

THE COMPENSATION PLAN

As you consider a new practice opportunity, you will face significant professional choices. Some providers may choose to work for hospitals, others may opt for private practice, and still others may be drawn to academics or to start their own practice. Whatever the individual choice, compensation is always a key factor of employment. There are many resources that define compensation expectations for various specialties, but the details that go into arriving at that number are often difficult to find. It is risky to hang your hat on a single number without understanding the underlying structure of the compensation. As we all know, the devil is often in the details. Hopefully, this brief synopsis of a highly complex issue will help prepare you to gather vital information before you sign your contract.

Whether you choose to work on a fixed salary or on some type of productivity system, your income will ultimately be tied to expectations that affect your compensation. You should have a clear understanding of what those expectations are, and you should make sure that you are responsible for only those issues that are under your own control. It is important that a feedback system be in place that communicates those expectations to you, especially until you reach partner status. Some of the basic expectations that are typically required under any pay

system are described in the list that follows. All of these are under your control, and failure to meet these expectations can affect either salary or productivity pay plans.

- What is the minimum number of clinical hours that you will be expected to work?
- What are the board certification requirements, including time limits to achieve certification?
- How much call coverage will you be expected to provide?
- What will be the minimum patient/staff survey scores expected of you?
- How much time will you be expected to devote to meetings, conferences, etc?
- How much RVU will you be expected to generate annually?
- How quickly will you be expected to complete your medical records and dictation?

There are four global compensation questions that need to be answered to your satisfaction. These questions address fairness, common values, and full disclosure, the cornerstone of long and successful relationships.

- Has the practice or the hospital quantitatively defined “productivity” or requirements for obtaining full pay?
- Are the requirements reasonable, and do they reflect annual market changes?
- Is the compensation system

aligned with the corporation’s value system and your own personal values? For example, does the hospital that serves the poor allow for a significant amount of non-revenue producing indigent care?

- Does the compensation system consider differences in individual physician roles? For example, one physician may be involved in research and new program development, while another may not.

Other compensation issues that are often overlooked include the following:

- What external physician earnings belong to the group; e.g., expert witness fees, honorariums, inventions, books, moonlighting, etc?
- Should you leave your place of employment, what accounts receivable will you be allowed to keep?
- What pre-tax physician expense account is available for clinical purchases?

It is always important to realize that there are flaws in every pay system. No system is perfect. In fact, it is unrealistic to think or demand otherwise. Relying on anecdotal data is a trap that poisons physician/employer negotiations. It is better to focus on asking the right questions, and the dollars will take care of themselves.