

AMERICAN MEDICAL GROUP ASSOCIATION

# 2011 MEDICAL GROUP COMPENSATION AND FINANCIAL SURVEY

2011 REPORT BASED ON 2010 DATA

A confidential survey of direct compensation trends, productivity correlations,  
and starting salaries in medical groups, as well as key cost information and financial profiles.  
Compiled by McGladrey, consultants for the American Medical Group Association.

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June 2011

Board of Directors  
American Medical Group Association  
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We are pleased to present this report on the results of the Twenty-fourth Annual Medical Group Compensation and Financial Survey. The American Medical Group Association (AMGA) mailed the survey questionnaire to more than 2,700 medical groups across the country in January 2011. McGladrey, Inc.'s Health Care Consulting Group received valid responses from 239 medical groups, representing more than 51,700 providers.

McGladrey supports AMGA's efforts to advocate for the multispecialty medical group model of healthcare delivery and the patients served by medical groups, through innovation and information sharing, benchmarking, and continuous striving to improve patient care. We believe that the data represented in this survey are an important resource that medical group leaders can use to make management decisions in pursuit of this worthy mission.

The purpose of this report's compensation section is to provide provider compensation, gross productivity, work RVU, and other related information that is of great value when analyzing the compensation plan of a medical group. The report presents data for a wide scope of specialties, summarized by region and organization size (physician FTE). Other summaries include fringe benefits, compensation for administrative positions, and compensation and productivity information for academic facilities.

The purpose of this report's financial section is to assist medical group management teams in operating their practices by providing pertinent and timely comparative financial information from a variety of medical groups throughout the United States. The report presents data on support staff salaries and benefits, physician salaries, staffing profiles, and other key management costs. The data are summarized by capitation level, geographic region, and specialty grouping. The capitation level summary is on a per-physician basis, with the geographic region summary being reported on both a per-physician and per-square-foot basis. The specialty grouping and specialty detail pages present a financial profile on a per-physician and per-work-RVU basis.

AMGA strives to publish a report that meets the needs of medical groups looking to enhance financial performance and to benchmark financial data from comparable medical groups. When comparing an individual group's data to the survey, the wide variation in practice styles, management structure, and governance should be considered.

The 2011 AMGA Medical Group Compensation and Financial Survey is created through a partnership between McGladrey, Inc. and AMGA. To ensure confidentiality of individual group data, all responses are maintained by McGladrey. As in prior years, special reports analyzing the data in ways not reported here may be purchased separately from McGladrey.

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## INTRODUCTION

The 2011 AMGA Medical Group Compensation and Financial Survey is a nationally recognized compensation survey designed to assist various management levels in evaluating and comparing current physician compensation and productivity levels, trends, and relationships between compensation and productivity. The compensation section and its data can assist in making compensation-related decisions for a medical group's physicians, nonphysician medical staff, and select administrative positions. This report can also be used in various ways to identify trends and measure a medical group's compensation and productivity against those of other medical groups throughout the nation. We believe the data are representative of large multispecialty group practices.

The Financial section was developed with the recognition that physician groups of all sizes are experiencing terrific pressure to deliver high-quality patient care in an increasingly competitive and regulated environment. This section is designed to assist medical group management teams in operating their practices by providing pertinent and timely financial information from a variety of medical groups throughout the United States. The section presents data on support staff salaries and benefits, physician salaries, staffing profiles, and other key financial indicators. The data are summarized by capitation level, geographic region, and specialty grouping.

The American Medical Group Association, which has been conducting this survey since 1986, represents the interests of medical groups nationwide, including some of the nation's largest, most prestigious integrated healthcare delivery systems. The members of AMGA deliver health care to approximately 110 million patients in 49 states. The average AMGA member group has 300 physicians and 20 satellite locations. Headquartered in Alexandria, Virginia, AMGA is the strategic partner for medical groups, providing a comprehensive package of benefits, including political advocacy, educational and networking programs and publications, benchmarking data services, and financial and operations assistance.

SECTION I  
EXECUTIVE SUMMARY

## Survey at a Glance

### Compensation Trends

The table below lists median compensation data by specialty for four reporting years, along with the percentage change for each of the one-year, two-year, and three-year periods. Many factors influence a change in physician compensation, some of which are market demand for certain specialists and new technology or new procedures that impact the physician's overall productivity. In 2010, 69% of the specialties experienced an increase in compensation. The overall weighted average increase was approximately 2.4%. The primary care specialties' compensation increase was approximately 2.6% while other medical specialties had a 2.5% increase on average, and surgical specialties had a 0.44% average increase. Of the specialties listed below, highest compensation increases were in Allergy, Emergency Medicine, and Hospitalist – Internal Medicine.

**Table 1: Median Physician Compensation 2008-2011**

| Medical Specialties                                | 2011    | 2010    | 2010-2011         | 2009    | 2008    | 2009-2011         | 2008-2011         | 2008-2011     |
|--|---------|---------|-------------------|---------|---------|-------------------|-------------------|---------------|
|  |         |         | Percentage Change |         |         | Percentage Change | Percentage Change | Dollar Change |
| Allergy  | 265,592 | 249,674 | 6.38%             | 241,138 | 233,894 | 10.14%            | 13.55%            | 31,698        |
| Cardiology   | 422,921 | 402,000 | 5.20%             | 398,034 | 379,975 | 6.25%             | 11.30%            | 42,947        |
| Cardiology - Cath Lab                              | 504,099 | 484,092 | 4.13%             | 471,746 | 456,048 | 6.86%             | 10.54%            | 48,051        |
| Dermatology  | 386,068 | 375,176 | 2.90%             | 350,627 | 344,847 | 10.11%            | 11.95%            | 41,221        |
| Endocrinology                                      | 233,000 | 218,855 | 6.46%             | 212,281 | 205,497 | 9.76%             | 13.38%            | 27,503        |
| Family Medicine                                    | 208,658 | 208,861 | -0.10%            | 197,655 | 190,182 | 5.57%             | 9.71%             | 18,476        |
| Gastroenterology                                   | 415,872 | 405,000 | 2.68%             | 389,385 | 374,674 | 6.80%             | 11.00%            | 41,198        |
| Hematology & Medical Oncology                      | 325,000 | 320,907 | 1.28%             | 315,133 | 301,809 | 3.13%             | 7.68%             | 23,192        |
| Hospitalist - Internal Medicine                    | 229,294 | 215,716 | 6.29%             | 211,835 | 205,445 | 8.24%             | 11.61%            | 23,849        |
| Hypertension & Nephrology                          | 259,776 | 259,677 | 0.04%             | 246,049 | 246,646 | 5.58%             | 5.32%             | 13,130        |
| Infectious Disease                                 | 225,412 | 227,750 | -1.03%            | 222,094 | 220,601 | 1.49%             | 2.18%             | 4,811         |
| Internal Medicine                                  | 219,500 | 214,307 | 2.42%             | 205,441 | 199,886 | 6.84%             | 9.81%             | 19,614        |
| Neurology  | 246,500 | 236,500 | 4.23%             | 236,500 | 229,119 | 4.23%             | 7.59%             | 17,381        |
| Pediatrics & Adolescent - General                  | 213,379 | 209,873 | 1.67%             | 202,832 | 193,964 | 5.20%             | 10.01%            | 19,415        |
| Psychiatry   | 217,169 | 214,740 | 1.13%             | 208,462 | 206,431 | 4.18%             | 5.20%             | 10,739        |
| Pulmonary Disease                                  | 303,125 | 306,829 | -1.21%            | 278,000 | 267,148 | 9.04%             | 13.47%            | 35,977        |
| Rheumatologic Disease                              | 231,579 | 224,000 | 3.38%             | 219,411 | 217,010 | 5.55%             | 6.71%             | 14,569        |
| Urgent Care  | 230,239 | 222,920 | 3.28%             | 215,625 | 200,904 | 6.78%             | 14.60%            | 29,335        |
| <b>Surgical Specialties</b>                        |         |         |                   |         |         |                   |                   |               |
| Cardiac & Thoracic Surgery                         | 532,567 | 533,084 | -0.10%            | 507,143 | 497,307 | 5.01%             | 7.09%             | 35,260        |
| Emergency Medicine                                 | 285,910 | 268,787 | 6.37%             | 267,293 | 256,879 | 6.97%             | 11.30%            | 29,031        |
| General Surgery                                    | 367,315 | 357,091 | 2.86%             | 340,000 | 337,595 | 8.03%             | 8.80%             | 29,720        |
| OB/GYN - General                                   | 302,638 | 295,761 | 2.33%             | 294,190 | 283,110 | 2.87%             | 6.90%             | 19,528        |
| Ophthalmology                                      | 356,339 | 343,945 | 3.60%             | 325,384 | 305,301 | 9.51%             | 16.72%            | 51,038        |
| Orthopedic Surgery                                 | 501,808 | 500,672 | 0.23%             | 476,083 | 450,000 | 5.40%             | 11.51%            | 51,808        |
| Otolaryngology                                     | 377,430 | 368,777 | 2.35%             | 365,171 | 336,149 | 3.36%             | 12.28%            | 41,281        |
| Urology  | 413,746 | 413,941 | -0.05%            | 389,198 | 383,029 | 6.31%             | 8.02%             | 30,717        |
| <b>Radiology/Anesthesiology/Pathology</b>          |         |         |                   |         |         |                   |                   |               |
| Anesthesiology                                     | 372,750 | 370,500 | 0.61%             | 366,640 | 352,959 | 1.67%             | 5.61%             | 19,791        |
| Diagnostic Radiology<br>(M.D.s Interventional)     | 492,102 | 478,000 | 2.95%             | 478,000 | 463,219 | 2.95%             | 6.24%             | 28,883        |
| Diagnostic Radiology<br>(M.D.s Non-Interventional) | 461,250 | 454,205 | 1.55%             | 438,115 | 420,858 | 5.28%             | 9.60%             | 40,393        |
| Pathology - Combined (M.D. Only)                   | 354,917 | 354,750 | 0.05%             | 344,195 | 310,025 | 3.11%             | 14.48%            | 44,892        |

## Work RVUs

We have collected work RVUs since 1996. Work RVUs are the primary measure of a physician's productivity for the majority of participating medical groups. The table below presents the median work RVUs reported over the past four reporting years. The overall weighted average decrease from the 2010 survey to the 2011 survey was approximately 0.4%. Primary care and medical specialties remained fairly flat, with an increase of 0.51% and 0.49%, respectively. Surgical specialties decreased by 2.12% on average. Of the specialties listed below, the highest work RVU increases came from Allergy and Dermatology.

**Table 2: Median Work RVUs 2008-2011**

|  | 2011  | 2010   | 2010-2011<br>Percentage<br>Change | 2009  | 2008  | 2009-2011<br>Percentage<br>Change | 2008-2011<br>Percentage<br>Change | 2008-2011<br>Dollar<br>Change |
|--|-------|--------|-----------------------------------|-------|-------|-----------------------------------|-----------------------------------|-------------------------------|
| <b>Medical Specialties</b>                         |       |        |                                   |       |       |                                   |                                   |                               |
| Allergy  | 3,986 | 3,810  | 4.62%                             | 3,802 | 3,665 | 4.84%                             | 8.77%                             | 322                           |
| Cardiology   | 7,126 | 7,148  | -0.30%                            | 7,142 | 7,048 | -0.22%                            | 1.11%                             | 78                            |
| Cardiology - Cath Lab                              | 8,629 | 8,633  | -0.05%                            | 8,579 | 8,863 | 0.59%                             | -2.65%                            | -234                          |
| Dermatology  | 7,440 | 7,148  | 4.08%                             | 7,002 | 6,839 | 6.26%                             | 8.79%                             | 601                           |
| Endocrinology                                      | 4,446 | 4,552  | -2.34%                            | 4,468 | 4,171 | -0.50%                            | 6.59%                             | 275                           |
| Family Medicine                                    | 4,977 | 4,915  | 1.26%                             | 4,849 | 4,747 | 2.64%                             | 4.83%                             | 230                           |
| Gastroenterology                                   | 8,073 | 8,165  | -1.13%                            | 7,948 | 7,888 | 1.57%                             | 2.35%                             | 185                           |
| Hematology & Medical Oncology                      | 4,318 | 4,544  | -4.98%                            | 4,707 | 4,894 | -8.27%                            | -11.78%                           | -577                          |
| Hospitalist - Internal Medicine                    | 3,914 | 3,922  | -0.22%                            | 3,975 | 3,924 | -1.55%                            | -0.27%                            | -11                           |
| Hypertension & Nephrology                          | 5,980 | 5,899  | 1.37%                             | 5,891 | 6,025 | 1.51%                             | -0.75%                            | -45                           |
| Infectious Disease                                 | 4,119 | 4,603  | -10.51%                           | 4,537 | 4,185 | -9.20%                            | -1.58%                            | -66                           |
| Internal Medicine                                  | 4,838 | 4,666  | 3.69%                             | 4,726 | 4,578 | 2.38%                             | 5.69%                             | 260                           |
| Neurology  | 4,868 | 4,928  | -1.22%                            | 4,730 | 4,694 | 2.93%                             | 3.71%                             | 174                           |
| Pediatrics & Adolescent - General                  | 5,089 | 5,230  | -2.69%                            | 5,207 | 5,075 | -2.27%                            | 0.28%                             | 14                            |
| Psychiatry   | 3,681 | 3,550  | 3.70%                             | 3,568 | 3,586 | 3.17%                             | 2.65%                             | 95                            |
| Pulmonary Disease                                  | 6,014 | 6,373  | -5.64%                            | 6,197 | 6,199 | -2.96%                            | -2.99%                            | -186                          |
| Rheumatologic Disease                              | 4,654 | 4,603  | 1.12%                             | 4,553 | 4,534 | 2.22%                             | 2.65%                             | 120                           |
| Urgent Care  | 5,022 | 4,930  | 1.87%                             | 4,985 | 4,684 | 0.75%                             | 7.23%                             | 339                           |
| <b>Surgical Specialties</b>                        |       |        |                                   |       |       |                                   |                                   |                               |
| Cardiac & Thoracic Surgery                         | 9,612 | 10,519 | -8.62%                            | 9,861 | 9,878 | -2.52%                            | -2.69%                            | -266                          |
| Emergency Medicine                                 | 6,933 | 7,019  | -1.23%                            | 7,566 | 6,904 | -8.37%                            | 0.42%                             | 29                            |
| General Surgery                                    | 7,081 | 7,246  | -2.27%                            | 7,163 | 7,249 | -1.14%                            | -2.32%                            | -168                          |
| OB/GYN - General                                   | 6,639 | 6,756  | -1.73%                            | 7,068 | 7,172 | -6.06%                            | -7.43%                            | -533                          |
| Ophthalmology                                      | 8,821 | 8,583  | 2.77%                             | 8,186 | 7,760 | 7.76%                             | 13.67%                            | 1,061                         |
| Orthopedic Surgery                                 | 8,026 | 8,373  | -4.14%                            | 7,962 | 7,995 | 0.80%                             | 0.39%                             | 31                            |
| Otolaryngology                                     | 6,926 | 7,260  | -4.61%                            | 6,851 | 6,565 | 1.09%                             | 5.49%                             | 361                           |
| Urology  | 7,503 | 7,893  | -4.93%                            | 7,658 | 7,702 | -2.02%                            | -2.58%                            | -199                          |
| <b>Radiology</b>                                   |       |        |                                   |       |       |                                   |                                   |                               |
| Diagnostic Radiology<br>(M.D.s Interventional)     | 7,597 | 8,530  | -10.93%                           | 8,127 | 8,671 | -6.52%                            | -12.39%                           | -1,074                        |
| Diagnostic Radiology<br>(M.D.s Non-Interventional) | 8,296 | 8,053  | 3.02%                             | 7,968 | 7,610 | 4.12%                             | 9.01%                             | 686                           |

## Gross Charges

Gross charges continue to serve as a measure of a physician's productivity and as a factor in determining physician compensation. The table below presents median gross charges reported over the past four reporting years. Overall, 46% of the specialties experienced an increase in gross charges. The overall weighted average increase was approximately 0.97%. Gross charges for primary care specialties increased by 1.5% on average, while other medical specialties increased by 0.15% and surgical specialties decreased by 1.18%, on average.

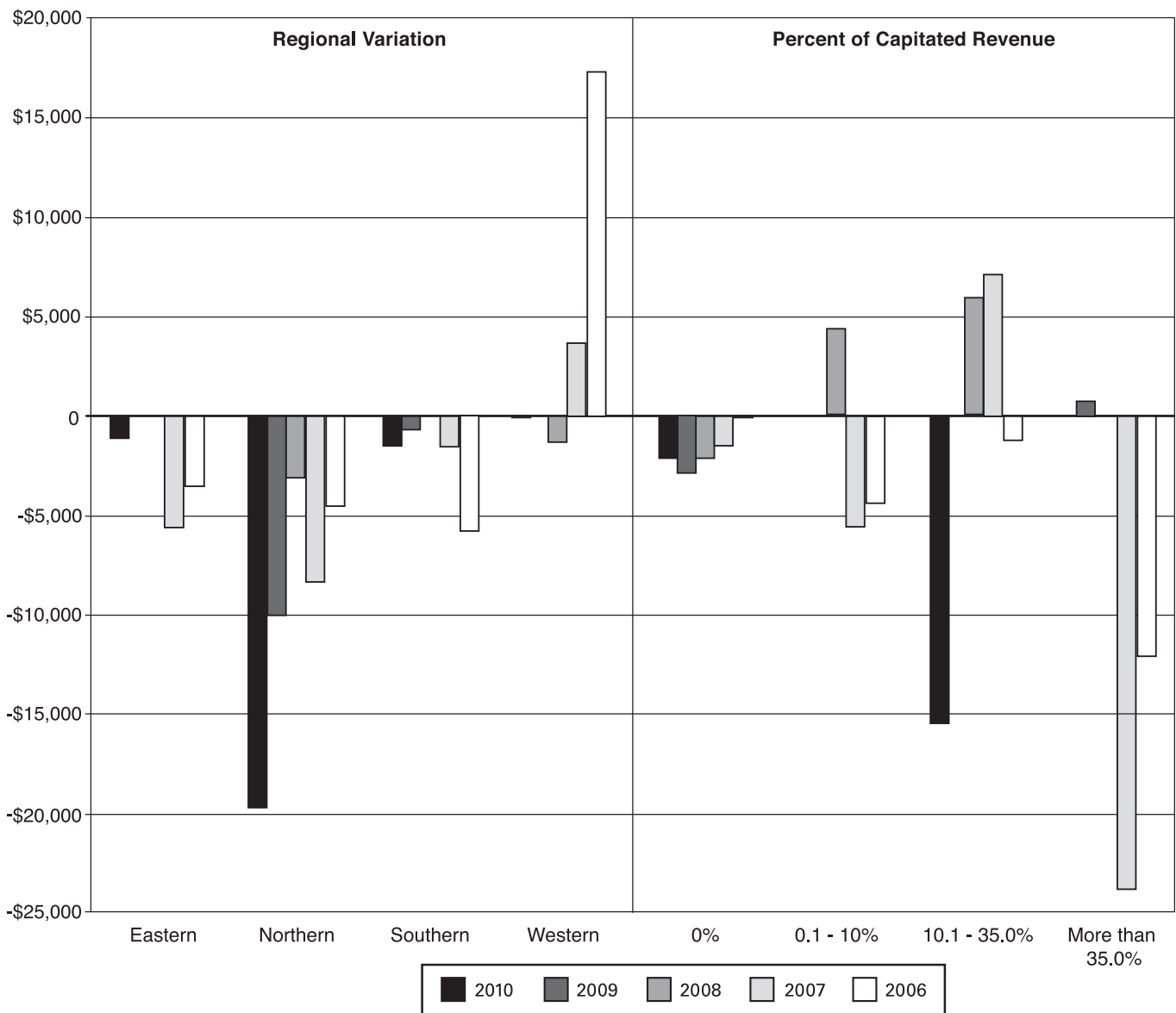
**Table 3: Median Gross Charges 2008-2011**

| Medical Specialties                                | 2011      | 2010      | 2010-2011         | 2009      | 2008      | 2009-2011         | 2008-2011         | 2008-2011     |
|--|-----------|-----------|-------------------|-----------|-----------|-------------------|-------------------|---------------|
|  |           |           | Percentage Change |           |           | Percentage Change | Percentage Change | Dollar Change |
| <b>Medical Specialties</b>                         |           |           |                   |           |           |                   |                   |               |
| Allergy  | 886,974   | 828,602   | 7.04%             | 799,139   | 719,384   | 10.99%            | 23.30%            | 167,590       |
| Cardiology   | 1,433,771 | 1,559,967 | -8.09%            | 1,658,629 | 1,692,195 | -13.56%           | -15.27%           | -258,424      |
| Cardiology - Cath Lab                              | 1,806,254 | 1,975,444 | -8.56%            | 2,171,816 | 2,499,087 | -16.83%           | -27.72%           | -692,833      |
| Dermatology  | 1,586,069 | 1,451,081 | 9.30%             | 1,375,405 | 1,278,430 | 15.32%            | 24.06%            | 307,640       |
| Endocrinology                                      | 739,001   | 651,147   | 13.49%            | 639,086   | 540,444   | 15.63%            | 36.74%            | 198,557       |
| Family Medicine                                    | 695,191   | 690,645   | 0.66%             | 673,677   | 606,137   | 3.19%             | 14.69%            | 89,054        |
| Gastroenterology                                   | 1,911,359 | 1,913,137 | -0.09%            | 1,862,452 | 1,739,170 | 2.63%             | 9.90%             | 172,189       |
| Hematology & Medical Oncology                      | 661,792   | 740,272   | -10.60%           | 718,848   | 695,041   | -7.94%            | -4.78%            | -33,248       |
| Hospitalist - Internal Medicine                    | 430,581   | 434,060   | -0.80%            | 428,682   | 402,550   | 0.44%             | 6.96%             | 28,030        |
| Hypertension & Nephrology                          | 852,906   | 928,672   | -8.16%            | 859,212   | 819,725   | -0.73%            | 4.05%             | 33,181        |
| Infectious Disease                                 | 550,701   | 585,432   | -5.93%            | 618,343   | 548,622   | -10.94%           | 0.38%             | 2,079         |
| Internal Medicine                                  | 716,181   | 692,872   | 3.36%             | 648,675   | 588,348   | 10.41%            | 21.73%            | 127,833       |
| Neurology  | 790,046   | 805,018   | -1.86%            | 764,897   | 689,827   | 3.29%             | 14.53%            | 100,220       |
| Pediatrics & Adolescent - General                  | 807,449   | 785,756   | 2.76%             | 743,801   | 676,874   | 8.56%             | 19.29%            | 130,575       |
| Psychiatry   | 467,994   | 442,031   | 5.87%             | 448,244   | 432,065   | 4.41%             | 8.32%             | 35,929        |
| Pulmonary Disease                                  | 876,283   | 896,072   | -2.21%            | 850,363   | 821,530   | 3.05%             | 6.66%             | 54,753        |
| Rheumatologic Disease                              | 798,780   | 743,618   | 7.42%             | 721,076   | 666,662   | 10.78%            | 19.82%            | 132,119       |
| Urgent Care  | 734,336   | 720,077   | 1.98%             | 690,173   | 632,053   | 6.40%             | 16.18%            | 102,283       |
| <b>Surgical Specialties</b>                        |           |           |                   |           |           |                   |                   |               |
| Cardiac & Thoracic Surgery                         | 1,708,258 | 2,031,534 | -15.91%           | 2,015,093 | 2,171,922 | -15.23%           | -21.35%           | -463,664      |
| Emergency Medicine                                 | 883,878   | 859,443   | 2.84%             | 928,699   | 817,678   | -4.83%            | 8.10%             | 66,200        |
| General Surgery                                    | 1,348,560 | 1,323,790 | 1.87%             | 1,272,006 | 1,356,302 | 6.02%             | -0.57%            | -7,742        |
| OB/GYN - General                                   | 1,196,029 | 1,154,407 | 3.61%             | 1,151,148 | 1,102,417 | 3.90%             | 8.49%             | 93,612        |
| Ophthalmology                                      | 1,687,537 | 1,627,678 | 3.68%             | 1,624,830 | 1,534,600 | 3.86%             | 9.97%             | 152,937       |
| Orthopedic Surgery                                 | 1,841,857 | 1,955,810 | -5.83%            | 1,865,484 | 1,815,525 | -1.27%            | 1.45%             | 26,332        |
| Otolaryngology                                     | 1,518,509 | 1,548,831 | -1.96%            | 1,514,328 | 1,406,763 | 0.28%             | 7.94%             | 111,746       |
| Urology  | 1,751,208 | 1,876,901 | -6.70%            | 1,850,882 | 1,793,582 | -5.39%            | -2.36%            | -42,374       |
| <b>Radiology/Anesthesiology/Pathology</b>          |           |           |                   |           |           |                   |                   |               |
| Anesthesiology                                     | 1,190,600 | 1,214,218 | -1.95%            | 1,164,301 | 1,172,058 | 2.26%             | 1.58%             | 18,542        |
| Diagnostic Radiology<br>(M.D.s Interventional)     | 2,307,260 | 2,467,080 | -6.48%            | 2,325,548 | 2,134,188 | -0.79%            | 8.11%             | 173,072       |
| Diagnostic Radiology<br>(M.D.s Non-Interventional) | 2,329,289 | 1,882,957 | 23.70%            | 2,081,378 | 1,882,837 | 11.91%            | 23.71%            | 446,452       |
| Pathology - Combined (M.D. Only)                   | 1,145,417 | 1,350,017 | -15.16%           | 1,298,110 | 1,263,743 | -11.76%           | -9.36%            | -118,326      |

## Financial Outcomes Summary

Figure 1 presents the median operating margin per physician for medical groups according to geographic region and capitated revenue. This year, there were no regions reporting a positive operating margin, although the West neared the break-even point. The national median margin was  $-\$2,023$  per physician. In part, this negative margin is due to increased integration of medical groups and health systems. Supporting this hypothesis is the finding that 30% of organizations reported health system funding of a median  $\$48,557$  per physician to support the medical group, replacing income not credited to the medical group.

**Figure 1: Profit or Loss by Region and Capitated Revenue**



## Participant Profile

### Demographics

The 2011 AMGA Medical Group Compensation & Financial Survey was sent to more than 2,700 medical groups. Survey responses were received from 239 groups, representing more than 51,700 providers.

**Table 4: Demographics**

|                             | Groups     | % of Group Total | Number of Physicians | % of Phys. Total |
|-----------------------------|------------|------------------|----------------------|------------------|
| <b>By Group Size</b>        |            |                  |                      |                  |
| Fewer than 35               | 42         | 17.6%            | 421                  | 0.8%             |
| 35 to 70                    | 36         | 15.1%            | 1,779                | 3.4%             |
| 71 to 100                   | 28         | 11.7%            | 2,318                | 4.5%             |
| More than 100               | 133        | 55.6%            | 47,240               | 91.3%            |
| <b>By Geographic Region</b> |            |                  |                      |                  |
| Eastern                     | 43         | 18.0%            | 9,966                | 19.3%            |
| Western                     | 51         | 21.3%            | 14,558               | 28.1%            |
| Southern                    | 57         | 23.8%            | 6,992                | 13.5%            |
| Northern                    | 88         | 36.9%            | 20,242               | 39.1%            |
| <b>By Type of Clinic</b>    |            |                  |                      |                  |
| Single Specialty            | 32         | 13.4%            | 558                  | 1.1%             |
| Multispecialty              | 207        | 86.6%            | 51,200               | 98.9%            |
| <b>Total</b>                | <b>239</b> |                  | <b>51,758</b>        |                  |

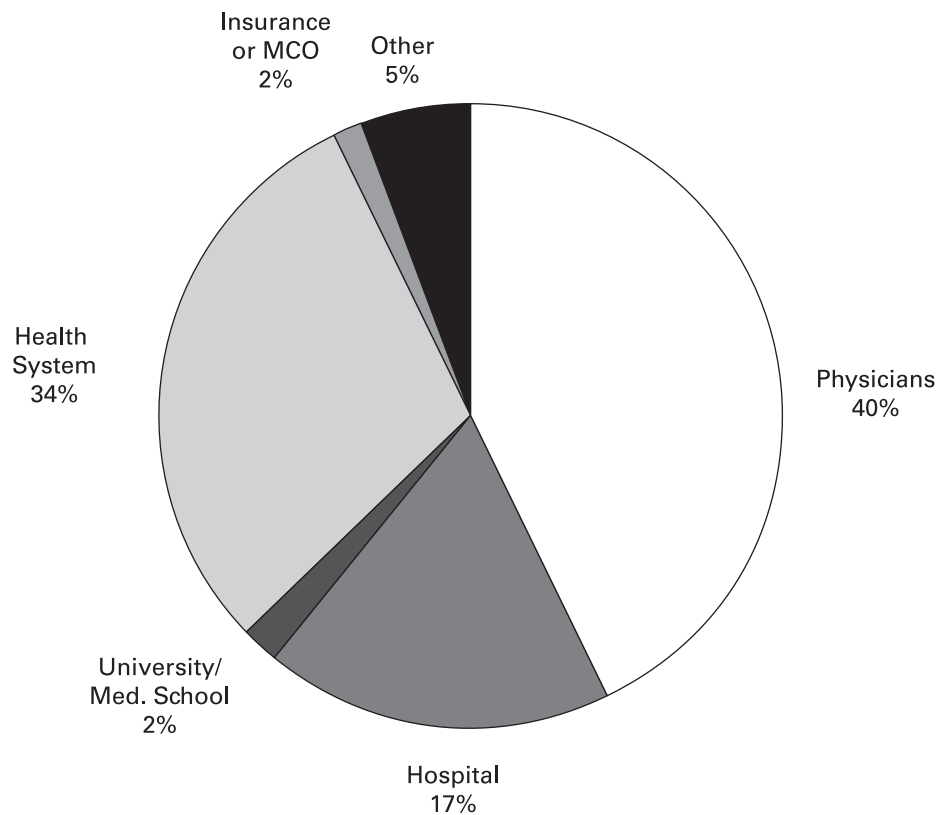
**Table 5: Region & Capitated Breakout**

| % of Revenue from Capitated Contracts | Eastern Clinics | Northern Clinics | Southern Clinics | Western Clinics |
|---------------------------------------|-----------------|------------------|------------------|-----------------|
| 0%                                    | 68%             | 85%              | 84%              | 44%             |
| 0.1% - 10.0%                          | 16%             | 0%               | 9%               | 4%              |
| 10.1% - 35.0%                         | 11%             | 9%               | 5%               | 26%             |
| Greater than 35.0%                    | 5%              | 6%               | 2%               | 26%             |
| <b>Total</b>                          | <b>100%</b>     | <b>100%</b>      | <b>100%</b>      | <b>100%</b>     |

## Ownership of Medical Groups

The type of ownership of the participating medical groups is shown in Figure 2. Of the 203 medical groups that responded to this survey question, 81 (40%) were physician-owned. In addition, 51% of the respondents reported being owned by a health system or a hospital as opposed to 48% in the prior year.

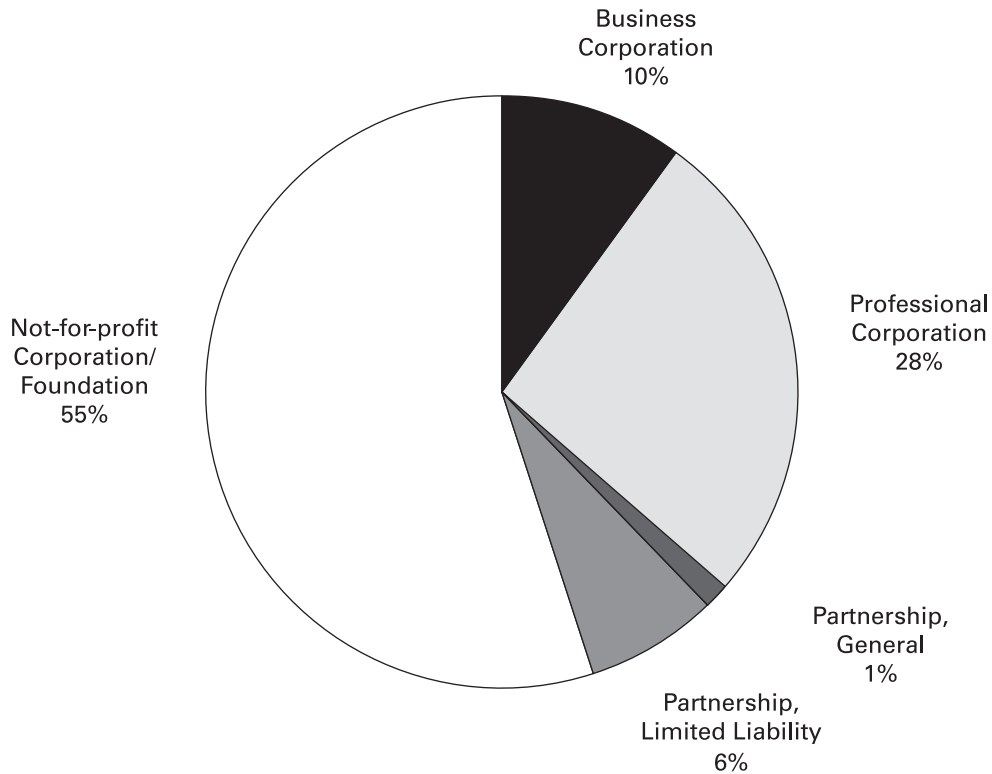
**Figure 2: Medical Group Ownership**



## Legal Organization of Medical Groups

Figure 3 shows the type of legal organization of the participating medical groups. Of the 208 medical groups that responded, 116 (55%) were not-for-profit corporations/foundations and 58 (28%) were professional corporations.

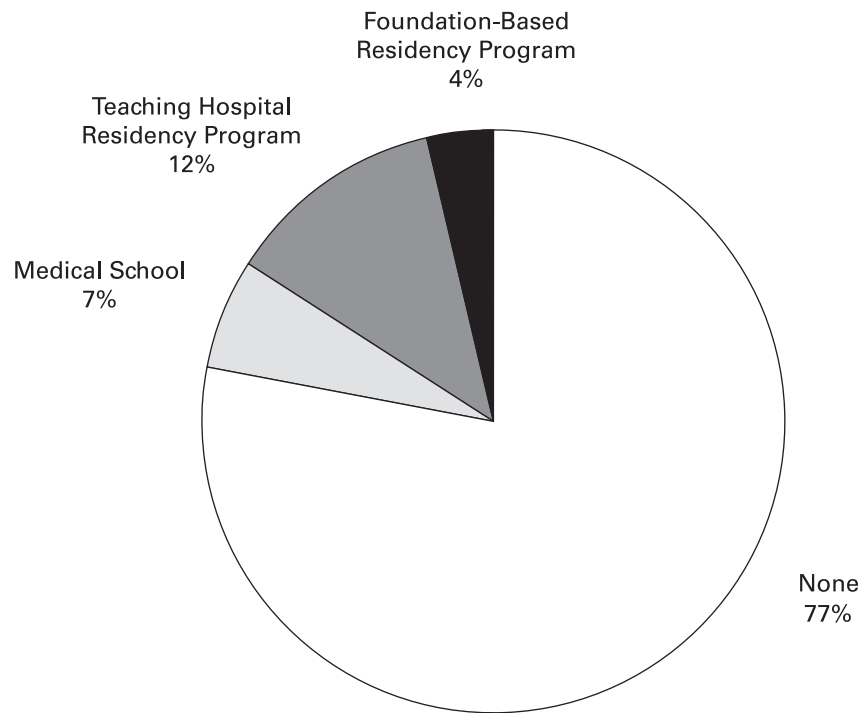
**Figure 3: Medical Group Organization**



## Academic Affiliation of Medical Groups

The academic affiliation of the medical groups is shown in Figure 4 below. Of the 201 medical groups that responded to the question, the majority (77%) had no academic affiliation, and 25 (12%) had an affiliation with a teaching hospital residency program.

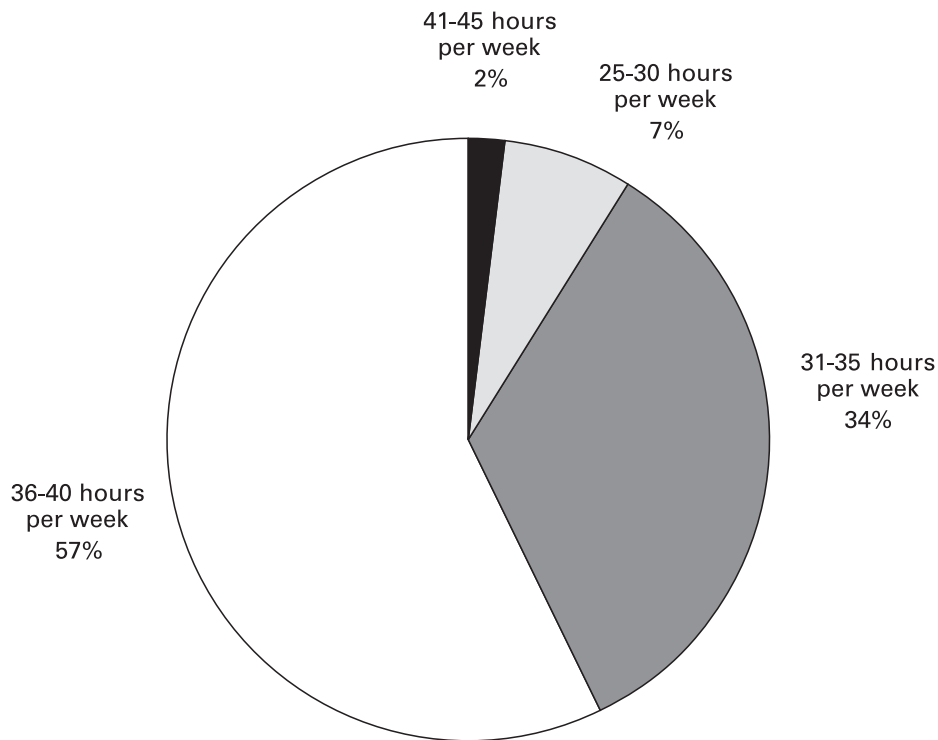
**Figure 4: Academic Affiliation**



## Clinical Hours per Week

Figure 5 represents the number of hours per week a physician must work to be considered full-time. Of the 192 medical groups that responded to this question, 109 (57%) require physicians to work 36-40 hours per week to be considered full-time. Table 6 below shows the office hour standards for the 83 medical groups that indicated they had standards in place.

**Figure 5: Full-Time Consideration Based upon Hours**



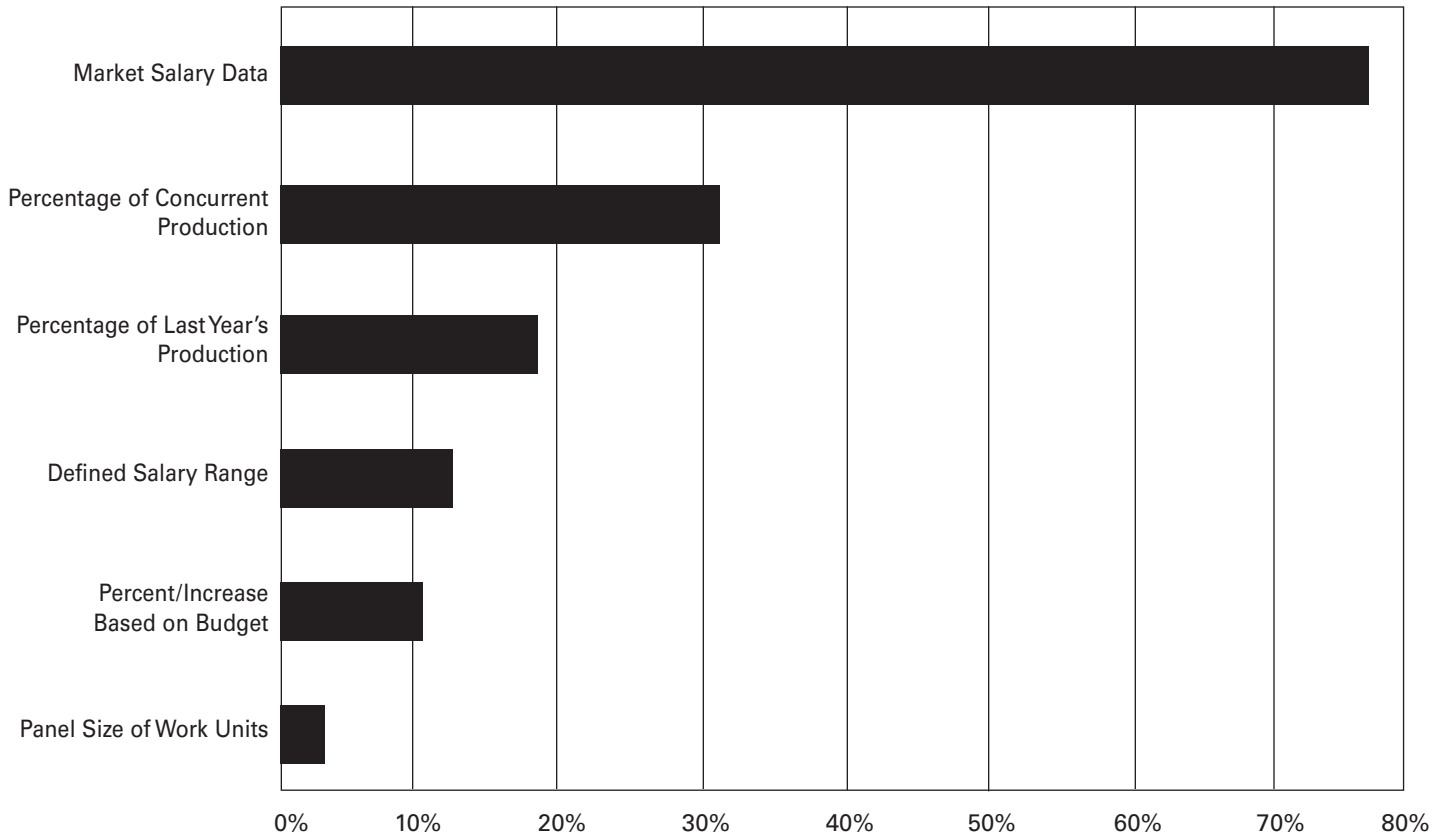
**Table 6: Office Hour Standards**

|                | Patient Available Hours per Week | Days per Week in Office |
|----------------|----------------------------------|-------------------------|
| All Physicians | 35.6                             | 4.6                     |
| Primary Care   | 35.6                             | 4.7                     |
| Specialists    | 35.4                             | 4.4                     |

## Base Salary

Figure 6 represents the base salary determinants of the 166 medical groups that indicated how base salary for physicians is determined. Survey respondents indicated a clear reliance on market salary data when determining physician base salaries, and this situation has not changed from previous years.

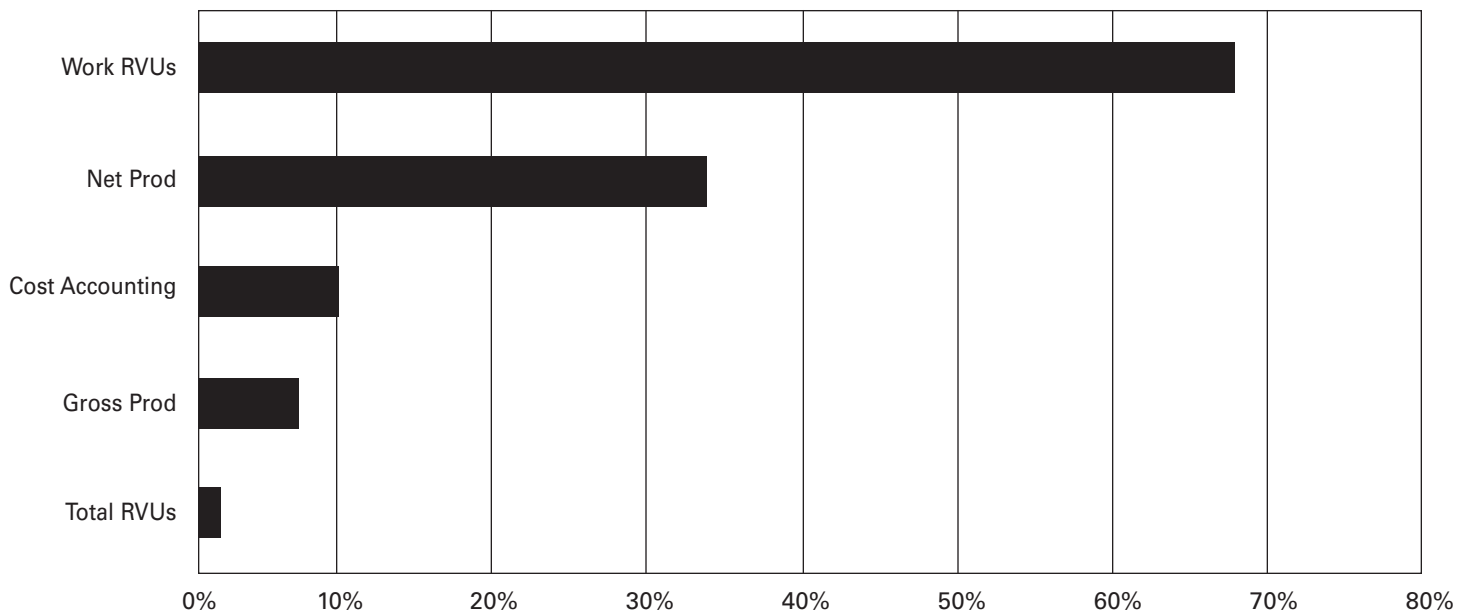
**Figure 6: Base Salary Determinants**



## Production-Based Plan Factors

Figure 7 represents compensation measures for organizations that implement production-based compensation plans for physicians. A *production-based plan* is defined as a plan where at least 50% of the group's compensation is distributed based on some type of work or financial contribution. Among the 122 organizations responding, the use of work RVUs topped the list of compensation factors. The work RVU continues to grow in importance as a measure of productivity. Gross production has shown a decrease in popularity, as only 7% of the organizations now use this type of measurement component.

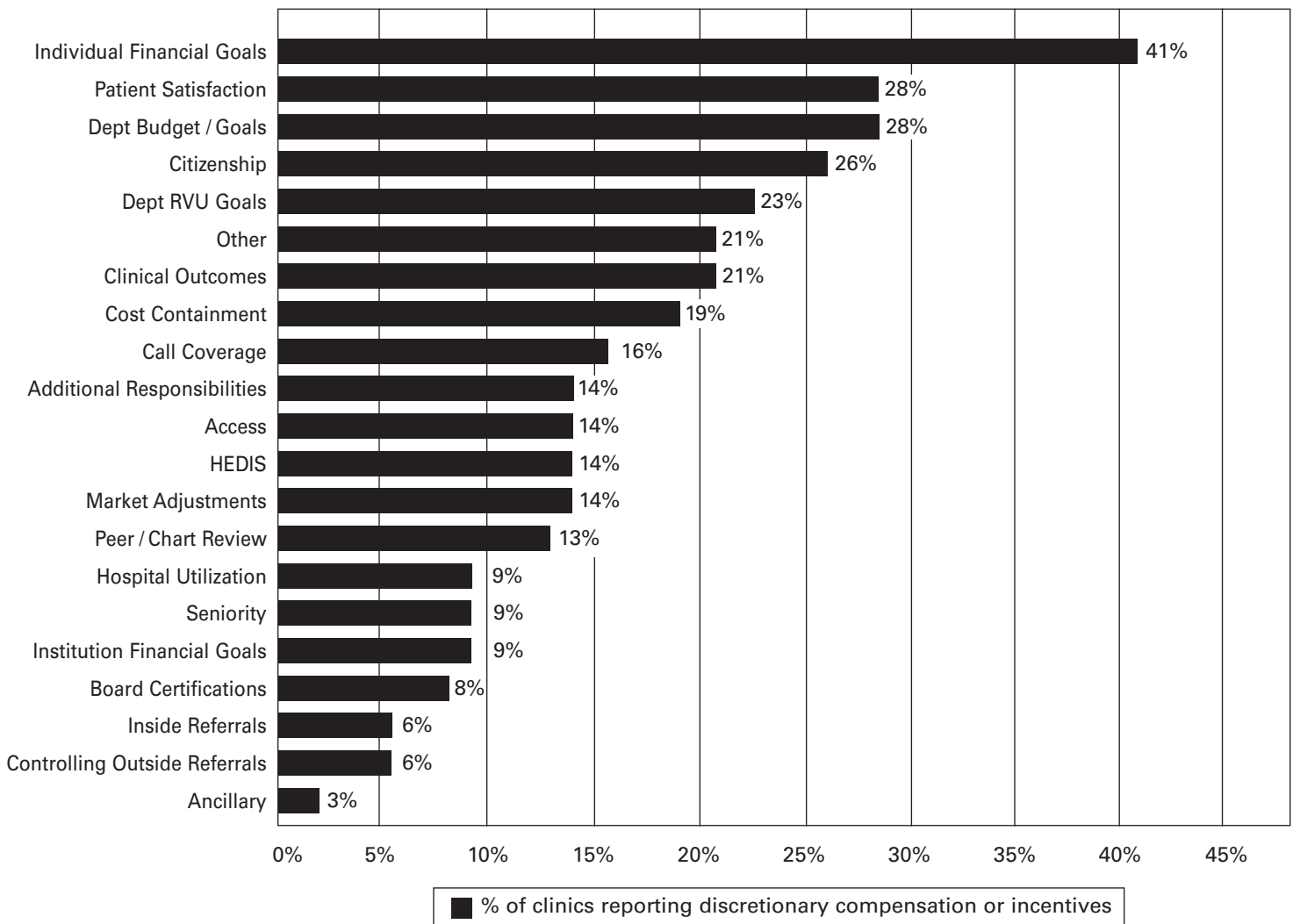
**Figure 7: Factors Used in Production-Based Compensation Plans**



## Other Incentives and Discretionary Compensation

The final component of compensation reviewed was discretionary compensation. It is a variable component that is determined by individual(s) in the organization and does not necessarily relate to a specific measure. Thirty-four percent of the respondents use an incentive or discretionary component in their compensation plan. The most common determinants were individual physician financial goals, patient satisfaction, department budget or goals, citizenship, and RVU goals, which is consistent with the prior year survey results.

**Figure 8: Other Incentive and Discretionary Compensation**



## Survey Methodology

### Distribution and Response Rate

The 2011 AMGA Medical Group Compensation and Financial Survey was compiled from data submitted by 239 medical groups from across the nation. These medical practices reported more than 51,700 providers, for an average of 217 providers per group.

### Data Editing and Reporting

To ensure that data collected from groups remains confidential, AMGA contracts with the independent consulting firm of McGladrey, Inc. for the collection and compilation of data. All responses were sent directly to McGladrey, which maintains a confidential file for each response. No other organization has access to these files. The following table details the minimums applied to the data for inclusion:

**Data Minimum Annual Values**

| Provider Type                       | Compensation | Productivity | Net Productivity | Visits | Work RVUs |
|-------------------------------------|--------------|--------------|------------------|--------|-----------|
| Medical Specialties                 | \$100,000    | \$120,000    | \$60,000         | 650    | 750       |
| Surgical Specialties                | \$105,000    | \$190,000    | \$95,000         | 500    | 1,000     |
| Radiology/Anesthesia/<br>Pathology* | \$105,000    | \$190,000    | \$95,000         | 300    | 1,000     |
| Mid-Level Providers                 | \$25,000     | \$50,000     | \$25,000         | 250    | 500       |

\* For Anesthesia, AVUs are reported instead of work RVUs.

Additionally, data was excluded when a provider fell outside normal distribution for the productivity ratios. Only summary statistics have been published. Data at the individual physician, provider, or manager level requires a minimum of 10 responses from three organizations for the summary statistic to be included. Data that cannot be reported is denoted with an \*\*\*.

## Definitions

**AVUs** — *Anesthesia Value Units* are non-monetary units of measure that indicate the relative value of services provided by or under the medical direction of an anesthesiologist. The relative value provides a uniform means to measure department productivity and is determined by adding a base value, which relates to the complexity of the service, combined with severity units and time units. The base value is taken from the 2010 Relative Value Guide published by the American Society of Anesthesiologists.

**Branch** — A physician who practices at a satellite clinic or at least 10 miles from the main campus, and may be subject to different practice patterns and productivity standards.

**Compensation** — The annual compensation for each physician from each specialty on the specialty code list. Compensation is the annual salary of the physician based on the current compensation rate plus any deferred compensation, tax-deferred annuities, and/or anticipated cash distributions during the upcoming 12 months based on prior year performance, but excluding any payments under normal retirement, pension, or profit-sharing plans. Full-time equivalent (FTE) physicians with at least a 0.5 *clinical* FTE are reported at their actual compensation amount. *Non-clinical FTE* is defined as a physician serving as an administrator in the organization and the majority of whose responsibilities are not involved with a clinical practice.

**Compensation-to-Productivity Ratio** — The proportion of compensation related to gross charges for a provider. When the median value is presented, we have computed this ratio for all physicians reporting both compensation and gross charges for a specialty, and then determined the median value of that computation.

**Compensation-to-Work-RVUs Ratio** — The proportion of provider compensation related to work RVUs. The median value for this computation is determined when we compute the ratio for all providers reporting both compensation and work RVUs. The ratios are then sorted to determine the value above which 50% of the observations lie.

**Fringe Benefits** — This category includes employer share of FICA, payroll and unemployment taxes, health, disability, life, and workers compensation insurance; dues for and memberships in professional organizations; professional development; state and local license fees; allowances for meetings and travel expenses; other entertainment expenses paid or reimbursed; employer payment to defined benefit and contribution, 401(k), 403(b), and unqualified retirement plans; and other amounts considered fringe benefits. It does not include malpractice insurance.

**Gross Productivity** — Total professional charges for services produced by the physician before such charges are reduced by courtesy allowances, employee discounts, Medicare discounts, or uncollectible accounts. Productivity is professional activity only and thus excludes retail, drugs, vaccines, etc. Productivity by various categories of physician extenders, such as nurse practitioners, midwives, CRNAs, etc., are excluded from the data. Charges do not include credits for the technical component of ancillary services. FTE physicians with at least a 0.5 *clinical* FTE are reported at their actual production amount.

**Mean** – Determined by dividing the sum of the values by the number of occurrences.

**Median** – A measure of central tendency, the *median* of a sample is the value for which one half (50%) of the observations (when ranked) will lie above and one half will lie below when the number of observations is odd. When the number of values in the sample is even, the *median* is computed as the average of the two middle values.

**Patient Visits** – The total number of outpatient visits during the 2010 calendar year or most recent fiscal year. Outpatient visits are recorded as every *outpatient contact* with a physician. In the event that a patient visits two or three separate departments during the day and sees a physician in each department, these are recorded as separate patient visits. However, if a patient has only an ancillary service as ordered by a physician, but has *no* personal physician contact, this visit is *not* recorded as a physician outpatient visit. Therefore, “ancillary only” visits for lab tests, X-rays, dermatology or allergy injections, immunizations, etc., are *not* counted as patient visits.

**Percentile** – The percentile of a distribution of values is a number  $x_p$  such that a percentage  $p$  of the population values is less than or equal to  $x_p$ . For example, the 25th percentile (also referred to as the .25 quartile or lower quartile) of a variable is a value ( $x_p$ ) such that 25 percent ( $p$ ) of the values of the variable fall below that value.

**Regional Designations** – The four regions used in this report contain the following states:

| Eastern              | Western    | Southern       | Northern     |
|----------------------|------------|----------------|--------------|
| Connecticut          | Alaska     | Alabama        | Illinois     |
| Delaware             | Arizona    | Arkansas       | Indiana      |
| District of Columbia | California | Florida        | Iowa         |
| Maine                | Colorado   | Georgia        | Michigan     |
| Maryland             | Hawaii     | Kansas         | Minnesota    |
| Massachusetts        | Idaho      | Kentucky       | Nebraska     |
| New Hampshire        | Montana    | Louisiana      | North Dakota |
| New Jersey           | Nevada     | Mississippi    | Ohio         |
| New York             | New Mexico | Missouri       | South Dakota |
| North Carolina       | Oregon     | Oklahoma       | Wisconsin    |
| Pennsylvania         | Utah       | South Carolina |              |
| Rhode Island         | Washington | Tennessee      |              |
| Vermont              | Wyoming    | Texas          |              |
| Virginia             |            |                |              |
| West Virginia        |            |                |              |

**Standard Deviation** – A statistical measure that quantifies the degree of dispersion or variability of the possible outcomes around the expected value. The higher the dispersion, the higher the standard deviation.

**Starting Salaries** – Annual compensation offered to and accepted by physicians hired during 2010 but excluding signing bonuses. Starting salaries include those for new residents and experienced new hires.

**Work RVUs** – The *professional component* of total relative value units (RVUs), as measured by the Resource Based Relative Value Scale (RBRVS), not weighted by a conversion factor attributed to ambulatory care, inpatient care, and other professional services of each physician and allied healthcare professional in the medical group.

## How to Use This Report

Throughout this report, data is presented in a meaningful and easy-to-read format by separating data by group size and geographic region as follows:

| Group Size               | Region   |
|--------------------------|----------|
| Fewer than 35 physicians | Eastern  |
| 35 to 70 physicians      | Western  |
| 71 to 100 physicians     | Southern |
| More than 100 physicians | Northern |

**Section II: Summaries of Specialties – Direct Compensation and Productivity for M.D.s** presents data compiled for all specialties in which 10 or more compensation responses were received. This section presents the medians, by specialty, for compensation, gross productivity, and work RVUs. The last two pages of this section list the 90th, 80th, and 20th percentiles, as well as medians, means, and standard deviations for patient visits by specialty. Data pertaining to specialties for which fewer than 10 compensation responses were received have been eliminated for confidentiality purposes.

**Section III: Summary of Starting Salaries by Specialty** presents starting salary data for all specialties in which 10 or more responses were received. Due to the limited number of responses, this summary presents data on a national basis only.

**Section IV: Summary of Administrative Compensation** reports compensation data for the administrative positions surveyed. This section includes administrative base, administrative bonus, and total administrative salary for the reported positions. It also breaks down each position by region and clinic size.

**Section V: Summary of Fringe Benefits** presents fringe benefit data for all specialties in which 10 or more responses were received. Due to the limited number of responses, this summary presents data on a national basis only. It provides two sections: the first reports the actual fringe benefit dollar amount and the second reports the percentage of cash compensation. This summary does not include malpractice expenses.

**Section VI: Summary of Academic Facilities** provides an analysis for each specialty for which more than nine responses were received for organizations reporting as one of the following: a foundation-based residency program, a teaching-based residency program, or a medical school. This section provides compensation and productivity and ratio information for academic facilities.

**Section VII: Detailed Analyses of Specialties — 2010 Data for M.D.s, Other Healthcare Providers, and Administrative Positions** provides a separate analysis for each specialty for which more than nine compensation responses were received. These analyses present a specialty's group size and geographic region on a single page. This section also contains other healthcare provider positions. In addition, these analyses report compensation/ productivity ratios, which measure the level of production in gross charges or work RVUs relative to compensation (a lower ratio indicates a higher level of production per compensation dollar paid). The ratios are calculated for both gross production and work RVU production. A group with a significantly higher ratio than that reported in the survey might consider investigating the causes, as this situation could indicate problems with billing, staffing, or other areas.

**Section VIII: Overall Organizational Financial Summary** presents medical group financial performance by the following per-physician breakouts: all groups, physician FTE size, region, and capitation as a % of net revenue. It also presents the financial performance by work RVU and total RVU, and on a per-square-foot basis.

**Section IX: Financial Analysis by Specialty** provides a separate analysis for each specialty for which more than three clinic responses were received. This analysis details financial performance on a per-physician and a per-work-RVU basis. It also provides staffing ratios and staffing salary information.

**Section X: Accounts Receivable Information** provides detailed information about medical group accounts receivable including aging and days in AR ratios. These data are broken out by region and clinic physician FTE size.

**Section XI: Operational Areas Information** provides unique information regarding common operational areas within medical groups. It shows staff/manager and per-physician ratios along with salary and benefits information.

**Section XII: Survey Questionnaire and Specialty Definitions** provides a copy of the survey tool that was sent to participants. This section also includes the definitions of all the specialties collected in the AMGA survey.