

Pearls for Academia: The Art of Negotiation and Review of Financials

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Conflict of interest

- Consultant/Advisory Board Shire, Kaleo, Novartis, CSL
- Speaker CSL
- Claritin Council Member, Spokesperson Bayer
- Medical consultant, Spokesperson Kaleo

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Overview

- Basic keys to negotiation
- Financials
- Work location/ Work duties
- Non-compete/ Restrictive covenant
- Benefits
- Productivity/ Salary
- Medical malpractice
- Severability clause

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Negotiating 101

- You can achieve what is important to you!
You can start or join an academic practice!
- Prepare and prioritize the items important to you – know what your “non-negotiables” are
- Practice makes perfect – be confident but not arrogant
- Dress for success
- Read the book “Getting to Yes” by Fisher, Ury, Patton

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Employment Agreement

- **Remember that if it is not written, it was never discussed**
 - “You have my word” translates into nothing if it is not written
- **What you sign, you are agreeing to perform**
 - Number of work hours, number of clinics, numbers of patients, “employer has the right to change location” as needed

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Recognize YOUR Value - Training

- Allergy or Immunology, BMT, special areas of interest
- Good news – with decreasing numbers of training programs and MDs retiring, **a real need exists** for A/I, especially in academics
- **Align with the strategic plans of the institution**
- **What is your value add** and present this to the administration
- **Perform a SWAT analysis and prepare a business plan**

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Question: What is an RVU?

- A A measure of stress for clinicians
- B Alphabet soup of medicine these days
- C A measure of productivity
- D Really very useless

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Educate Yourself on ABCs of Medical Practice

- Work RVUs
- FMV (Fair market value)

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Basics of RVUs

- Relative Value Units
- Developed by Harvard School of Public Health and AMA
 - Work done by physician for CPT codes
 - Practice costs incurred in rendering services
 - Opportunity cost of training or income foregone by physicians to obtain additional training
- Found to have a high degree with reliability and validity
- Implemented by CMS in 1992
- Foundation of medical group financial analysis
- Unique to the medical service industry
- Updated annually

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Analyzing and Benchmarking



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Basics of RVUs

- Uses:
 - Measure productivity
 - Budgeting
 - Allocating expenses
 - Cost benchmarking
- Consists of 3 components
 - Work RVU (wRVU)
 - Practice Expense RVU (peRVU): represents the cost to operate the medical practice (overhead)
 - Facility
 - Non-facility
 - Malpractice RVU (mRVU): estimates risk associated with each code

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Examples

- Example 1: 100% clinic FTE; 4 clinic days/week
 - 50th percentile = 3400 wRVU
 - 3400 wRVUs per year/46 weeks per year = 74 wRVUs per week
 - 74 wRVUs per wk/4 days per week = 18.5 wRVUs per day
 - 18.5 wRVUs per day/8 hours per day = 2.31 RVUs per hour
- Example 2: 90% clinic FTE; 3 clinic days week; 30% no show rate
 - 50th percentile = 3400 wRVU
 - 90% of 3400 = 3060 wRVUs per year
 - 3060 wRVUs per year x 1.3 no show rate = 3978 wRVUs per year
 - 3978 wRVUs per year/46 weeks per year = 86.5 wRVUs per week
 - 86.5 wRVUs per week/3 days per week = 28.8 wRVUs per day
 - 28.8 wRVUs per day/8 hours per day = 3.6 RVUs per hour

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How Do I Get RVUs?

Level of Service

99241	Office consultation	0.64
99242	Office consultation	1.34
99243	Office consultation	1.88
99244	Office consultation	3.02
99245	Office consultation	3.77
99201	Office/outpatient visit new	0.48
99202	Office/outpatient visit new	0.93
99203	Office/outpatient visit new	1.42
99204	Office/outpatient visit new	2.43
99205	Office/outpatient visit new	3.17
99211	Office/outpatient visit est	0.18
99212	Office/outpatient visit est	0.48
99213	Office/outpatient visit est	0.97
99214	Office/outpatient visit est	1.50
99215	Office/outpatient visit est	2.11

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How Do I Get RVUs?

Percutaneous skin prick testing, allergens	Specify # of tests	95004	0.01
Nitric oxide expired gas determination		95012	0
Percutaneous/Intradermal testing, venoms	Specify # of tests	95017	0.07
Percutaneous/Intradermal testing, drugs	Specify # of tests	95018	0.14
Intradermal testing, allergens	Specify # of tests	95024	0.01
Patch tests	Specify # of tests	95044	0
Rapid desensitization, drug	Specify # of doses	95180	2.01
Spirometry		94010	0.17
Pre- and Post Bronchodilator Spirometry		94060	0.27
Ingestion challenge, initial 120 minutes		95076	1.5
Ingestion challenge, each extra 60 minutes		95079	1.38
Rhinoscopy		31231	1.1
Laryngoscopy		31505	0.61
Subcutaneous/IM Injection		96372	0.17
Single Vaccine		90471	0.17
Influenza Vaccine		G0008	0
Pneumococcal Vaccine		G0009	0
Additional Vaccines		90472	0.15
Patient Education		99211	0.18
Tobacco-use counsel 3-10 min		G0436	0.24
Tobacco-use counsel>10min		G0437	0.50

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How Do I Compare?

	2012	2013	2014	2015
A/I (median)	\$285,847	\$315,710	\$320,637	\$348,579
Median wRVU	-	4,272	4,379	4,666
Median comp/wRVU	-	72.59	79.98	78.54
Median comp/Collections	-	0.493	0.452	0.414



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How Do I Compare?

	#	Mean	25%	Median	75%
A/I academics	34	\$187,422	\$144,278	\$177,284	\$212,799
A/I non-academics	196	\$417,633	\$260,776	\$348,579	\$528,802
Starting salary (all)	5	\$158,403	\$80,127	\$160,375	\$235,693

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Troubleshooting

- **Make your compliance officer your BFF**
- I am not getting credit for spirometry
 - 26 modifier
- I am not getting credit for skin testing
 - Pull it from facility fees
- I am not getting credit for OFC
 - Pull it from facility fees

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Troubleshooting

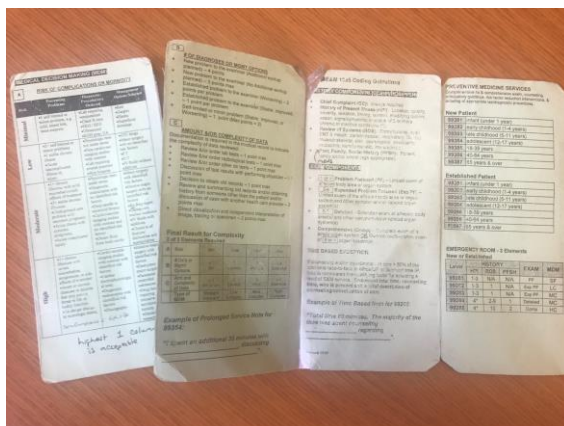
- I didn't make RVUs
 - Consequence
 - Recredentialing
 - Salary adjustment
 - Why??
 - Billing correctly?
 - Correct template?
 - Correct number of weeks in clinic?
 - What to do?
 - Pull billing
 - Negotiate for next year

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Billing correctly?



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Billing Correctly?

- History
- Physical
- Check EMR template!



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CPT Code	CPT Description	RVU Value	Local Mean	FPSC Mean
99214	Office/outpatient visit est	1.5		
99244	Office consultation	3.02		
99204	Office/outpatient visit new	2.43		
99213	Office/outpatient visit est	0.97		
99245	Office consultation	3.77		
99215	Office/outpatient visit est	2.11		
99243	Office consultation	1.88		
99203	Office/outpatient visit new	1.42		
95004	Percut allergy skin tests	0.01		
99233	Subsequent hospital care	2		
99205	Office/outpatient visit new	3.17		
94010	Breathing capacity test	0.17		
95076	Ingest challenge ini 120 min	1.5		
99255	Inpatient consultation	4		
99254	Inpatient consultation	3.29		
95079	Ingest challenge addl 60 min	1.38		
99242	Office consultation	1.34		
99212	Office/outpatient visit est	0.48		
99223	Initial hospital care	3.86		
99232	Subsequent hospital care	1.39		
95018	Perq&ic allg test drugs/biol	0.14		
94060	Evaluation of wheezing	0.27		
99220	Initial observation care	3.56		
99239	Hospital discharge day	1.9		
99202	Office/outpatient visit new	0.93		
99253	Inpatient consultation	2.27		

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Success

- I exceeded my RVUs?
 - Bonus??
 - \$5-\$15/RVU
 - Salary vs. Research Account
 - Renegotiate your contract?
 - Higher salary
 - More time out of clinic
 - Freedom

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Financial Statements

- RVUs are not everything!
- Pull financials
- Know overhead for your department
- Know your reimbursement rate
- Do you have room to hire more nursing

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Employment Agreement

- **Speak to mentors**, others employed in academics - nearby or at another institution
- **Do not sign anything before doing your research** on what constitutes a fair agreement- salary, benefits, non-compete/restrictive covenant
- ****Speak to a medical contract attorney** - even for them to look at first version of contract and give feedback on your behalf** Worth every penny

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Review Your Expectations

- **Ask the right questions - patient care, teaching responsibilities** - lectures and resident/medical student teaching
- **Directorship** - Dept and/or Fellowship Training Program; stipend and time
- **Research or publication requirements** - basic science, clinical or translational or publications/year? Ask about protected time - if so, must be stated in the contract
- **On-call time and coverage** - should specify a maximum amount of on-call time
- **Know your budget** - overhead expenses (dean's tax, etc.), salaries of ancillary staff

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Location

- **Location of sites you will work** – stated specifically in the contract. Can this change without your approval? Satellites may be located 1-2 hours away from “home base.” Can your employer change where you practice “to fit the needs of the institution?”
- **Numbers of clinic days expected** - numbers of patients and hours per day
- **Consults** - timing rules - how long before you must see patient in the hospital?

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Question: Is it ever possible to get out of a non-compete?

- A. Always
- B. Never
- C. Depends on how deep your employer's pockets are
- D. In right to work states - still may have to pay to get out of non-compete

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Non-compete/ Restrictive Covenant

- Time (months to years)
- Space (miles or counties from primary place of work) – should be based on where you work/ see patients
- Scope (pediatric versus adult allergy, immunology or both)
- Do you live in a right to work state?
- Null, if fired without cause

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Benefits

- Salary is not everything - beware of high salaries that cannot be justified by wRVUs and then result in/ expect decrease in compensation
- Personal time off - holidays, CME time - carry over?
- Professional dues/ CME allotment
- Health insurance
- Life insurance
- 401K, 403B

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Productivity

- Assurance of salary - compensation fixed or based on productivity (most) and then bonus structure should be clearly delineated
- Are projected RVUs realistic and attainable?
- Ask for specific number of encounters of new and follow-up monthly
- What resources/ space/ staff will be available?
- Are you responsible for RVUs by physician extender/ immunotherapy - do you get “credit” for this?
- Will you have resources – both space and staff for procedures - SPT, PFTs, oral challenge, patch testing?
- You are no longer a fellow - let others do the work you don't have to!

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Medical Malpractice

- Tail coverage should be covered by institution
- Sovereign Immunity at some institutions
- Ability to moonlight and/or perform subcontracting work - do you receive the money or does the institution? Ensure malpractice covers these activities

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Severability Clause

- At will with or without cause - if a clause says you can be fired without cause and will receive 120 days compensation, you have a 4 month contract
- Review the amount of time required by employer prior to resignation

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Review Possible Service Line Expansion

- Expand locations - institutional satellites
- Provide/Expand new procedures - (i.e., challenges - drug and food; expand testing - patch or penicillin; desensitization to meds)
- Telemedicine
- Collaborate with other departments to build centers of excellence - PIDD- 22 q , Food Allergy- GI/Nutrition

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When Things Don't Go as Expected

- Think outside of the box
- Be creative
- Consider a new model - working with an institution as a clinical educator or private academic practice
- Some programs are undergoing change

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Summary

- Negotiating is an Art!
- Being new at negotiation does not mean you cannot negotiate - know what you know and know what you don't know!
- Seek the advice of a medical contract lawyer

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Acknowledge Dr Christina Ciaccio for Financial Data

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