



GME Trainee Professional Development Series

How are physicians paid?

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Introduction

Grant Coffman, MBA

Sr. Associate Administrator

Margaret M. and Albert B. Alkek Department of
Medicine

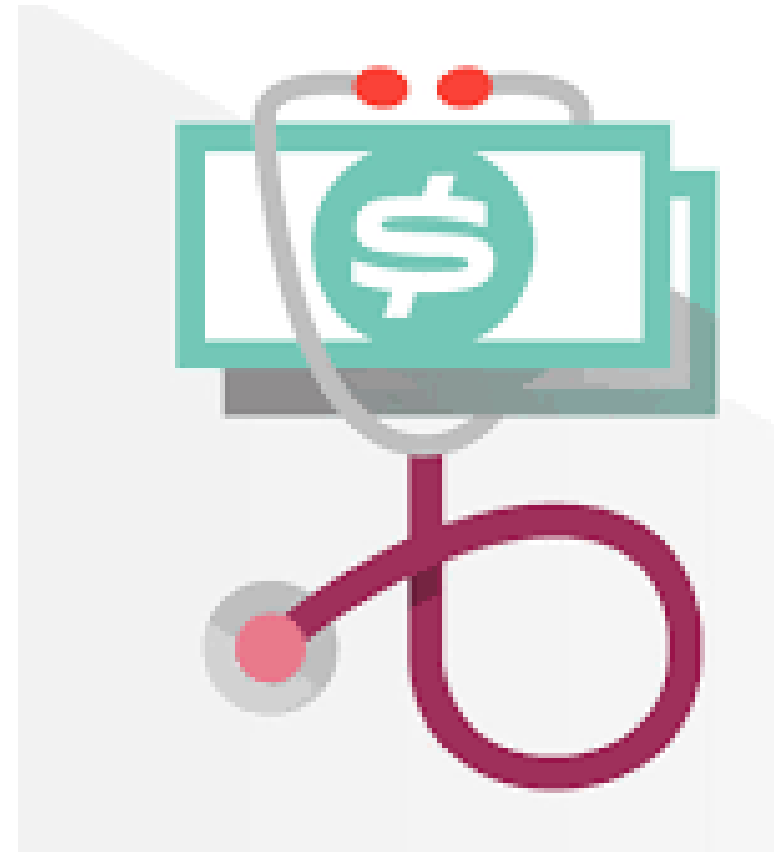
Baylor College of Medicine

Disclosures: None



Agenda

1. Employment Settings
2. Current Trends
3. Compensation Package
4. Benchmarks
5. Regulatory Environment
6. Additional Resources
7. Q&A





Settings

Employment Settings

System-Owned

Academic

Physician-Owned



	System-Owned	Academic	Physician-Owned
Leadership	Board/Admin	Physician Executives	Physician Executives
Compensation	\$\$	\$	\$\$\$
Benefits	\$\$	\$\$\$	\$\$
Non-Clinical Duties	Medical Leadership	Medical Leadership Education Research	Medical Leadership

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Region Matters

MEDIAN TOTAL COMPENSATION BY GEOGRAPHIC REGION				
	Eastern	Midwest	Southern	Western
Primary care physicians	Lowest	Third	Second	Highest
Surgical specialists	Second	Highest	Third	Lowest
Nonsurgical specialists	Lowest	Third	Highest	Second
APPs	Third	Lowest	Second	Highest
CHANGE IN MEDIAN TOTAL COMPENSATION, ALL AGGREGATED SPECIALTIES				
1-Year Change	11.56%	9.03%	-2.02%	5.16%
5-Year Change	17.72%	14.55%	6.73%	13.78%

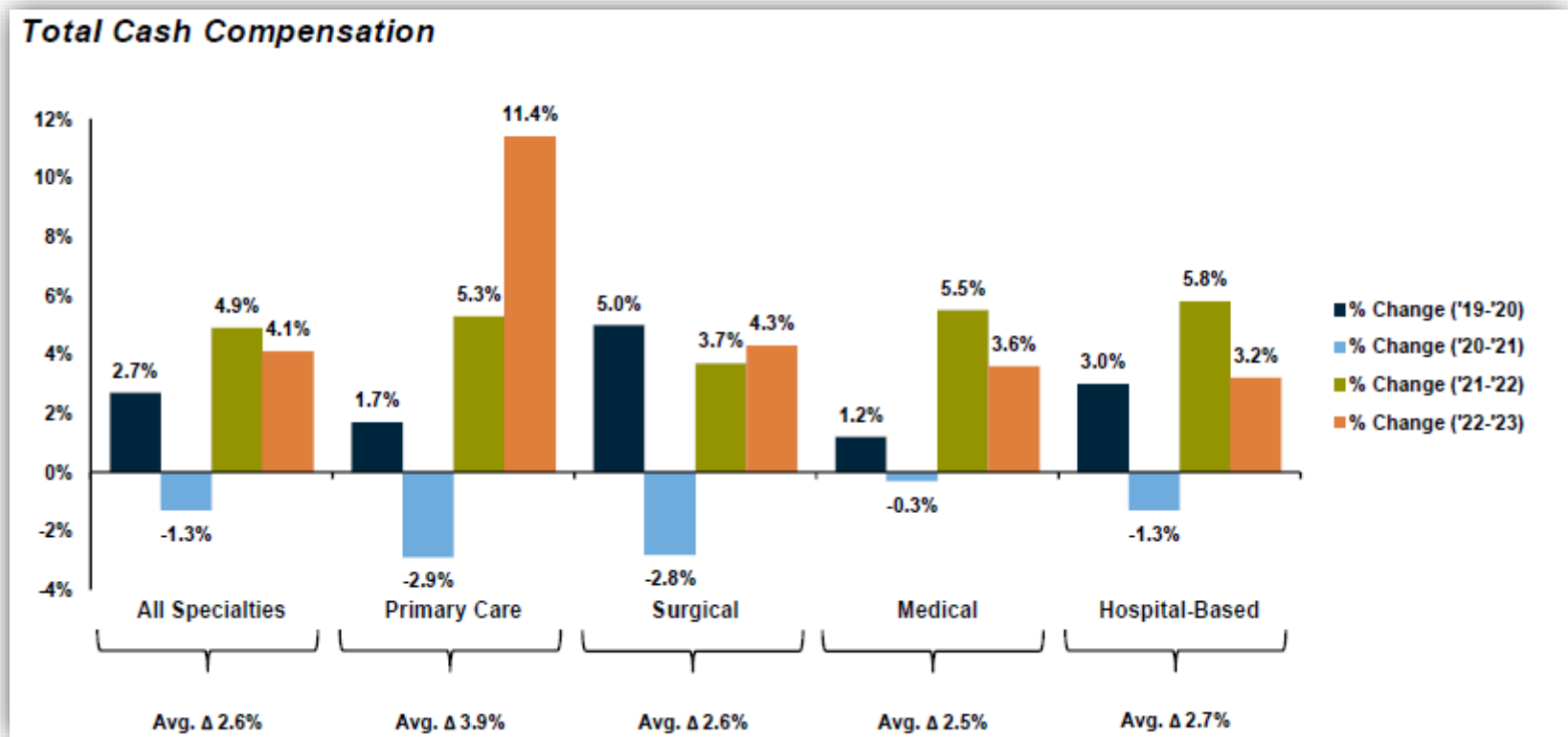
Source: 2020-2024 MGMA DataDive Provider Compensation (based on 2019-2023 data)

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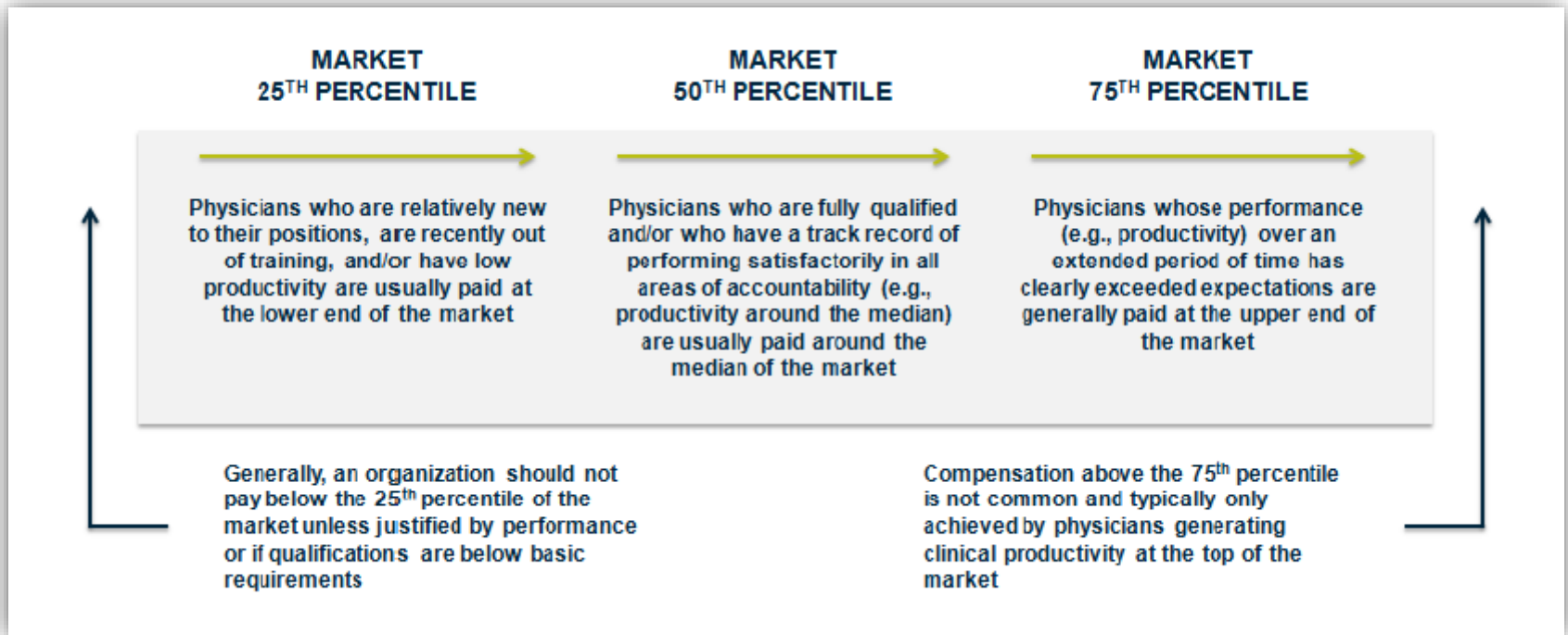
Current Trends

The trend continues



Physician compensation continues to trend higher each year

25th to 75th percentiles



Compensation Models

Salary Alone

Salary + Bonus

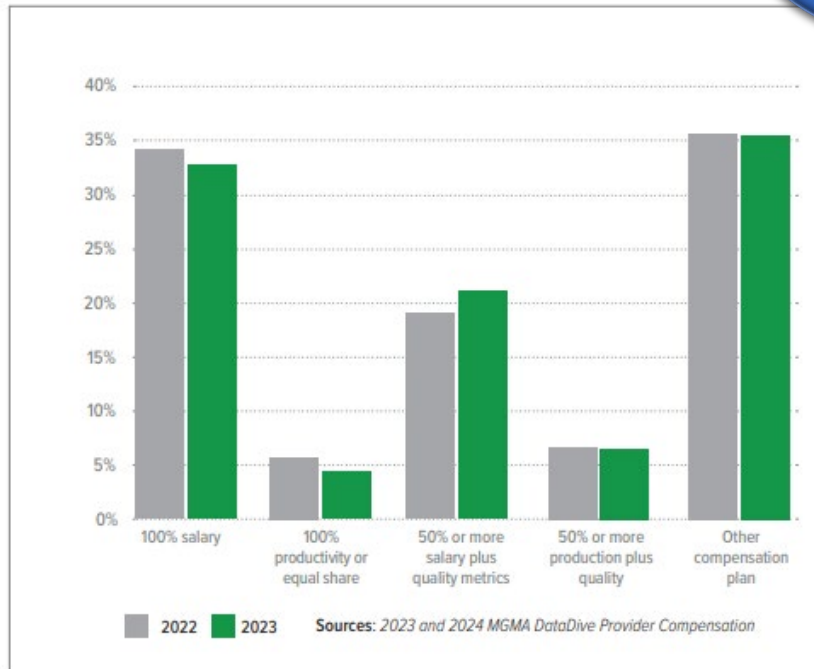
Income Guarantee

20%

75%

5%

COMPENSATION METHOD FOR ALL PRACTICES



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- National data suggests that **MOST** organizations have some form of salary + bonus compensation model.
 - **30-50%** will tie compensation to productivity



The Package

Compensation Package



Recruitment Payments

Base Salary

Bonus Compensation

Recruitment Payments

Sign-On Bonus

\$37K
Avg

87% offer

Relocation Assistance

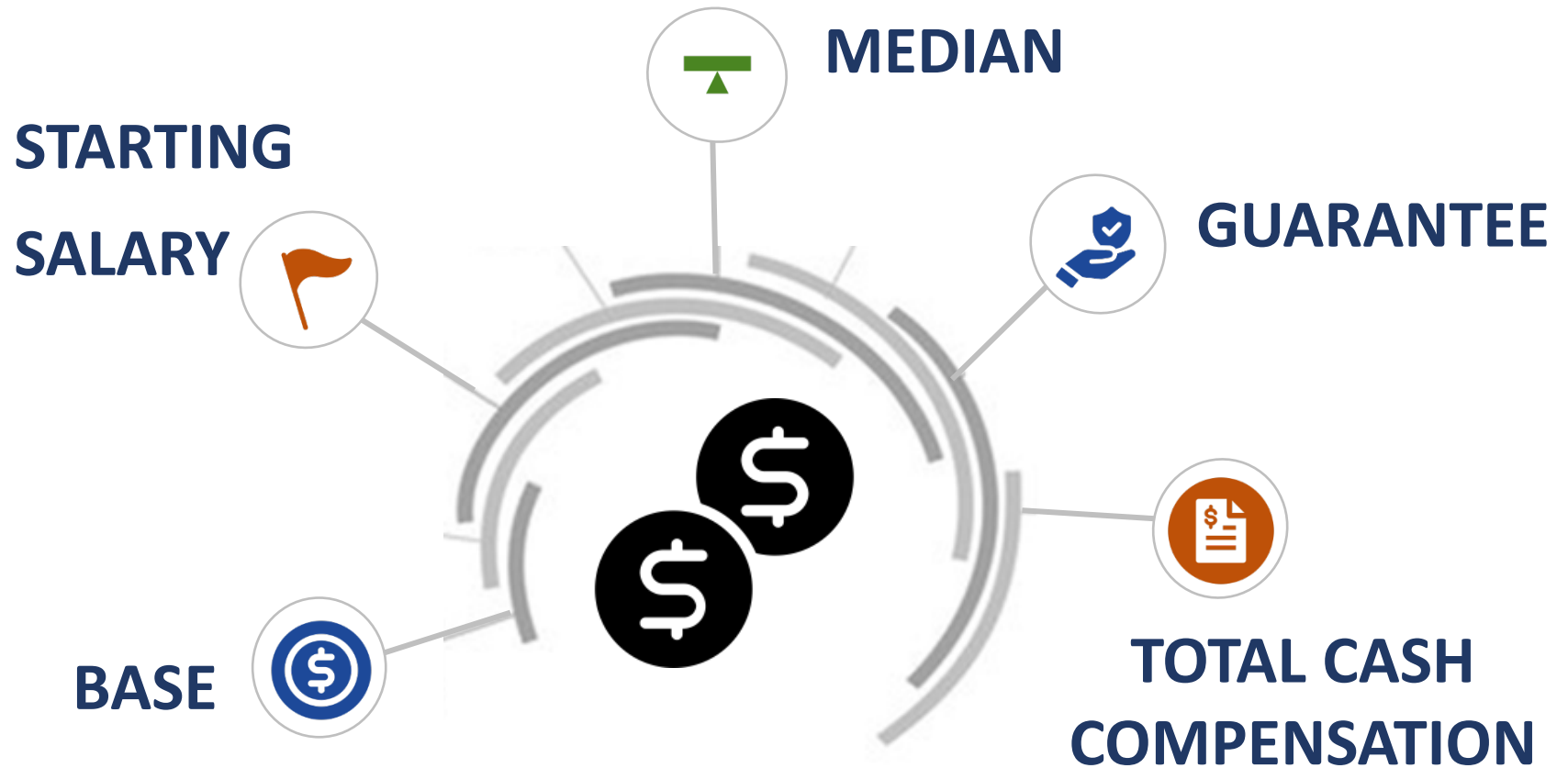
\$12K
Avg

95% offer

THE CATCH:

24 to 36 mth
commitments with
payback

Base Compensation



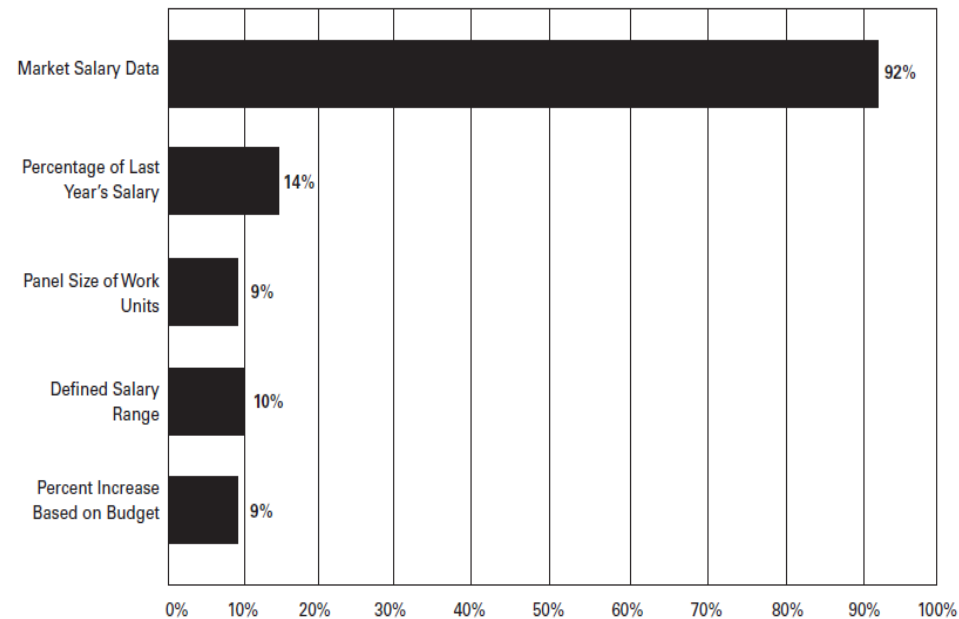
Determining Base Compensation

Starting salaries are usually between the 25th and 50th percentiles TCC

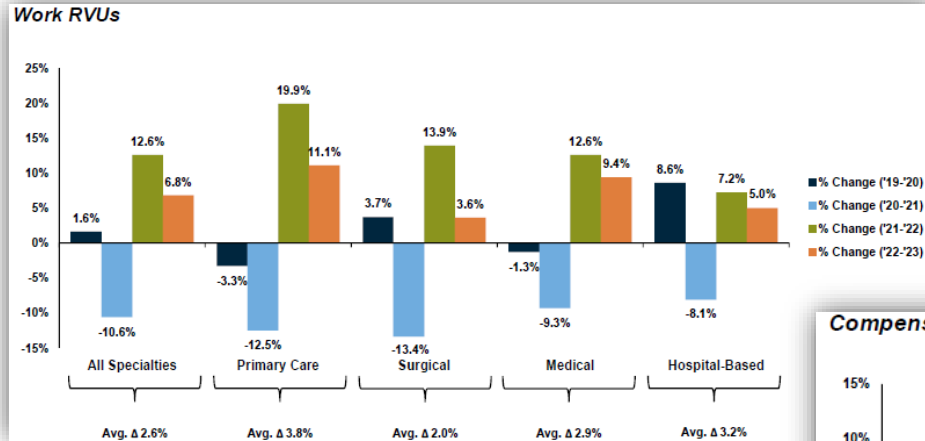
Usually guaranteed for 18 – 36 months

Important to understand how base salary can change

Physician Base Salary Determinants (n=139)

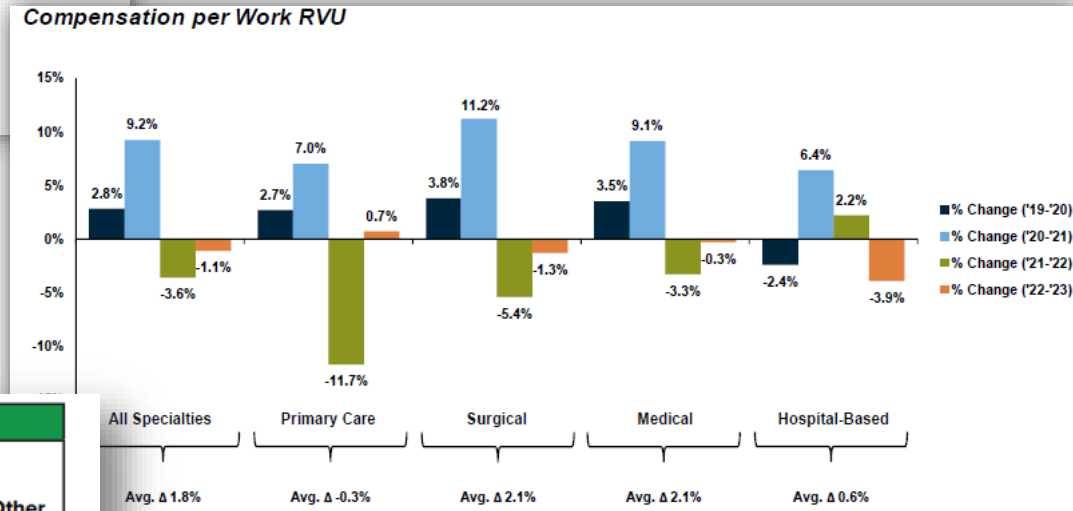


Productivity Compensation



Physician productivity continues to rise.....

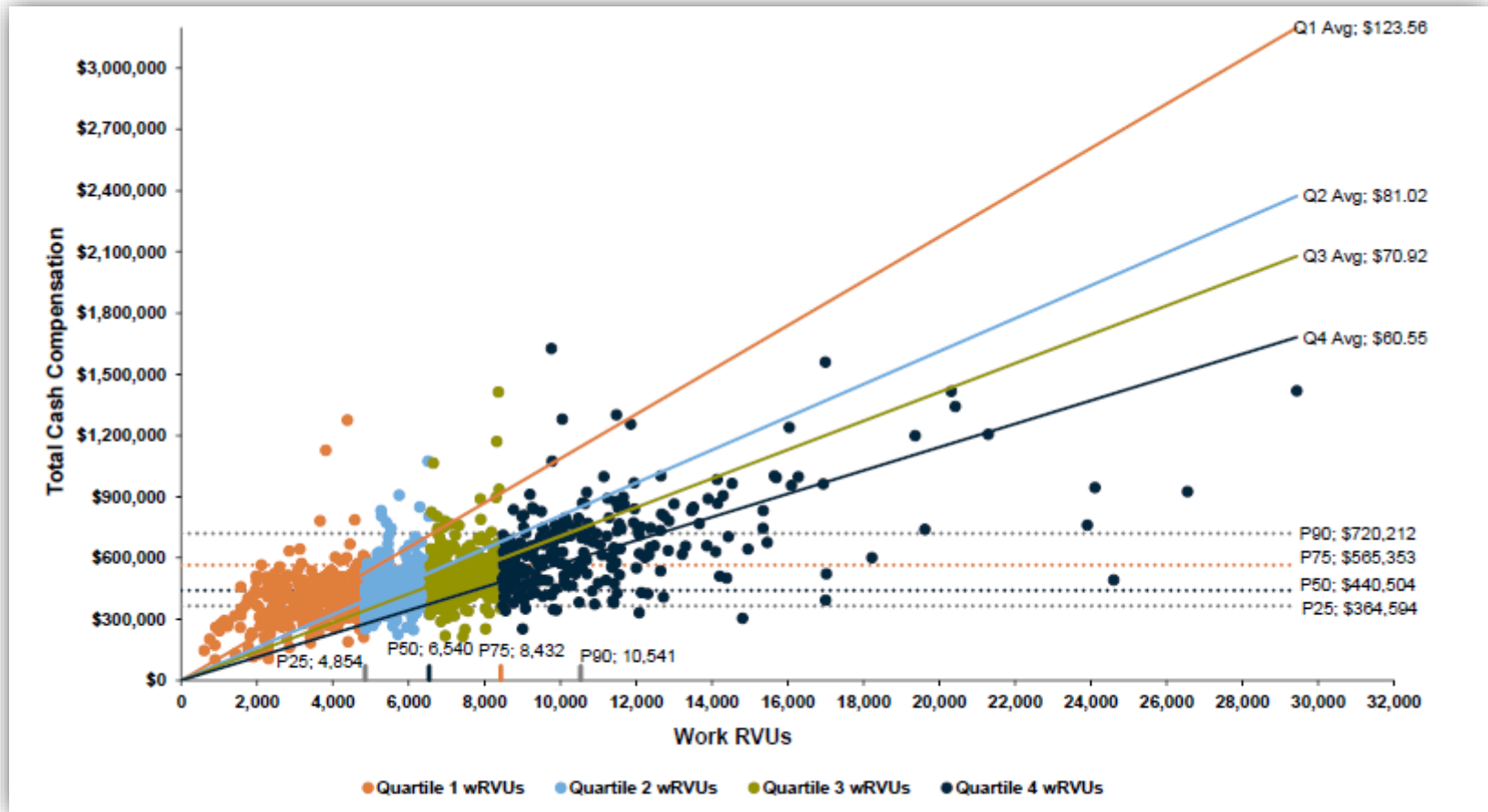
...but not as fast as compensation



COMPENSATION ALLOCATION*					
	Straight/ base salary	Productivity	Quality & Patient Experience	On- Call	Other
Primary care physicians	68.26%	24.68%	2.91%	0.92%	3.24%
Surgical specialists	71.79%	20.75%	1.61%	2.20%	3.67%
Nonsurgical specialists	78.86%	15.44%	2.40%	1.03%	3.06%
APPs	83.63%	10.50%	21.24%	1.14%	3.51%

Source: 2024 MGMA DataDive Provider Compensation (based on 2023 data) * Mean reported

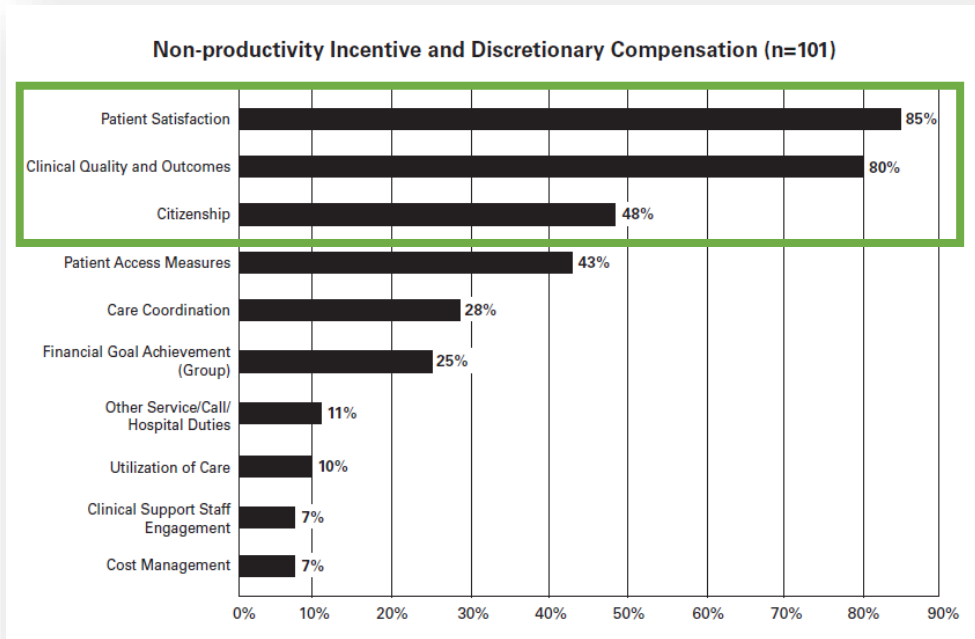
Productivity Compensation



Contrary to popular belief, as PRODUCTIVITY increases, compensation PER UNIT decreases

Incentive Compensation

Non-Productivity Incentive Categories



~10% of
Base
Comp



Physicians earn an average 50% of non-productivity incentives

Call Pay

70% of organizations pay some physicians for call coverage

A baseline number of uncompensated call days is not uncommon

Largely driven by health system and hospital by-laws

Amounts will vary based on specialty and likelihood of being utilized



Unrestricted Daily Rate

\$300 → **\$1500**



Benchmarks

Benchmarks *Sources*



Who participates in surveys?

Health System Ownership has increased 8% in 5 years

Common market surveys have limited academic participation

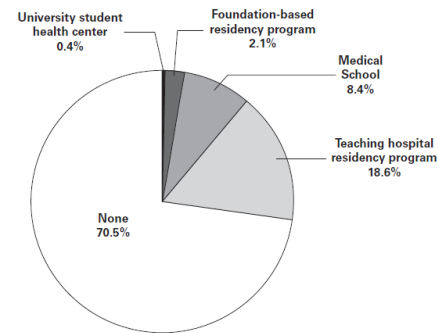
Very few private practices participate in these surveys

TABLE 1.4 – Majority Ownership of Medical Group

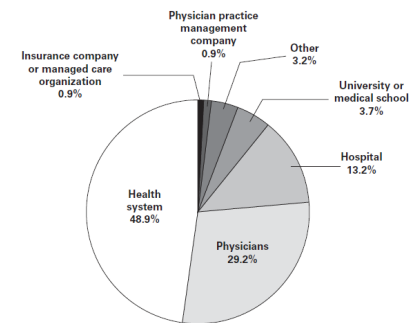
Majority Ownership of Medical Group ⁽¹⁾	
Type	Percentage
Health System	60%
Physicians	26%
Hospital	4%
Foundation	2%
Insurance Company or Managed Care Organization	2%
Physician Practice Management Company	2%
University or Medical School	2%
Other	2%

n = 114
⁽¹⁾Reported data only include organizations that are medical groups.

Academic Affiliation (n=237)



Majority Ownership (n=219)





Numbers

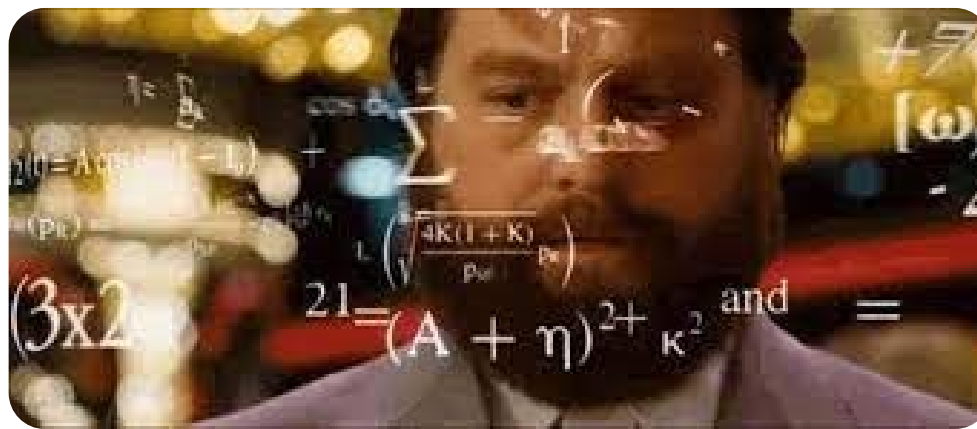
Base vs Total Compensation

Specialty	Base Salary	Total Compensation	Diff.
Family Medicine	234,321	267,609	14%
Internal Medicine	240,185	271,958	13%
Pediatrics-Internal Medicine	225,771	263,151	17%
Cardiology-General	440,001	491,594	12%
Psychiatry-General	243,553	262,335	8%
Pulmonology-CCM	341,847	390,781	14%
General Surgery	377,137	419,396	11%
Otolaryngology-General	384,754	447,664	16%
Emergency Medicine	312,864	338,749	8%

Remember:
Median compensation represents all participants (mid-career)

- Most specialties will see a **10-20%** difference between base compensation and total compensation
 - **Total compensation includes:**
 - Bonus Payments
 - Call Pay
 - Consulting/Expert Witness
 - Moonlighting/Extra Shifts

Private vs Academic



Specialty	Private	Academic	Diff.
Family Medicine	267,609	239,963	-10%
Internal Medicine	271,958	250,746	-8%
Pediatrics-Internal Medicine	263,151	221,755	-16%
Cardiology-General	491,594	393,516	-20%
Psychiatry-General	262,335	258,522	-1%
Pulmonology-CCM	390,781	393,516	1%
General Surgery	419,396	457,034	9%
Otolaryngology-General	447,664	496,670	11%
Emergency Medicine	338,749	335,079	-1%

- Pay disparities vary between specialties
- Often benefits packages are more competitive in academic settings

The background of the slide is a repeating pattern of US dollar bills, rendered in a light gray, semi-transparent style. The bills are oriented horizontally and overlap each other, creating a textured, grid-like appearance. The text is centered over this background.

Oh no! It's the FEDs!

Regulatory Environment

Major Michigan-Based Hospital System Settles Health Care Fraud Case

Contact: J. Marc Vezina (504) 813-6100 - jmv@vezinalaw.com

Date: August 2, 2018

Major Michigan-Based Hospital System Settles Health Care Fraud Case Vezina Law Group announced today that William Beaumont Hospital (“Beaumont”), a major hospital system with facilities in Royal Oak, Troy, and Grosse Pointe, Michigan, among other locations, will pay \$84.5 million dollars to settle a False Claims Act lawsuit for health care fraud.

PRESS RELEASE

United States Resolves \$237 Million False Claims Act Judgment against South Carolina Hospital that Made Illegal Payments to Referring Physicians

PRESS RELEASE

Indiana Health Network Agrees to Pay \$345 Million to Settle Alleged False Claims Act Violations

Tuesday, December 19, 2023

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For Immediate Release

Office of Public Affairs

Physicians are one of the only professions where the government regulates compensation.

Regulatory Environment

Physician Self-Referral Law [42 U.S.C. § 1395nn]

The Physician Self-Referral Law, commonly referred to as the Stark law, prohibits physicians from referring patients to receive "designated health services" payable by Medicare or Medicaid from entities with which the physician or an immediate family member has a financial relationship, unless an exception applies. Financial relationships include both ownership/investment interests and compensation arrangements. For example, if you invest in an imaging center, the Stark law requires the resulting financial relationship to fit within an exception or you may not refer patients to the facility and the entity may not bill for the referred imaging services.

Anti-Kickback Statute [42 U.S.C. § 1320a-7b(b)]

The AKS is a criminal law that prohibits the knowing and willful payment of "remuneration" to induce or reward patient referrals or the generation of business involving any item or service payable by the Federal health care programs (e.g., drugs, supplies, or health care services for Medicare or Medicaid patients). Remuneration includes anything of value and can take many forms besides cash, such as free rent, expensive hotel stays and meals, and excessive compensation for medical directorships or consultancies. **In some industries, it is acceptable to reward those who refer business to you. However, in the Federal health care programs, paying for referrals is a crime.** The statute covers the payers of kickbacks-those who offer or pay remuneration- as well as the recipients of kickbacks-those who solicit or receive remuneration. Each party's intent is a key element of their liability under the AKS.

False Claims Act [31 U.S.C. §§ 3729-3733]

The civil FCA protects the Government from being overcharged or sold shoddy goods or services. It is illegal to submit claims for payment to Medicare or Medicaid that you know or should know are false or fraudulent. Filing false claims may result in fines of up to three times the programs' loss plus \$11,000 per claim filed. Under the civil FCA, each instance of an item or a service billed to Medicare or Medicaid counts as a claim, so fines can add up quickly. The fact that a claim results from a kickback or is made in violation of the Stark law also may render it false or fraudulent, creating liability under the civil FCA as well as the AKS or Stark law.

Under the civil FCA, no specific intent to defraud is required. The civil FCA defines "knowing" to include not only actual knowledge but also instances in which the person acted in deliberate ignorance or reckless disregard of the truth or falsity of the information. Further, the civil FCA

contains a whistleblower provision that allows a private individual to file a lawsuit on behalf of the United States and entitles that whistleblower to a percentage of any recoveries. Whistleblowers could be current or ex-business partners, hospital or office staff, patients, or competitors.

<https://www.mgma.com/articles/fair-market-value-and-physician-compensation-defining-the-regulatory-landscape>

<https://www.cms.gov/medicare/regulations-guidance/physician-self-referral>

<https://oig.hhs.gov/compliance/physician-education/fraud-abuse-laws/>

Regulatory Environment

Self Referral- If you own it, don't refer to it

Anti-Kickback Statute- If you are paid to send to it, don't send to it

False Claims Act- If the government thinks it's wrong, don't do it

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Regulatory Environment

Fair Market Value:

- Consistent with market
- A reasonable “arms-length” transaction
- Does not consider volume or value of referrals

Referral

- Certain designated health services such as therapy, labs, radiology, DME, home health, pharmacy, hospital services

<https://www.mgma.com/articles/fair-market-value-and-physician-compensation-defining-the-regulatory-landscape>

<https://www.cms.gov/medicare/regulations-guidance/physician-self-referral>

Regulatory Environment

Commercial Reasonableness

CMS issued updated Stark Rule regulations, which went into effect on January 21, 2021. After considering the comments on the definition of “commercially reasonable,” CMS finalized the definition of commercially reasonable to mean “that the particular arrangement furthers a legitimate business purpose of the parties to the arrangement and is sensible, considering the characteristics of the parties, including their size, type, scope, and specialty.”¹ Additionally, CMS stated that “an arrangement may be commercially reasonable even if it does not result in profit for one or more of the parties.”²

Further, CMS elaborated that “when determining the commercial reasonableness of an arrangement, the question to ask is whether the arrangement makes sense as a means to accomplish the parties' goals. The test is not whether the compensation terms alone make sense as a means to accomplish the parties' goals; however, the compensation terms of an arrangement are an integral part of the arrangement and impact its ability to accomplish the parties' goals.”³

¹ See 42 C.F.R. § 411.351 – Stark Law regulations.

² Id.

³ See 84 Fed. Reg. at 55790.

The background of the slide is a repeating pattern of US dollar bills, rendered in a light gray, semi-transparent style. The bills are arranged in a grid-like fashion, overlapping slightly, and are oriented horizontally. The word "Recap" is centered over this pattern.

Recap

Let's Recap

- **Location, Location, Location**
- **Base Salary needs to be guaranteed**
- **Understand bonus structures**
- **Find a representative survey**
- **Consider the Overall Compensation**
- **Protect yourself against violating the FCA/AKS/Stark Law**

Additional Resources

General Compensation Information:

<https://www.jacksonphysiciansearch.com/category/compensation-benefits/>

<https://cokergroup.com/insights/>

[TexMed Restrictive Covenant Article](#)

[Stark/AKS Comparison Chart](#)

[MGMA Provider Compensation Report](#)

Academic Medicine Information:

<https://www.aamc.org/data-reports>

["When Physicians Should Walk Away From a Job Offer"](#)

Questions

