HR Council
Physician and APC Compensation Trends

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Topics To Be Covered

• Advanced Practice Clinician- Marketplace Trends
• Physician Compensation Trends
  – Results of AMGA 2014 Compensation and Financial Survey
  – Determinants of Physician Compensation
  – Performance Based Compensation Planning
• Call to Action- 2015 Medical Group Compensation Survey
Advanced Practice Clinicians - Marketplace Trends

APC Trends

NOW HIRING

TEAMWORK

Production

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APC Trends

- **Team Based Care Initiatives**
  - Whether PCMH, building a reliance on “care teams” or simply wise deployment of APCs, the trend is on more utilization
    - Right care at right place by right provider at right cost
      - Preventative
      - Low acuity
      - Chronic
    - Leverage scarce resources and supply of physicians
    - Provide high level program development support
- **Compensation Factors**
  - Physician and APC programs designed to eliminate competition
  - Increasingly robust compensation design for APCs
    - Productivity bonus
    - Non-productivity incentives
    - Included in most physician compensation redesign efforts

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### APC 5-year Trends

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>2013 Comp. Change</th>
<th>2014 Comp. Change</th>
<th>2013 wRVU Change</th>
<th>2014 wRVU Change</th>
<th>Measure Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse Practitioner - Geriatric</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013 Comp. Change</td>
</tr>
<tr>
<td>Nurse Practitioner - Medical Specialty</td>
<td></td>
<td></td>
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<td></td>
<td>2014 Comp. Change</td>
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<tr>
<td>Nurse Practitioner - Primary Care</td>
<td></td>
<td></td>
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<td></td>
<td>2013 wRVU Change</td>
</tr>
<tr>
<td>Nurse Practitioner - Surgical Specialty</td>
<td>18.5%</td>
<td></td>
<td></td>
<td></td>
<td>2014 wRVU Change</td>
</tr>
<tr>
<td>Physician Assistant - Medical</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
<td>2013 Comp. Change</td>
</tr>
<tr>
<td>Physician Assistant - Surgical</td>
<td>-0.7%</td>
<td></td>
<td></td>
<td></td>
<td>2014 Comp. Change</td>
</tr>
</tbody>
</table>

**Measure Names**
- 2013 Comp. Change
- 2014 Comp. Change
- 2013 wRVU Change
- 2014 wRVU Change

**Question becomes...**
Does this then result in care at the most appropriate cost and/or is cost ultimately sustainable?
Physician Compensation- Marketplace Trends

2014 Medical Group Compensation and Financial Survey

Past Trends and Benchmarks for Healthcare Organizations
**Introduction**

27th Annual Survey – 289 Participants

The survey contains data on compensation, net collections, wRVUs, gross production and other related information.

Detail data on 134 physician specialties, 29 other provider specialties and 29 administrative positions.
- National
- Regional
- By Size

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**Participants in the Survey**

[Bar chart showing participation trends from 1984 to 2014.]
Select Surgical Specialties 5 Year Trend

- Specialty
  - Cardiac / Thoracic Surgery: -1.6% to 12.2%
  - General Surgery: -6.9% to 13.0%
  - Neurological Surgery: -6.6% to 16.6%
  - OB/GYN - General: -1.1% to 15.1%
  - Ophthalmology: 0.3% to 10.0%
  - Orthopedic Surgery: 2.1% to 14.2%

How Compensation is Determined Today
Base Salary Determinants

- Market salary data: 88%
- Percentage of concurrent production: 29%
- Percentage of last year’s salary: 16%
- Defined salary range: 8%
- Percent of expected future compensation: 7%
- Panel size of work units: 4%

Production Based Compensation Plans

- Work RVUs: 79%
- Net Collections: 20%
- Cost Accounting: 7%
- Gross Productivity: 5%
- Total RVUs: 2%

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### Discretionary / Incentive Compensation Determinations

![Bar chart showing various factors and their weighting in 2014.]

### Sample Plans

<table>
<thead>
<tr>
<th>GROUP/ORGANIZATION</th>
<th>TYPES OF COMPENSATION MODELS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland Clinic Health Systems</td>
<td>Base Salary set at historical performance. One-year agreements.</td>
</tr>
</tbody>
</table>
| Mayo Clinic | Compensation is salary-based  
  - No merit pay  
  - No productivity pay  
  - Pay must support integration among specialties  
  - Focus on the patient and not on pay  
  - Pay is by specialty and not by individual |
| Ohio State University | Base Salary with bonus opportunities related to department, as well as individual, non-clinical goals. One-year, as well as multi-year, agreements. |
| University Hospital of Cleveland Health Systems | Base salary with productivity incentive bonus. Multi-year agreements. |
Provider Compensation Models

Compensation Models Today

- Most compensation models today maintain a large productivity element (sometimes explicit, sometimes not).
- Quality/clinical outcomes have moved beyond process measures (for many).
- Patient satisfaction (or proxy) has become a standard measure, but it represents a small percentage of overall pay.
- Use of citizenship (expected behaviors) varies by organization.
- Few groups have 20% or more at risk for non-productivity metrics.

Philosophical Issues to Consider

Principles of Performance-Based Compensation Planning
Monetary distribution practices can be powerful reward and affirmation processes that recognize and incent physician behavior, so it is crucial to get them right. Getting them right involves understanding the critical success factors for the organization, various specialties, and the individual physicians.

Compensation systems are not substitutes for leadership and management. Motivational objectives are a multi-dimensional fit problem that is very hard to solve with only a single instrument, like money. Moreover, comp systems do not usually work well to correct undesirable behaviors, other than possibly chase away otherwise valuable staff.

There is a thin line between good and excellent. Great organizations are able to draw the distinction and relate it systematically to recruitment, advancement, retention and evaluation and compensation decisions.
Philosophical Questions to be Addressed

How effective are the current compensation systems?
– Are they fair?
– Are they appropriate?
– Do they enhance the performance?

What elements should make up the total compensation package for physicians?
– Compensation = f(?) + f(?)
– Performance = clinical productivity + ?+ ?+....

Philosophical Questions to be Addressed – Continued

What is the defined labor market for physicians?
– Are we using the best comparative information available?

Where does the organization want to position itself relative to its defined market?
If performance (value/volume) based, how will performance be defined? What criteria will be used?
What types of incentive compensation will be considered?
Issues to Consider

Values:
- Clinical excellence
- Service quality
- Performance based compensation
  - Value
  - Volume

Success Factors:
- Growth
- Financial viability
- Market position

Philosophy and Culture:
- Collegial
- Health system focused on serving its community
- Departmentalized

Resulting Compensation Philosophy

What Will Be the Compensation Philosophy?

Compensation = f(?) + f(?) ...
2015 Medical Group Compensation Survey

We invite you to participate in AMGA's 2015 Medical Group Compensation Survey. This will be the 28th edition of this nationally recognized survey that has become the gold standard for benchmarking in large, multispecialty medical groups and other organized systems of care.

The survey is focused on provider compensation and includes the following sections:

- Individual compensation and production data on experienced physicians in all major specialties
- Individual compensation and production data on other healthcare providers, including nurse practitioners and physician assistants
- Starting salaries of new residents and experienced new hires
- Provider compensation organizational profiles, including methods of pay for both physicians and other healthcare providers
2015 Survey

Submitting your data is FREE and easy! When you participate in the survey, you will receive a complimentary copy of the final publication and a customized report comparing your data to the survey population.

Additionally, participants will have the option to purchase at a nominal charge peer reports based on organizations of similar size, by geographic region, or by organizational structure.

Now, more than ever, it is vital to have access to the most current national compensation data that will help you make informed decisions and help lead your organization to success. We urge you to include your data in this year’s survey to make sure your group is represented and to receive your complimentary copy of the printed publication and customized report.

To Participate

• Download the 2015 Survey Instructions.
• Download the 2015 Survey Methodology.
• Download and complete the 2015 Survey Input Tool.
• Submit your data. Completed questionnaires are to be e-mailed directly to adobosenski@amgaconsulting.com.

Please complete and submit your data by Friday, April 24.

Questions

• Please direct all data specific questions to Aaron Dobosenski at adobosenski@amgaconsulting.com.
• Please direct questions about eligibility, trouble accessing the files, and all other issues please contact Christopher Gibbs at (703) 838-0033, ext. 362 or cgibbs@amga.org.
Questions and Open Dialogue

Speaker Bio

Fred Horton is Vice President of AMGA Consulting Services, LLC. Fred is a dynamic healthcare advisor who possesses industry experience, market insight, exemplary capabilities managing diverse and challenging projects, and the ability to create tangible results on behalf of his clients. Fred has over 20 years of experience working inside the healthcare industry. Fred’s special qualifications include physician/hospital governance models, physician/hospital alignment strategies, operational improvement plans, turnaround and start-up management and physician compensation plan development and implementation.

Fred is a Certified Medical Practice Executive (CMPE). He holds a Bachelor of Arts degree in Healthcare/Business Administration from Augustana College and a Master of Healthcare Administration degree from the University of Minnesota.

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