Timely, Tough, or Tricky Physician Compensation and Fair Market Value Webinar Series

“The Solar Eclipse: Bringing Your FMV and Physician Compensation Questions Out of the Shadows”

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Introductions

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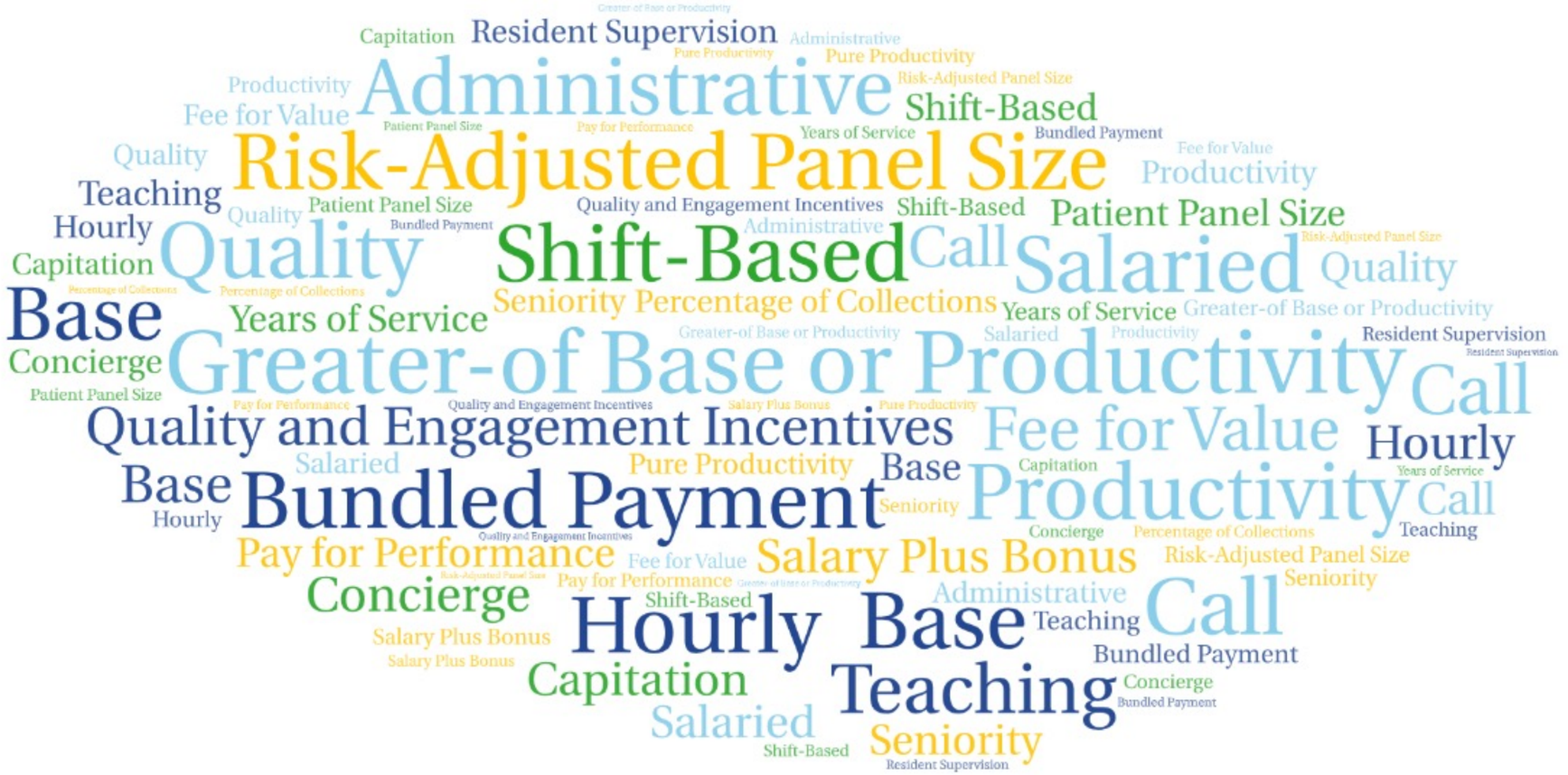
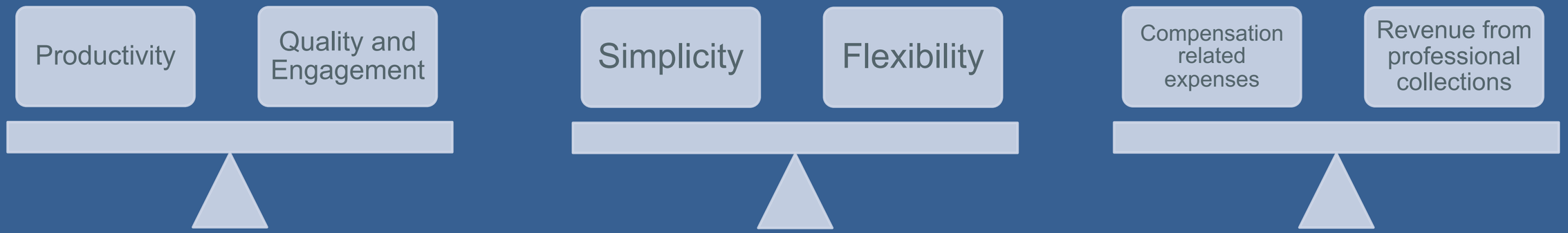
Questions From Our Listeners

1. What types of physician compensation models are losing and/or gaining momentum?
2. How do you reconcile the current rate of physician compensation wage inflation with the time lag in published benchmarking surveys?
3. How do you navigate rising signing bonuses in competitive markets without busting the budget?
4. How do you compensate providers who are extremely productive or unproductive?

Question 1: What types of physician compensation models are losing and/or gaining momentum?



The challenge: physician compensation models are a balancing act



So, which ways are the scales tipping?

The data tells us that…

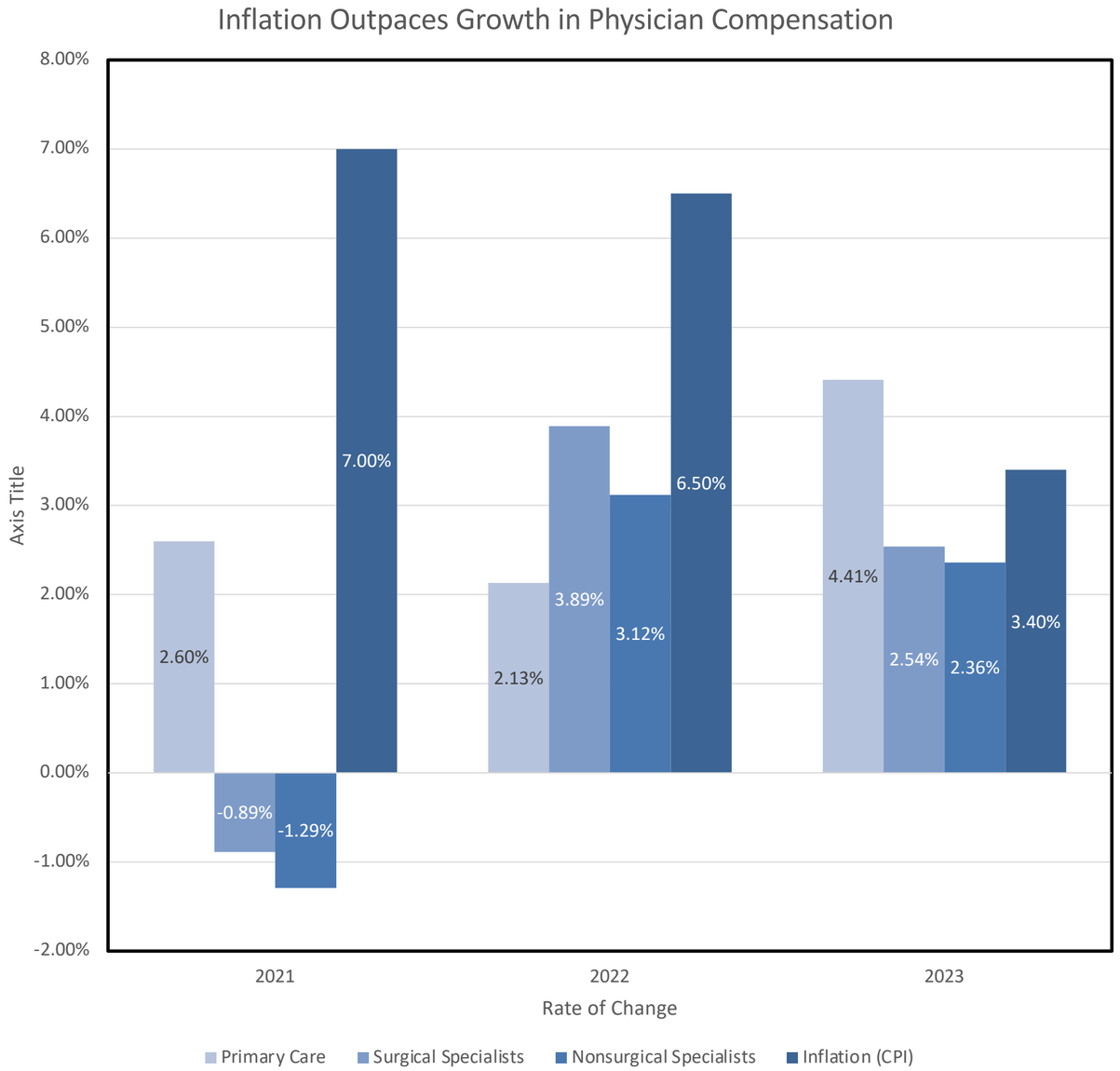
- Models that focus on personal physician productivity, and namely based on wRVUs, lead the pack
- The use of quality incentives is trending upwards
- The proportion of productivity and quality-based elements used by organizations differs by specialty type

From experience, we've seen that…

- The use of quality metrics is often limited by the FFS reimbursement structure
- wRVU-based models are changing due to annual CMS wRVU adjustments, as well as other regulatory clarifications (e.g., personally performed, tiered wRVU models, etc.)
- Team-based models are being used in increasingly more situations
- Models that offer simplicity are gaining momentum!

Question 2: How do you reconcile the current rate of wage inflation with the time lag in published benchmarking surveys?

- Benchmark survey data can fall up to two years behind the market
- Rate of inflation may outpace the increase in physician compensation
- The (potential) problem with conflating inflation and physician compensation
- The case ***against*** adjusting benchmark data based on historical inflation



1 MGMA *Provider Compensation Survey* 2021-2023
2 US Inflation Calculator, 'Current US Inflation Rates: 2000-2024," 2024

Client Strategies to Confront the Lag

Develop a policy that reevaluates compensation periodically (e.g., every 1-3 years)

Adjust compensation based on all key physician compensation drivers, not just inflation, such as:

- Regional/local market dynamics
- Specialty supply and demand
- Reimbursement trends
- Performance benchmarks

Consider year-over-year increases but do **not** directly adjust benchmark survey data

Question 3: How do you navigate rising signing bonuses in competitive markets without busting the budget?

The challenge:

- Average signing bonuses across all specialties increased by a CAGR of 10% since 2019/2020.

Values Vary by Specialty Type
(per MGMA)

	Median	*Mean*	*75th Percentile*
Primary Care	$20,000	$24,464	$30,000
Surgical Specialist	$25,000	$35,472	$50,000
Nonsurgical Specialist	$25,000	$29,929	$35,000

3 AMN/MHA 2023 Review of Physician and Advanced Practitioner Recruiting Initiatives
4 MGMA *Provider Compensation Survey* 2023

Develop a Strategy for When Signing Bonuses Are Paid

The strategy should be fair, applied consistently, have clear criteria for use, identify an upper limit,

AND…

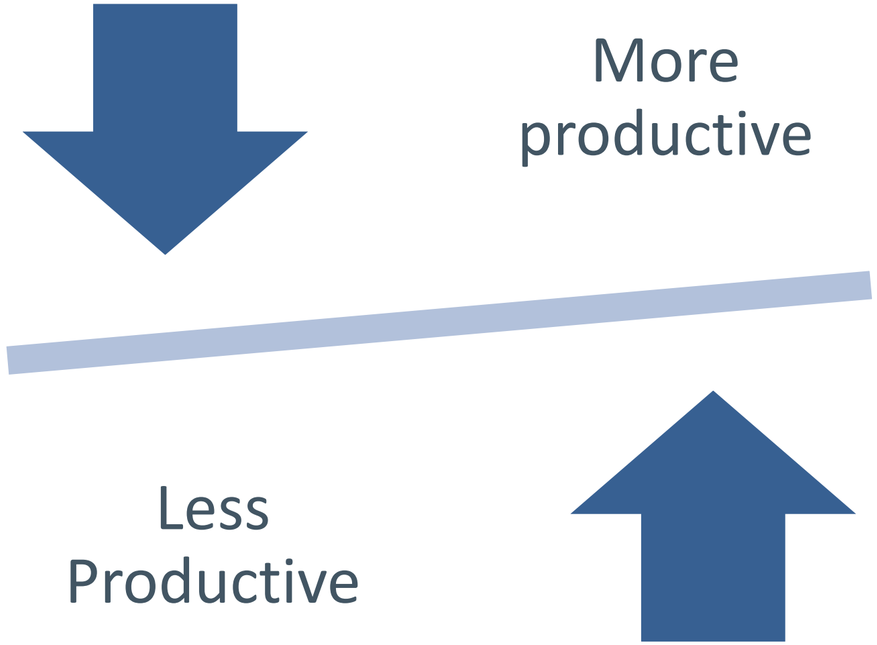
Consider:

- Utilizing payback provisions for signing bonuses.
- Carving out the signing bonus amount from base compensation.
- Negotiating longer agreement terms.
- Balancing signing bonuses with alternative recruitment tactics, such as:
  - Relocation assistance
  - Student loan forgiveness
  - Residency/fellowship stipend
  - Income guarantee

Question #4: How do you compensate providers who are extremely productive or unproductive?

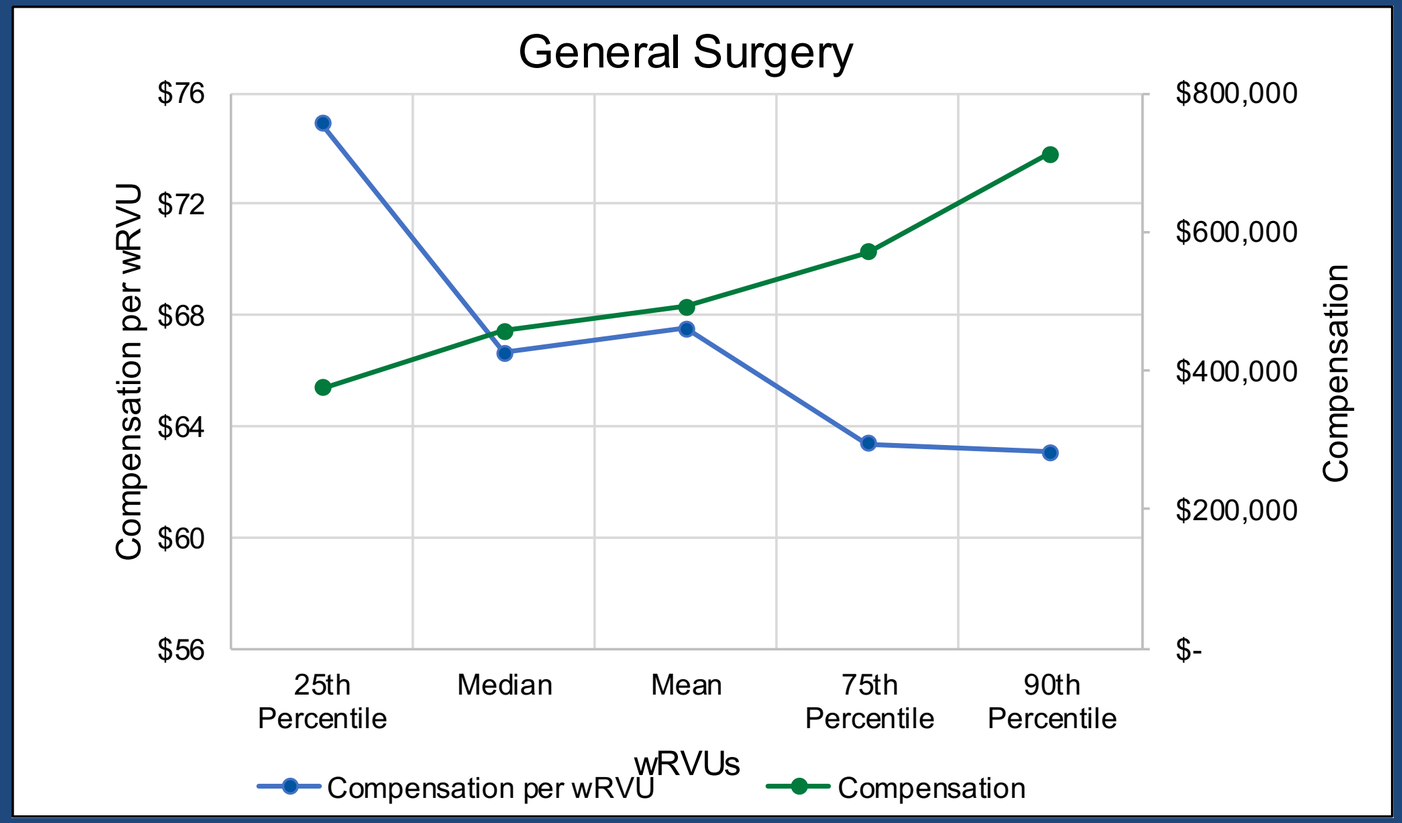
Compensation per wRVU standpoint

What happens to the compensation per wRVU ratio?



The Inverse Relationship between Compensation and Compensation per wRVU

Figure 1 - Average Annual National Total Compensation and wRVU Survey Data[1]



[1] Average of data reported by 2023 AMGA Medical Group Compensation and Productivity Survey, 2023 ECG National Physician and APP Compensation & Production Survey, 2023 MGMA Provider Compensation Survey, and 2023 SullivanCotter Physician Compensation and Productivity Survey Report

Highly Productive Providers

- Examine why the physician is so productive…
  - Is their level of annual wRVU production reasonable?
  - Are their services all personally performed? Multiple procedure payment reduction adjusted?
  - Does the level of production warrant a chart review?
- Consider a compensation or wRVU cap.
- Introduce additional quality metrics – shift the focus away from wRVUs, when appropriate.

Unproductive Providers

- Consider why the physician is unproductive…
  1. New physician?
  2. Under coding?
  3. Are they spending more time with patients to improve perceived quality?
  4. Process issue that slows them down?
  5. New program or service line building?
  6. Is there a community need for the physician's services? A division of work issue amongst physicians in a certain specialty?
- Strategies to generally stay in line with FMV and encourage increased productivity:
  1. wRVU floor
  2. Full production model
- Finally, it may be time for a tough conversation

Thank you!

PYA by the Numbers

40% FEMALE OWNERSHIP

Over 2x the average of similarly sized firms

- Inside Public Accounting

Consistently ranked TOP 20 HEALTHCARE CONSULTING firm in the U.S. by Modern Healthcare

TOP 15 LARGEST AUDITOR of AHA's Top U.S. Multi-Hospital Systems

- Ames Research Group

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Clients in ALL 50 STATES

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POWERED BY STATISTA

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