365,942	438,832	4986	6654	Up/Down
Urology	400,275	490,501	6319	7965	Down
Vascular Surgery	433,141	526,630	5905	8372	Up/Down

# Productivity Compensation

- Usually drives total compensation and earning ability
- Models based on:
  - Net Income (private practice model)
  - wRVU\*

\* burden on employer to maximize reimbursement because these do not equal reimbursement

# Crash course in wRVUs

- CMS values – 2020 vs **2021**
- Conversion Factors (\$ per wRVU)

99201	.48	99215	2.11	99391	1.37
99202	.93	99381	1.50	99392	1.50
99203	1.42	99382	1.60	99393	1.50
99204	2.43	99383	1.70	99394	1.70
99205	3.17	99384	2.00	99395	1.75
99212	.48	99385	1.92	99396	1.90
99213	.97 <b>(1.3)</b>	99386	2.33	99397	2.00
99214	1.50 <b>(1.92)</b>	99387	2.50		

# Non-productivity compensation

- Quality
- Patient satisfaction
- Citizenship – lead and participate at meetings
- Panel size
- Timely chart closure, coding compliance
- Provider or organizational profitability
- APP Supervision
- Meaningful use, PCMH
- Length of stay, readmission rates
- HEDIS, HCAPS, PQRS - or replaced by MIPS

# Non Productivity Compensation

- What percentage of your total comp is it?
  - Enough to incentivize you to care to achieve!
  - What if they don't have it
- Is it individual or group based?
- How does your payor mix impact your ability to earn?
- How can you impact your ability to earn?

# Compensation and Productivity

- What do you need to find out to determine your ability to maintain your salary and reach your desired salary?
- Understand the importance, act interested, plead ignorance – ask for an example!
- Find out if the other physicians are making incentives. If so, when do they start earning? Before guarantee runs out?
- Find out details – coding index, collection rate (pp model), when are the fee schedules, **wRVU values**, and conversion factors updated?
- Look at (study) monthly reports, meet with administrators, ask for help.

# Compensation

- Find out what your employer is doing to support providers
  - Implementing infrastructure to collect and report data
  - Adding human resources
    - Quality incentive managers
    - Population Health and Safety

# Negotiation Tips

## What to do/say:

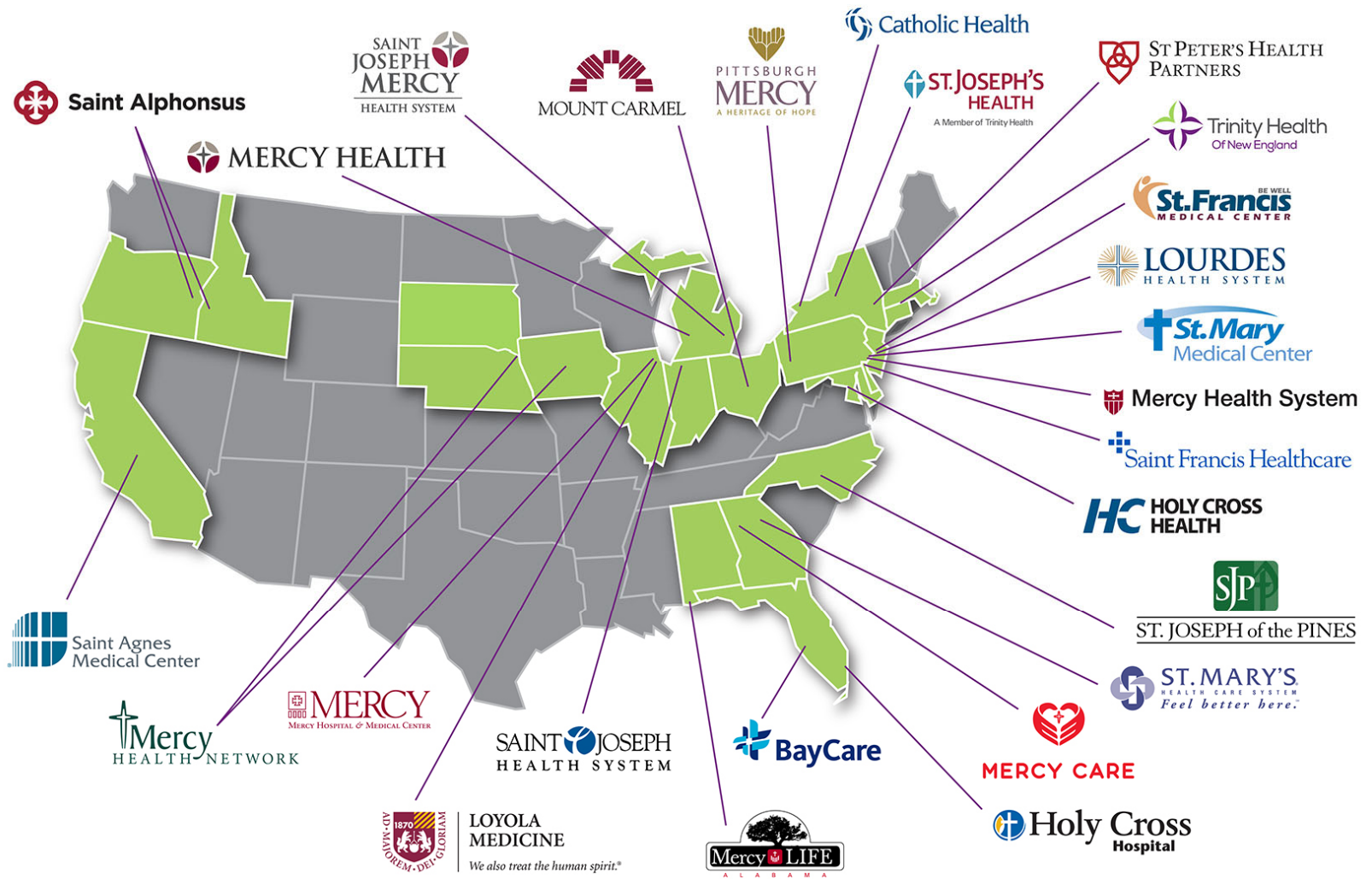
- Flatter them first
- Tell them what you understand
- Share what you are struggling with and what seems risky
- Ask open ended questions
- Plead ignorance



# Negotiation Tips

## What not to do/say:

- Don't wear them out by going back and forth
- Don't risk losing an offer for a job you really want or getting off on the wrong foot
- Don't tell them exactly what your other offers are
- Don't use the word deal breaker unless you mean it



# Open Q & A

# Thank You!

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*Explore the Possibilities!*