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
Overview

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

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
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

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
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

Educate Yourself on ABCs of Medical Practice

• Work RVUs
• FMV  (Fair market value)
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

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
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

How Do I Get RVUs?

Level of Service

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>RVUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>99241</td>
<td>Office consultation</td>
<td>0.64</td>
</tr>
<tr>
<td>99242</td>
<td>Office consultation</td>
<td>1.34</td>
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<tr>
<td>99243</td>
<td>Office consultation</td>
<td>1.88</td>
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<td>99244</td>
<td>Office consultation</td>
<td>3.02</td>
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<td>99245</td>
<td>Office consultation</td>
<td>3.77</td>
</tr>
<tr>
<td>99201</td>
<td>Office/outpatient visit new</td>
<td>0.48</td>
</tr>
<tr>
<td>99202</td>
<td>Office/outpatient visit new</td>
<td>0.93</td>
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<tr>
<td>99203</td>
<td>Office/outpatient visit new</td>
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<td>99204</td>
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<td>99205</td>
<td>Office/outpatient visit new</td>
<td>3.17</td>
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<td>99211</td>
<td>Office/outpatient visit est</td>
<td>0.18</td>
</tr>
<tr>
<td>99212</td>
<td>Office/outpatient visit est</td>
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<td>99213</td>
<td>Office/outpatient visit est</td>
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</tr>
<tr>
<td>99214</td>
<td>Office/outpatient visit est</td>
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# How Do I Get RVUs?

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Specify # of tests</th>
<th>CPT Code</th>
<th>RVU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percutaneous skin prick testing, allergens</td>
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<td>95004</td>
<td>0.01</td>
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<tr>
<td>Nitric oxide expired gas determination</td>
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<td>95012</td>
<td>0</td>
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<td>Percutaneous/intradermal testing, venoms</td>
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<td>0.07</td>
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<td>Percutaneous/intradermal testing, drugs</td>
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<td>0.14</td>
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<td>Intradermal testing, allergens</td>
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<td>95024</td>
<td>0.01</td>
</tr>
<tr>
<td>Patch tests</td>
<td></td>
<td>95044</td>
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<tr>
<td>Rapid desensitization, drug</td>
<td></td>
<td>95180</td>
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<tr>
<td>Spirometry</td>
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<td>94010</td>
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<td>Pre- and Post Bronchodilator Spirometry</td>
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<td>0.27</td>
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<tr>
<td>Ingestion challenge, initial 120 minutes</td>
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<td>95076</td>
<td>1.5</td>
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<tr>
<td>Ingestion challenge, each extra 60 minutes</td>
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<td>95079</td>
<td>1.38</td>
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<td>Influenza Vaccine</td>
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<td>0</td>
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<td>Pneumococcal Vaccine</td>
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<td>Additional Vaccines</td>
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<td>Patient Education</td>
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<td>Tobacco-use counsel&gt;10 min</td>
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<td>G0437</td>
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# How Do I Compare?

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<tr>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td>A/I (median)</td>
<td>$285,847</td>
<td>$315,710</td>
<td>$320,637</td>
<td>$348,579</td>
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<tr>
<td>Median wRVU</td>
<td>-</td>
<td>4,272</td>
<td>4,379</td>
<td>4,666</td>
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<tr>
<td>Median comp/wRVU</td>
<td>-</td>
<td>72.59</td>
<td>79.98</td>
<td>78.54</td>
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<tr>
<td>Median comp/Collections</td>
<td>-</td>
<td>0.493</td>
<td>0.452</td>
<td>0.414</td>
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How Do I Compare?

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

Billing correctly?
Billing Correctly?

- History
- Physical
- Check EMR template!

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>CPT Description</th>
<th>RVU Value</th>
<th>Local Mean</th>
<th>FPSC Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>99214</td>
<td>Office/outpatient visit est</td>
<td>1.5</td>
<td></td>
<td></td>
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<tr>
<td>99244</td>
<td>Office consultation</td>
<td>3.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99204</td>
<td>Office/outpatient visit new</td>
<td>2.43</td>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>99203</td>
<td>Office/outpatient visit new</td>
<td>1.42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95004</td>
<td>Percut allergy skin tests</td>
<td>0.01</td>
<td></td>
<td></td>
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<tr>
<td>99233</td>
<td>Subsequent hospital care</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99205</td>
<td>Office/outpatient visit new</td>
<td>3.17</td>
<td></td>
<td></td>
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<tr>
<td>94010</td>
<td>Breathing capacity test</td>
<td>0.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95076</td>
<td>Ingest challenge ini 120 min</td>
<td>1.5</td>
<td></td>
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<tr>
<td>99255</td>
<td>Inpatient consultation</td>
<td>4</td>
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<td>99254</td>
<td>Inpatient consultation</td>
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<td>95079</td>
<td>Ingest challenge addi 60 min</td>
<td>1.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99242</td>
<td>Office consultation</td>
<td>1.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>99212</td>
<td>Office/outpatient visit est</td>
<td>0.48</td>
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<tr>
<td>99223</td>
<td>Initial hospital care</td>
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<td>99232</td>
<td>Subsequent hospital care</td>
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</tr>
<tr>
<td>95018</td>
<td>Percut alig test drugs/biol</td>
<td>0.14</td>
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<td>94060</td>
<td>Evaluation of wheezing</td>
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<td>99202</td>
<td>Office/outpatient visit new</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>99253</td>
<td>Inpatient consultation</td>
<td>2.27</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Success

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

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
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

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
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
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

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
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!

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
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

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
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

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
Acknowledge Dr Christina Ciaccio for Financial Data