

Negotiation and Employment Contracts

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Conflict of Interest

- Meda Speaker
- Bayer Claritin Council Member, Spokesperson
- CSL Speaker

Overview

- Basic keys to negotiation
- Work location
- Non-Compete/Restrictive covenant
- Benefits
- Productivity/salary
- Medical malpractice
- Severability clause

Negotiating 101

- You can achieve what is important to you
 - 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

Recognize YOUR Value - Training

- Allergy or Immunology, BMT, special interest
- 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
 - Consider your value add and present this to the administration
 - Prepare a business plan

Educate Yourself on ABCs of Medical Practice

- Work RVU
- FMV (Fair market value)
- Meaningful Use

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**

Review Expectations

- Ask the right questions - patient care, teaching responsibilities - lectures and resident/medical student teaching
- 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
- Know your budget - overhead expenses (dean's tax, etc) , salaries

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.
- Numbers of clinic days expected - numbers of patients per day
- Consults - timing rules - how long before you must see patient in the hospital?

Non-compete/restrictive covenant

- Time (months to years)
- Space (miles or counties from primary place of work) – should be based on where you work
- 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 wRVU and then expect decrease in compensation
- Personal time off, CME time
- Health insurance
- Life insurance
- 401 K, 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/staff will be available?
- Will you have resources 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 the institution

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 by medical contracting lawyer

Review Possible Service Line Expansion

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

Summary

- Negotiating is an Art!
- Being young 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

Academic Practice

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AAAA&I Practice Management Workshop
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Disclosures

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- FLARE Diagnostics: Research Funding

Defining Academia

Older adage:

"An academic is someone who derives their salary from a University."



Modern definition:

"An academic is one whose occupation relates to education, scholarship, discovery, and/or the pursuit of knowledge."

Academic Terminology

Rank	Position / Appointment	Descriptors	Promotional Tracks / Title Series
Fellow	Program Director	Full-Time	Researcher / Regular
Instructor / Lecturer	Clinical Director	Part-time	Clinician / Clinical
Assistant Professor	Division Chief / Director	Adjunct	Educator / Administrator
Associate Professor	Department Chair	Clinical	Tenured / Non-tenured
Professor	Dean	Emeritus	
	President		

Example: Associate Professor, Division Director (*full-time researcher*)

Example 2: Clinical Assistant Professor (*part-time clinician educator*)

Potential Benefits of Academia

- Flexibility to balance patient care, research and teaching
- Access to latest research, faculty, and new technology
- Less need to individually manage business
- Buffered from market pressures
- Tenure is sometimes available
- Eligibility for student loan repayment programs
- College tuition remission programs for your children

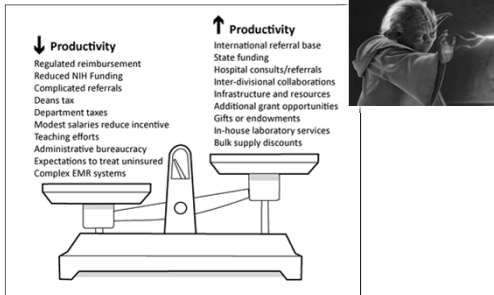
Academic Tracks “Effort”

	Research	Clinical	Teaching	Admin
Researcher Track	75%	10%	10%	5%
Clinician Track	10%	70%	10%	10%
Educator Track	10%	50%	30%	10%

Academic Financial Labyrinth



Forces of Academia



Relative Value Unit (RVU)

- Used by Medicare to set reimbursement rates
- Can be used as a measure of productivity
- Based on work done, practice expense, and liability
- Small adjustment based on geography (GPCI)

RVU Examples

CPT CODE	CPT NAME	RVU	Reimbursement
99213	OFFICE VISIT, EST, LEVEL 3	0.9962	\$90
99204	OFFICE VISIT, NEW, LEVEL 4	2.4956	\$195
99244	NEW PT CONSULT, LEVEL 4	3.1015	\$275
95004	Skin Prick test (per test)	0.01	\$7
94010	Spirometry	0.17	\$40
95145	Immunotherapy Prep (per unit)	0.06	\$21
92511	Nasalpharyngoscopy (rhinoscopy)	0.61	\$125
44970	Laparoscopic Appendectomy	9.45	\$625

RVU Model

Teaching 10% effort
 Admin 5% effort
 Clinical Director 15% effort
 Clinical care 70% effort (seven half-day sessions)

FTE RVU target 4,250 per year (46 weeks)
 70% RVU target 2,975 per year (46 weeks)
 Per session RVU 9.24 per session (1 half day)

*9.24 RVU = about 2 new patients and 3 returns

Example Compensation

Consideration	Research Track	Clinical Educator Track
Rank/Position	Assistant Professor	Assistant Professor
Clinical Sessions	1-2	5-8
Teaching / ward service	10%	10-20%
Base salary	\$110,000	\$150,000
NIH sponsored Loan Repayment	\$42,000*	\$0
401K retirement contributions	\$11,000	\$11,000
Health insurance	85% Paid	85% Paid
External speaking engagements	\$2,000	\$2,000
Conference reimbursement	\$2,500	\$2,500
Malpractice premiums	Paid	Paid
Books, computer and supplies	Paid	Paid
College tuition remission	\$20,000 per child	\$20,000 per child

Research Model



Academic Practice Targets

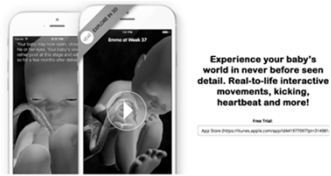
- Centers of excellence for niche diseases
- Precision medicine and diagnostics
- Procedural revenue (e.g., drug challenges, rhinoscopy)
- Penicillin allergy consult service
- Technology transfer collaborations
- Credit for teaching service
- Media publications and tablet applications
- Telemedicine consult service

Centers of Excellence



- Establishes local and national referral base
- Interdisciplinary synergy and collaboration
- Increases research potential and recruitment
- Attracts philanthropy

Modern Scholarship

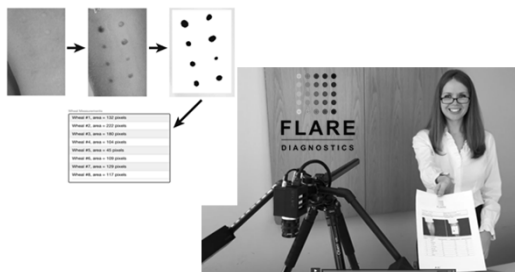


- Comprehensive Information About You and Your Developing Baby
- Award-Winning Fully Interactive 3D Models of Fetal Development
- Pregnancy Tests, Including a Weight Tracker, Risk Counter and Conception Timer
- Written by Doctors Along with Pregnant Mothers To Be

APP OVERVIEW
 Welcome to Sprout! It's an Apple Essential App for Parents and is one of Time Magazine's Top 50 Apps of the Year.
 Sprout and its development team is committed to providing parents at all levels with the most comprehensive pregnancy app. Sprout helps you stay informed and educated about the many exciting changes and developments happening in your body and your growing baby.



Technology Collaborations



Private Sector Lessons

- Efficient and nimble
- Adaptable
- Entrepreneurship
- Limited bureaucracy
- Control of the purse strings



The Future of Academics



"You are never too big to be nimble"

Academia Summary

- Increasingly complicated financial structure
- Opportunities and rewards still present
- Find your Niche!
- Centers of excellence fit well with academic model
- Consider technology and modern scholarship
- Must control divisional finances and resources
- Be nimble and adapt

Employment in Ever-Changing Academia: How to Succeed and Thrive

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No Relevant Financial Relationships to Disclose

Current Procedural Terminology (CPT)

- AMA holds intellectual property rights for the CPT nomenclature that provides a classification list of codes of approximately 9,000 distinct physician services
- Each service in the fee schedule is scored under the resource based relative value system (RBRVS) to determine a payment
- RBRVS is a schema used to determine how much money medical providers should be paid
- RBRVS is a system for describing, quantifying and reimbursing physician services relative to one another
- Used by Medicare and nearly all HMO's

Source: Wikipedia

Relative Value Units (RVUs)

- Each CPT service is compensated using a payment formula containing 3 RVUs:
 - Physician work (wRVU) – 52-54%
 - Practice expense – 41-44% (nonMD clinical/nonclinical labor)
 - Malpractice expense – 4-5%
- RVU are a measure of value used in the US Medicare reimbursement formula for physician services
- The 3 RVUs for a given service are multiplied by a unique geographic cost index (GPCI) to “adjust” for wage and overhead cost differences across US regions
- The sum of the 3 geographically weighted RVU values is multiplied by the Medicare conversion factor to obtain the final price
 - Same regardless of specialty
 - 2014 = \$35.8228

Source: Wikipedia

Work Relative Value Units (wRVUs)

- wRVU values historically determined by the AMA Specialty Society Relative Value Scale Update Committee (RUC)
- wRVU is a constant value across specialties and geographic locations
- Physician "work" includes:
 - physician time to perform the service
 - technical skill and/or physical effort required
 - amount of mental effort and judgment
 - Stress arising from potential risk to the patient
 - an amortization of the physician's education
- RVU based compensation allows provider payment based on the amount of work performed
- Ignores payer mix or actual collections

Source: Wikipedia

wRVU for Office Visit CPT Codes

Initial Office Consult		Initial Office Visit		Established F/u Office Visit	
CPT	wRVU	CPT	wRVU	CPT	wRVU
99241	0.64	99201	0.48	99211	0.18
99242	1.34	99202	0.93	99212	0.48
99243	1.88	99203	1.42	99213	0.97
99244	3.02	99204	2.43	99214	1.50
99245	3.77	99205	3.17	99215	2.11

wRVU for Allergy Procedure CPT Codes

95004	Environmental SPT	0.01
95024	Environmental ID	0.01
95017	Venom (prick or ID)	0.07
95018	Drug (prick or ID)	0.14
95165	Inhalant IT extracts	0.06
95145-9	Venom extracts	0.06
94010	Spirometry	0.17
94060	Spirometry with BD	0.27
95076	Oral challenge (<151m)	1.50
95079	Oral challenge (>151m)	1.38
95180	Rapid desensitization	2.01

Ways to use wRVU

- RVU based compensation: set RVU dollar value multiplied by actual wRVU per fiscal year
- RVU based productivity: individual physician percent of practice revenue divided by percent of practice RVUs = RVU productivity ratio

Benchmarking

- Medical Group Management Association (MGMA)
- Association for medical practice administrators and healthcare executives
- 18,000 healthcare organizations with 385,000 MDs
- "Provides the essential education, legislative information, and data and career resources to help improve patient services and operational efficiencies"
- Benchmarking is comparing performance to industry standards
- Allows comparison of how physicians/medical practices perform compared to similar practices
- Key step in evaluating provider and organizational performance

Source: MGMA website

MGMA: Most Challenging Aspects of Running a Group Practice

1. Dealing with rising operating costs
2. Preparing for reimbursement models that place a greater share of financial risk on the practice
3. Managing finances with the uncertainty of Medicare reimbursement rates
4. Collecting from self-pay, high deductible, and/or health savings account patients
5. Understanding the total cost of an episode of care

Source: MGMA website

MGMA 2014 A/I Provider Compensation Data

	25 th percentile	Median	75 th percentile
wRVUs	3,443	4,379	5,729
Compensation/wRVU	\$66.15	\$79.98	\$102.93
Collections	\$467,866	\$662,003	\$886,874
Total Compensation*	\$238,675	\$320,637	\$453,586

* All practice types

MGMA 2014 A/I Academic Compensation

	25 th percentile	Median	75 th percentile
Instructor - Base		N/A	
Instructor - Total		N/A	
Assistant - Base	\$127,188	\$148,800	\$171,936
Assistant - Total	\$140,444	\$162,009	\$204,853
Associate - Base		N/A	
Associate - Total		N/A	
Professor - Base	\$148,115	\$191,350	\$223,113
Professor - Total	\$153,558	\$200,733	\$237,864
